Incumbent leaders and their effect on the successor generation in family business SME’s
Bachelor Thesis Within Business Administration

Title: Incumbent leaders and their effect on the successor generation in family business SME’s

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Key terms: Leadership, Succession, Family-businesses, SME, Succession process, Organizational culture, Entrepreneurial leadership

Abstract

With family businesses being one of the most common forms of organizations, the succession is vital to not only keeping a thriving and profitable business, but also making sure to pass down heritage, traditions and the family name. This study looks further into the incumbent leader’s effect on the successor generation in a family firm in SME’s. As this subject has been widely researched, we have identified a gap on how incumbent leaders affect successors. A qualitative method has been used to collect data that composes into four case studies, whereas two family firms are Swedish and the other two being German. Findings show that the incumbent leader have significant effect on the successor unless the successor have had exposure to external work places and external organizational culture that may overpower the effect the incumbent leader has.
Acknowledgments

Firstly, we would like to thank each interviewee from respective family firms whom agreed for us to interview them in order to collect data that made this bachelor thesis possible. We are immensely grateful for the opportunity to do so.

Secondly, we would like to thank our tutor Edward Gilmore for guidance and advice throughout the process of constructing and writing this thesis.
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1. Introduction

This section will feature a background of the thesis by addressing topics such as family businesses, succession and entrepreneurship.

Family business succession entails more than just keeping a company alive. Succession is not only about passing down a business, rather it is about heritage, family name and possessions which are embedded in our traditional ways as humans (Barnes & Hershon, 1976). In a study of family business succession with a time span of 16 years (between 1991-2001), done on a sample of 152 SME’s, Molly, Laveren and Deloof (2010) states that the biggest risk of succession occurs during the transfer from the first generation to the second one. Furthermore, successors in family businesses needs to create a vision that aligns and complements the legacy of incumbent leaders and previous generations of incumbent leaders (Poza & Mezer, 2001).

1.1 Background

1.1.1 Family business and succession

Family businesses are one of the earliest form of organizations and are often defined by criteria or combinations of different criteria that includes ownership within the family members or across generations and management or operational involvement of family members (Bowman-Upton, 1988; Lyman, 1991). Often times, the passing down of a family business leads to financial failure (De Massis, Chua, Chrisman, 2008), and other times it “simply does not work out” (Miller, Steier & Le Breton-Miller, 2003).

The definition of succession is the event of passing down the family business from one generation to the other (Francis, 1993). It can be a lengthy and complex process that De Massis, Chua and Chrisman (2008) describes as “the actions, events and developments that affect the transfer of managerial control” among family members. Before the term “succession” got a definition, early researchers talked about transferring power within the family business rather than succession (Barnes & Hershon, 1976). The transition plan seems to focus solely on the
economics of passing down the firm, dealing with taxes and such rather than the process of making sure that the successor is well prepared for the job that lies ahead of them (Drake, 2008).

With family businesses representing 80-90% in most of the capitalist countries, the topic of succession is one of the most important topics within family businesses (Nordqvist & Melin, 2010). Only around 30% of the family businesses survives beyond the first generation, which puts the importance of the transition from the previous generation to the next (Lambrecht & Donckels, 2006; Gliding, Gregory & Cosson, 2015). This points that succession management is one of the main challenges of family businesses (Cabrera-Suarez, 2005).

1.1.2 Entrepreneurship

Entrepreneurship is often viewed in the context of new and developing business venture. The approach to entrepreneurship in research literature is mainly based on an organizational context. However, this can be narrowed down based on organizational criteria such as size, age and type of ownership (Audretsch, 2012). In the process of succession with successors tasked with innovating and renewing business processes of current and historical family organization. While the definition of family research can be rather loose, research on entrepreneurship differs from family business in the sense that it has a narrower defined view. A definition of entrepreneurship is “The process of assembling necessary factors of production consisting of human, physical and information resources and doing so in an efficient manner. Entrepreneurs put people together in a particular way and combine them with physical capital and ideas to create a new product or to produce an existing one at a lower or competitive cost” (Lazear, 2005). However, there are authors arguing that entrepreneurs differ from managers in a sense that
2. Problem statement

In this section we address the problem which was identified, along with stating the problem statement of this thesis

Succession in family businesses and the topic of leadership and leadership transfers in family businesses is a largely debated topic with numerous amounts of literature covering certain aspects of this topic published. However, research in mainstream literature is largely focused on the predecessor and the dynamics between figures in the successor generation, such as sibling relationships and dynamics, father-son relationships and dynamics and father-daughter relationships and dynamics (Cabrera-Suárez, 2005).

Research on topics such as the organizational and leadership role of the successor has to a great extent remained untouched. In addition, research on organizational roles and leadership of individuals and how this affects followers or successor leaders often does not include the variable of family businesses (Dyer, 2003; Steier, 2001). Furthermore, in an article by Katiuska Cabrera-Suárez (2005), it is stated that “even though a majority of firms in today’s global economy are family businesses, there is limited research on the entrepreneurial leadership development of the next generation”. The same article also states that “The general literature on leadership development may not be suitable or complete enough in the case of family firms” (Cabrera-Suárez, 2005). This is also supported by Dyck, Mauws, Starke & Mischke (2002) where they state that “research to date has given limited attention to the actual succession process”.

Therefore, there is a need to study this field and the implications of successful leadership transfers in the context of socioeconomics.
3. Purpose and aim

In this section we identify what the main purpose of this thesis is, along with our research questions which we wish to answer.

The main focus of this thesis is to identify what the role of entrepreneurial leadership is in the development of capable successors for four specific family businesses in both Sweden and Germany in a comparative case study.

Our aim is to be able to interview both incumbent leaders and any potential successor for the next generation in order to get a fuller and wider perspective in the development of entrepreneurial leadership styles and what the process looks like. Furthermore, we would like to compare which variables are significantly different in succession processes and leadership transfers in the four case studies. By researching on this topic, we would like to focus on answering the following research questions:

1. What is the effect of an incumbent leaders’ style on the entrepreneurial leadership culture within family businesses?

2. How does the incumbent leader in a family business affect the successors leadership style?

We believe our results could help incumbent leaders look forward in the succession process, helping leaders to understand what leadership styles and characteristics they should emphasize on developing in the successor generation, leaving room for improvement for future generations of successors within the family business. Furthermore, the results could fill the gap in research on the succession process in family businesses.
4. Frame of reference

In this section we examine the existing literature on topics such as entrepreneurial leadership, family businesses, succession planning and organizational culture.

Definitions

This section will define recurring definition throughout the thesis. The definitions are defined in the context of this study.

- *Incumbent leader* – The current leader in the family firm
- *Successor* – Next generation of leaders in the family firm
- *Predecessor* – Previous generation of leaders in the family firm
- *Succession* – Transfer of leadership from one generation to another in the family firm
- *Succession plan* – Set of prepared events which occur before transfer of leadership from one generation to another in the family firm
- *Entrepreneurial leadership* – Specific style of leadership focusing on innovation
- *Organizational culture* – Collective identity amongst employees of the family firm

4.1 Entrepreneurial leadership

Leadership is a widely researched field, it started with the great man theory and trait theory where special traits were considered to contribute and associated to a good leader (Bass & Stogdill, 1990). Furthermore, leadership research has yielded different styles of leaderships such as transformational-, charismatic- and transactional- leadership. Many of these topics and concepts consider psychological and managerial roles which are included in leadership, however, the adaptation of these roles into entrepreneurship is an area of research which is still in a stage of infancy and development (Leitch & Volery, 2017).

The aspects of entrepreneurial leadership are a relatively new type of leadership and focuses on creating a vision that is used as a foundation for selecting and recruiting a team to fulfill the vision (Gupta, Macmillan, Surie, 2004). This recent development in leadership literature and research area includes leadership behaviors associated with entrepreneurship, entrepreneurial leadership, where entrepreneurial behaviors are integrated in leadership behavior in
organizations. For example, the entrepreneurial style of leadership heavily involves change-oriented behavior, where the leader is involved in advocating and envisioning change, encourages innovation and helps facilitate collective learning. Since the field of entrepreneurial leadership is still an evolving field of research, many aspects of the subject still lack definitional clarity and or require the development of appropriate tools to assess its characteristics and behaviors (Leitch & Volery, 2017). Furthermore, this type of leadership is not limited to any type of organizations or culture. It can be seen in different settings such as the formal and informal economy, and for-profit and non-profit enterprises (Renko, Tarabishy, Carsrud & Brännback, 2015).

4.2 Family businesses

4.2.1 Leadership in family businesses

As stated above, a family business is a special form of company where majority of the ownership lies within the family. This also poses as a challenge, as the pathway to a profitable and successful business may disrupt the family dynamics and the looking at it the other way around, harmonious family dynamics might be preventing a business to reach its fully potential (Sorensen, 2000). Leading a family business can create conflicts as family norms clash with business norm in terms of selection, compensation, appraisal and training (Lansberg, 1983). This is also addressed by Sorensen (2000), as he says that family members should be treated just like any other employees but that the purpose of a family is working against those principles as the family members are “insiders” while other employees are “outsiders”.

4.2.2 Succession in family businesses

Business succession is the event of passing the family business from one generation to the next. Succession in family businesses faces several issues, one being disruptive effect of a change in management and ownership on the organizational values within the family business and the other being liquidity necessary to pay estate taxes (Astrachan, 1988; Drake 2008; Francis 1993). However, a central and known issue in this field of research is the fact that business owners have a hard time passing on their creation to their successors (Churchill & Lewis, 1983; Levinson 1971), as transitions between especially the first to the second generation has a tendency to be more challenging if it occurs during the time where the founder is still alive (Barnes & Hershon, 1976). This switch from one generation to another means that the family
business is vulnerable (Handler & Kram, 2004). Other important issues include the desire and ability of the incumbent leader to pass on the business and willingness of the successor to take over the business (Dascher & Jens, 1999).

4.2.3 The succession plan

According to Giarmarco (2012) there are three levels to a family succession plan. Firstly, management, which puts an emphasis that the incumbent leader tends to focus on the tax issues and ownership rather than to focus on getting support from key employees and the organization. However, Chrisman, Chua, Sharma and Yoder (2009) consider the first step as prepare the family and for the incumbent leader to recognize the need for a succession plan. As the usual successor is one of the incumbent leader’s children, the first part of Giarmarco’s succession plan is to ensure that the future leader has support from key employees and that there is a gradual transfer of roles and leadership. According to Giarmarco, lead-time is crucial. This can also be identified in Francis’ 10-step process for succession planning where at step 5, Francis says to gather personal and personnel information to understand and learn how to work with the family (Francis, 1993).

Secondly, ownership addresses the issue of treating all the children equally in the succession planning. Giarmarco proposes several solutions to this problem such as selling shares to the children rather than gifting them. This results in a fair treatment of each child. Furthermore, inactive children in the business can be given non-voting shares and the active children can be given voting shares. Alternatively, one can leave non-business assets to inactive children (Giarmarco, 2012).

Thirdly, Giarmarco is touching on the topic of transfer taxes and his perspective on how to handle that matter. In this subject, it is important to determine desired form of passing down the business. Depending on the size of the company, different approaches are suggested (Giarmarco, 2012). Both Giarmarco and Francis suggests that valuing the business can help decide on which way to transfer the business in. Additionally, transfer taxes are often not an issue, but rather the federal estate taxes, especially during the first generational transfer (Dascher & Jens, 1999). This is also highlighted in Francis’ article (1993), where he suggests that liquidity is crucial to help estimate is there are sufficient liquidity to pay the taxes.
4.3 Organizational culture

The concept of organizational culture is an intangible phenomenon which has become an important part of the organizational life cycle in the past few decades (Mohelska & Sokolova, 2015; Leithy, 2017). Organizational culture can be described as a framework of shared cognitive values such as attitudes, beliefs, norms, habits, expectations, collective thoughts and behavioral patterns amongst employees.

For many businesses, the origin of an organizational culture amongst can be attributed to both internal and external factors such as employee attitudes and beliefs, industry in which the organization operates and the attitudes and beliefs of the organizations management and stakeholders. Other, external, factors which influence the origin and style of organizational culture can be attributed to the historical events surrounding the business or geographical location (Mohelska & Sokolova, 2015).

The role of organizational culture in business has been attributed to the effect it has on employees, organizational processes and key stakeholders (Leithy, 2017). Although not a guarantee for success, the role of organizational cultures can have a significant effect on the successfulness of a business, and its positive effects have become a highly sought-after concept for successful management of a business (Mohelska & Sokolova, 2015). Former research has linked the effects of a strong organizational culture with high levels of innovation and through that, high levels of firm performance (Gopalakrishnan & Zhang, 2017).

High levels of innovation in a strong organizational culture has been attributed to higher levels of employee retention, job satisfaction, organizational commitment and organizational identification (Gopalakrishnan & Zhang, 2017; Green & Cluley, 2014). However, organizational culture is not only important for a firm’s innovation and performance. Organizational culture is also important for understanding how employees work together and how cooperation between employees affects why and how an organization successfully achieves innovation and performance or why and how an organization unsuccessfully does not achieve innovation and performance (Farrell, 2018; Green & Cluley, 2014). Often, organizational cultures are influenced and steered by leaders who use organizational culture as a means to address issues in innovation, and to implement changes when necessary, using organizational culture as a tool to influence followers (Farrell, 2018).
4.3.1 Leadership and organizational culture

Looking at leadership and organizational culture, effective leadership is key to influencing a positive organizational culture. Organizational culture is key to understanding the cooperation between employees, however, the role of leadership in organizational culture is to direct followers in the culture and to influence followers to contribute to the organizational culture (Farrell, 2018). Again, we see the pattern of positive organizational culture and the influences it has on innovation and firm performance through employees (Green & Cluley, 2014) (Gopalakrishnan & Zhang, 2017). In addition to positive organizational cultures, role of leaders is to contribute and build the organizational culture which supports the core values of firms and achieves future goals through leadership initiatives and strategies (Farrell, 2018).
5. Theoretical model

In this section we present the theoretical model which was created from examined theory in the frame of reference, as well as subjective observations made from this theory. Here we also define the purpose of how this theoretical model we will be used in later sections of the thesis.

We have created this model to illustrate the time line of an incumbent leader, in this model we can see that the entrepreneurial leadership of an incumbent leader affects the organizational culture that in turn affects the succession plan before the cycle restarts. The aim with the model is to illustrate and create a framework which will be used to analyze if each concept affects and interplays with each other during the lifetime of an incumbent leader inside a family business. The model also focuses on understanding how these concepts and the events within a family business have an effect on incumbent leaders and potential successors. With the present literature and the identified research gap, this model acts as a conceptual framework which could help explain the gap in literature on leadership and family succession.

![Diagram]

Figure 1. Authors own illustration of the concepts of the study (Lu & Visser, 2019)
6. Method & Methodology

This section will present the methodology and method of this thesis. Here we will go through all various philosophical as well as practical aspects to how and why this thesis was conducted in a certain fashion. The methodology section includes: Research paradigm and philosophy, research approach, research design, research method, context of the study, data collection, data analysis, literature search, ethical considerations of this thesis as well as limitations to this thesis.

6.1 Research paradigm and philosophy

A research paradigm and philosophy can be described as the perceiving and reasoning of knowledge, reality and existence, and how these influences the assumptions researchers make in a specific subject or field of study (Saunders, Lewis, & Thornhill, 2016). Therefore, different researchers may have different a perceiving and reasoning to the nature of knowledge and how to acquire knowledge in specific fields of study. However, research paradigm and philosophy are applied methods which can be used as a guide allowing researchers to generate ideas of knowledge in the context of a specific field of study (Saunders, Lewis, & Thornhill, 2016). There are several major philosophical paradigms which researchers have used in their approach to acquire knowledge, with the most common ones being positivism, interpretivism, constructivism, pragmatism and realism (Saunders, Lewis, & Thornhill, 2016).

The research in this thesis is based on the constructivist paradigm. Constructivist philosophy bases on the recognition of reality being a product of human intelligence, where knowledge and truth are created by a subject’s interactions with the world in which it is based (Elkind 2003). A great difference between constructivist philosophy and other research philosophies relate to the fact that constructivism argues there is no single method of generating knowledge ideas. Drawing from this, since knowledge is constructed by subjects, subjects can construct knowledge in different ways, even in the context of a specific field of study (Elkind 2003; Saunders, Lewis, & Thornhill, 2016).

A constructivist approach was chosen is due to the fact that this research topic is a developing aspect of knowledge. Therefore, we chose to use a constructivist approach where we use inquiring methods to acquire knowledge about the proposed research topic, supporting this with
data and knowledge which exists in this field of study. Furthermore, since the topic of succession and leadership transfers, especially in family organizations, successors and incumbent leaders often use a constructivist approach to transfer knowledge between generations of business leaders we chose to mirror this aspect when conducting our research about this topic. In the case of our case studies, we believe constructivism is the most appropriate form of research as it allows for theoretical abstraction and inductive reasoning of the information and data provided by the interviewees during their respective case study. This method would also allow us to incorporate different perspectives from each major stakeholder in each respective case study.

6.2 Research approach

The research approach of a study refers to the planned method in which data will be analyzed and can be divided into three types of research reasoning: deductive reasoning, inductive reasoning and abductive reasoning (Saunders, Lewis, & Thornhill, 2016). Deductive reasoning is often closely connected to scientific research related to natural sciences, as the deductive approach is used for testing theory hypotheses, where the approach is moving from the general to the specific. The logic in deductive reasoning is that if the premises of research are true, then the conclusion must also be true (Saunders, Lewis, & Thornhill, 2016). Opposing deductive approach is inductive reasoning approach. Inductive reasoning instead focuses on the exploration of knowledge phenomenon, identifying patterns and creation of conceptual frameworks. In inductive reasoning, the approach instead moves from specific to general, and logic bases that known premises are used to build theory and generate untested conclusions (Saunders, Lewis, & Thornhill, 2016). Finally, abductive approach is a mixture of deductive and inductive reasoning, where reasoning instead focuses on the interactions between general and specific (Saunders, Lewis, & Thornhill, 2016).

As mentioned previously, an inductive approach to reasoning will be used in the context of this study. In the context of a constructivist paradigm, inductive reasoning allows the authors to explore the phenomenon of family business succession and leadership, and generate new theories drawn from the analysis of the four specific samples. The logic mirrors that of inductive reasoning; known premises of family succession and leadership are used to build theory and generate untested conclusions surrounding the topic of family succession and leadership. The reason an inductive approach is used rather than deductive or abductive is connected to the
purpose of the study. Deductive reasoning is closely related to scientific research in natural sciences, where the goal is to test a theoretical hypothesis. However, the goal of this study is not to test a single hypothesis. Rather, the goal is to study and explore the previously unexplored subject of leadership effects on succession in family businesses. Therefore, inductive reasoning is the most optimal approach when generating new ideas and conclusions on the aforementioned topic.

6.3 Research design

The research design of a study is often defined by the purpose or goal of what is to be achieved. Therefore, research design can be exploratory, descriptive, explanatory or evaluative in its purpose (Saunders, Lewis, & Thornhill, 2016).

Exploratory studies are often performed in order to gain insights into a specific field of study, and to discover how or what is happening in a specific field of study (Saunders, Lewis, & Thornhill, 2016). Gaining insights and discovering what is happening in a specific field of study can be achieved through in-depth interviews with experts (in the case of this study, incumbent leaders).

For our research design, we are doing an exploratory research where open-ended questions and semi-structured questions will be asked to encourage rich and thorough answers and data. Personal interviews allow us the opportunity to investigate more specific factors of succession processes and the development of entrepreneurial leadership in successors. Furthermore, these personal interviews also provide us an opportunity to get insight into the structure of family organizations, and how these structures play a role into the succession process.

The main language of use when interviewing all companies from both countries will be Swedish for Swedish companies and English for German companies but with the possibility for clarification in German if the interviewees are struggling with the English language or if there are specific German words. This is to ensure that any language barriers will be eliminated and to ensure that our interview answers will be as detailed as possible.
6.4 Research method

In regard to methodological choice of research, the researcher has three approach to research design: Qualitative methods, quantitative methods and mixed methods (Saunders, Lewis, & Thornhill, 2016). The two most common methods are qualitative methods and quantitative methods. Quantitative methods refer to methods in which data is collected and presented in the form of numerical data. Vice versa, qualitative methods instead use non-numerical methods of data collection (such as interviews) and analysis (Saunders, Lewis, & Thornhill, 2016). Furthermore, mixed methods are simply a mixture of aforementioned methods to data collection and analysis (Saunders, Lewis, & Thornhill, 2016).

The method of choice is a qualitative method. Four interviews with family firms will be conducted, investigating leadership styles and leadership culture within a family business in order to analyze and answer our research questions. The companies we are interviewing are from Sweden and Germany, which will make our thesis a comparative case study.

6.5 Context of the study

We will interview two companies in Germany and two companies in Sweden. The company operates within the industries of technology, transport, shipbuilding and food and beverage industry. We will compare the Swedish companies to the German ones to see similarities and differences. To assure the anonymity of the companies, we will not disclose any names and refer the different companies as different letters of the Greek alphabet.

6.6 Data collection

Data collection for this research will be conducted through both primary and secondary data sources. Primary data is the type of data that is collected through original, first-hand sources (Saunders, Lewis, & Thornhill, 2016). In the case of this research, the primary sources are the incumbent leaders of each specific sample firm. Access to these four samples were gained in two different ways. Two firms were accessed through personal connections to the authors. The second two firms were accessed through contacting existing family firms and checking their availability and willingness to participate in this research. All four sample firms were further analyzed for similarities in size, growth and current generation in order to make the data collection process as similar as possible for each sample.
Furthermore, we composed questions in order to gather the data are needed to analyze and draw conclusions. The questions are directed towards the incumbent leaders. The questions can be found in the appendix. The questions and interview were structured into three different sections; the first section of the interview consisted of background information, were the focus was on obtaining historical data about both the family firm, the incumbent leader and previous leaders in the business.

The second part of the interview focused on the issue of family leadership and succession planning. In this section, the focus of the interview transitioned from background information to the issue of family leadership and succession. With a deeper focus on how the incumbent leader is preparing the successor generation for a future take over in the family firm and which implications and effects this has on both the incumbent leader and the successor generation.

In the final section, the interview transitioned from the issue of family leadership and succession to the organizational culture and entrepreneurial leadership. Here the focus was centered around the incumbent leader, how they affect the organizational culture through adopting an entrepreneurial style of leadership and how this reflects on the process of succession.

Secondary data sources and secondary data is data collected through already existing sources such as literature and other publications (Saunders, Lewis, & Thornhill, 2016). The purpose of secondary data in the context of this study is to support the thesis with a theoretical framework which can be used for supporting inductive reasoning of the primary findings.

<table>
<thead>
<tr>
<th>Company</th>
<th>Position</th>
<th>Industry</th>
<th>Date of interview</th>
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<tbody>
<tr>
<td>α</td>
<td>CEO</td>
<td>Food and beverage</td>
<td>28/3 - 2019</td>
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<tr>
<td>β</td>
<td>CEO</td>
<td>Transport</td>
<td>29/3 - 2019</td>
</tr>
<tr>
<td>γ</td>
<td>Managing director</td>
<td>Textile</td>
<td>16/4 - 2019</td>
</tr>
<tr>
<td>δ</td>
<td>Managing director</td>
<td>Shipbuilding</td>
<td>16/4 - 2019</td>
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### 6.7 Data Analysis

The data will be divided into four categories, and to assure the privacy of the firms we have interview we will denote the four companies as α, β, γ, δ. They will be divided into two parts, where the first part is the Swedish companies and the second part is the German companies.
The data will be analyzed based on three bases, firstly, the background of the incumbent leader and how that affected the leadership style. Secondly, family business leadership and succession planning, where we assess the situation from the perspective of both countries and the current situation. Lastly, we will analyze both companies in terms of entrepreneurial leadership and organizational culture, where we will look at how it has changed through the time period of the incumbent leader, and how it may affect the future in terms of innovation within the company and succession plan.

6.8 Literature search

In order to find appropriate theory to support our research question we used a literature filtering process consisting of three filtering stages to separate appropriate theory from theory that is irrelevant to our research question. The first stage of the filtering process consisted of finding appropriate sources. Here we considered several databases to be used in finding the data. Appropriate databases were both the local database, the online university library (Primo.library.ju.se) and secondly the online database Google Scholar.

The second stage in the method process consisted of filtering what we were looking for. Again, in order to find relevant and accurate data, we implemented several criteria that the literature had to fulfil. Here, we filtered articles by peer-review, topic relevancy and topic factuality, topic factuality meaning how much information regarding the chosen research question and supporting theory was contained in the literature. In this stage, we also considered which keywords used in the search process. For finding relevant literature important keywords we used were “Entrepreneurial leadership, leadership, predecessors and successors, family businesses, organizational culture and succession processes in family businesses”.

The third and final stage consisted of further filtering of relevant literature by relevance, amount of information contained and age of the literature. In this stage, we tried to filter which literature was the most fitting the formulated research question. For every stage in the process there was an active discussion within the researching team in which all team members scrutinized the literature found and where a small collection of literature was carefully selected for the next stage.
6.9 Ethical consideration

To ensure that we get our information in an ethical way, we will be sure to respect our interviewees and ensure confidentiality. A contract will be written and signed to ensure mutual understanding of how the information will be used and to build trust and set boundaries. Furthermore, collected interview data will be stored for safekeeping for two years after the date of the interview, with access to this data restricted to the researchers in this thesis.

6.10 Limitations

One limitation to our research would be hierarchy and adhocracy cultures within the organizational culture, as Germany has hierarchy compared to Sweden. Our research focuses on similarities rather than differences in cultural aspects. We feel that it would be too broad to focus on this area, and it would deviate from the purpose of our thesis.
7. Findings

In this section we present findings from the conducted interviews where each incumbent leader’s answers are presented based on themes that were examined in the frame of reference of this thesis. Here we have also included a background section on each incumbent leader’s individual background.

In this section, we have divided the findings into three parts. Firstly, background, where present the general background of the company and the incumbent leader. Secondly, family business leadership and succession planning where the aim is to present how the company has been managed by previous leaders and an insight of the current succession planning. Lastly, entrepreneurial leadership and organizational culture, where the aim is to present an insight to the entrepreneurial leadership of the incumbent leader and its impact on the organizational culture in the company.

7.1 Case α

Company α is operating in the food and beverage goods, specifically within ice cream manufacturing.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Food and beverage</th>
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<tbody>
<tr>
<td>Generation</td>
<td>2</td>
</tr>
<tr>
<td>Succession process</td>
<td>no</td>
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</table>

7.1.1 Background

Company α is an ice cream manufacturing business, which has operated as a corporation since 1937, but became a family owned business 1977. Today, the ownership is shared between the incumbent leader, his three children and the sister of the incumbent leader. The core value of the company is to keep a high quality of ice cream and maintain a close relationship to the customers. The incumbent leader stated that “When the customer calls and wants to talk to me they should reach me easily, without having to be asked for customer number in order for me to know who they are”. The incumbent leader has expressed that he would like to keep the business within the family and has done everything he can to keep it that way.
7.1.2 Family business leadership and succession planning

When asked about how it is to be a leader at a family firm, the incumbent leader stated that “It is the family, it is the sister and the children. You have the feelings.”. He also mentions that a challenge is handling the personnel since it is family, and compares it to a bigger corporation where it is easier to fire someone because the company have to lay off some staff.

At the time of succession, the incumbent leader stated that it was a process that felt very natural since he has been within the family firm for a while. The process of succession consisted of working in a low-position until opportunities allowed him to advance and eventually take over the company. Since his father was 65 when he acquired the business and that is an age where you are supposed to retire, the incumbent leader was a perfect successor since he had experience within the company. He was also encouraged by co-workers and higher-management to advance when opportunities allowed him to.

There are three potential successors at this company, and while there has been no active succession plan, the successors are being trained in separate parts of the company. His two sons do not have a higher education, and they work with the production of the ice cream. His daughter has a higher education and works with administrative tasks.

Due to the fact that the children of the incumbent leader’s sister do not have any interest to be involved with the company, the successors are limited to the three children of the incumbent leader. The incumbent leader stated that he had not planned a succession plan, but as the sister of the incumbent leader wants to eventually exit the family firm, she sells stocks to his children annually. At the same time, the incumbent leader will also do so at the same time to avoid extra paperwork as he stated “Whenever my sister sells the stocks to my children, I will also transfer some of my stocks to my children as this is not only a matter of paperwork, but also resources”.

7.1.3 Entrepreneurial leadership and organizational culture

The organizational culture of this company is still very much the same as when the company was founded, which is demonstrated through the way things are done at the company. Rather than to have an entrepreneurial leadership that develops the company, the incumbent leader is using a rather traditional leadership attempt to foster innovation and entrepreneurship in his
successors. Entrepreneurship in terms of product innovation is far more important in this industry rather than to have an entrepreneurial leadership.

7.2 Case β

The transport industry is transportation of piece goods, in the field of trucks.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Transport</th>
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<tbody>
<tr>
<td>Generation</td>
<td>2</td>
</tr>
<tr>
<td>Succession process</td>
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</tbody>
</table>

7.2.1 Background

Company β is a transport company that was created by the father of the incumbent leader in 1967. At that time, the company was listed as a sole proprietorship and eventually turned into a limited company when it was able to grow through their clients’ companies growing. The incumbent leader belongs to the second generation to rule the company.

“At the beginning, my dad was given the offer to buy a truck from a person that wanted to retire and that was how it started. (...) and as our customer grew, we grew with them”

-Incumbent leader, case β

The ownership of the family business consists of the incumbent leader and her brother, although another two brothers have been involved previously, they have chosen to back out of the business due to personal reasons. An aspect that the incumbent leader brought up was the fact that she had five siblings, two sisters and three brothers. She also revealed that the sister was not included in the succession planning and were not considered suitable successors because of inactiveness within the business. The incumbent leader started working at the family business in 1998 and took over the position as incumbent leader in 2002.

The core value that the company stands for is pride and quality, in which pride means that employees should feel pride that they are working for the company. In quality, the incumbent leader is saying that the employees are keeping the areas clean and everything in order without being told to do so.
7.2.2 Family business leadership and succession planning

During the time which the incumbent leader’s father was managing the company, he was described as being very traditional and knowing what he wants, although he was not intimidated by bringing in external help and being able to listen and take advice from external personnel.

Although the incumbent leader happened to take over the business very suddenly, she described the whole event as a very natural and seemingly appropriate step of her career as she said “I knew what it was. I knew what you could do. And I knew what you could not do, because I saw it in other people”. She was recommended by a member of the board prior to actually considering the position of the leader.

At this moment, the incumbent leaders do not have any successors that are able or willing to take over the company in the future. Although the incumbent leader and her brother have had thoughts about selling the company, they have decided that it is only going to be sold not only at a fair price but also a person or company that shares the same organizational values as the company.

7.2.3 Entrepreneurial leadership and organizational culture

The incumbent leader describes the transport industry as very traditional in general, and that she believes that her work experience at other companies has shaped her entrepreneurial leadership, as she thought that modernization was required when she started her position as CEO in the family business. This has reshaped and revolutionized the organizational culture in the family business in terms of tradition and a modern thinking. Although she has changed a lot in the company, she still believes that she has kept the very core of the original organizational culture as she stated, “I care about my employees’ families too, because I know that it is the whole piece” and that is what distinguishes family businesses from big corporations.

It is noteworthy to say that she believes that this revolution would not have been possible if she did not possess the family name when entering the position of CEO in the family business, that she stated in the interview “I would never have been able to become the CEO at this company if I have not had the family name from the start”. She then proceeds to explain that she is not a traditional person, as opposed to her parents but that the employees at the company can accept her changes because that she bears the family name.
7.3 Case γ

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<tbody>
<tr>
<td>Generation</td>
<td>8th</td>
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<tr>
<td>Succession process</td>
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7.3.1 Background

Company γ is a technical textile manufacturing business which has existed since 1824. It is currently being driven by two incumbent leaders who both assumed the position of managing directors. The incumbent leaders both succeeded the family business from the previous generation, with the current generation being the eight generation of family members involved with the business.

“The company exists now since 1824, the company is lead now by (...) and myself, who belong to the 8th generation after the founder.”

- Incumbent leader, case γ

The incumbent leader central in this case succeeded the leadership position in the business without a defined succession process, instead acquiring a leadership position when the situation required a succeeding leader in the family business. The incumbent leader stated in the interview that “it was my uncle who said “it’s just too much for me, we have to change the business, we have to install more computers and these things, I have no clue and don’t really want to cope with it so I would like to withdraw earlier, (...) would you be willing to come a little bit earlier?”” when explaining their situation of succession.

Previously, the incumbent leader had studied a bachelor’s in business administration and economics in Germany, along with previous experiences in the consulting business and at the family business itself, being one of the shareholders of the family business.

In terms of ownership of the company, shareholding of the company has since its inception remained in the family. However, in terms of managing the business, there have been two past managing directors who came from outside the family.
“(…) ever since it has been in family hands, and run by family members, besides two managing directors who have, actually, [come] from outside of the company.”

- Incumbent leader, case γ

Present ownership of the company is divided among the two incumbent leaders, other family members, and since 2017, 25% of the shares are held by another German family business. As for future ownership, shares of the company will be passed down to the successor generation.

“the business has always been in family hands (…), however, saying that, (…) we sold 1/4th of our company (…) in November 2017 to a very big family business from south Germany (…)”

- Incumbent leader, case γ

### 7.3.2 Family business leadership and succession planning

At this written moment, there is no active succession plan in company γ, as the successors in the potential successor generation are still too young to make any business-related decisions. Furthermore, the managing directors both feel that the succession process should occur naturally, with the successor making their own decisions on whether to join the family business or not, rather than forcing successors into a succession process against their own personal interest. This is supported by the incumbent leader stating that “(…) our children, which may be interested - they are too young to really say anything, and it’s the worst thing you can do is to say “keep in mind, there is this company and you have to do this” – No, we don’t do this now, (…) let’s wait and see (…), are they going to be interested themselves in these things?”. Instead, the role of the incumbent leader is to support the successor in the succession process if it is in the successors interest to take over leadership in a family business. With the incumbent leader stressing the importance of external experiences for successors.

“(...) I think it is absolutely vital to make experience out of the company in advance.”

- Incumbent leader, case γ

### 7.3.3 Entrepreneurial leadership and organizational culture

According to the incumbent leader, the organizational culture in the family business has changed dramatically since succeeding a position of leadership at the family business. The
business was in the past, both organizationally and technically, very traditional, limited and low developed.

“when I looked at […], it was a company you cannot compare it to today, (...) it was very traditional, very limited. (...), it was a complete, low developed company”

- Incumbent leader, case γ

In general, each specific issue of responsibility in the business were centralized and traditional. For the incumbent leader, using past experiences as a key influence, the most important issue was to structure the organization as a total, defining organigrams, responsibilities, tasks and structuring a fixed managing team where widespread transparency and contribution from and between all departments of responsibility is focused. It is in the permanent interest of the incumbent leader to develop an organizational culture of collective decentralized transparency and problem & solution-oriented thinking amongst each employee in each department of the entire organization.

(...) it is my permanent interest to widen the number of people who take over responsibility for the area they are working in – purchasing, IT and organization, sales markets, […], technical issues, production systems, production planning, they are all free to take over responsibility and determine what we have to do in order to make a process lean and straight to the goal.

- Incumbent leader, case γ

Furthermore, the incumbent leader stressed the importance of entrepreneurial leadership and organizational culture for collective innovation in the family business. The incumbent leader stated that “you have to have a company (organizational) culture of openness, of freedom, of giving the chance to take over responsibility (...) this is the presupposition for (...) collective innovation”.

24
7.4 Case δ

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<thead>
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<tbody>
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<td>5</td>
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### 7.4.1 Background

Company δ is a family owned shipbuilding business established in 1850. The family business is currently driven by two related incumbent leaders who both succeeded a leadership position through a planned succession process from the previous generation, with the current generation being the fifth generation of family members involved in operating the business. In terms of successor generations, there are currently five potential successors who are part of the succession plan.

“I have three sons and my brother has a son and a daughter.”

- Incumbent leader, case δ

In terms of ownership, shareholding of the company has since its inception in 1850 remained entirely inside the family and all managers inside the business having been family members. Present ownership is divided among the two incumbent leaders, other family members and since the succession plan, also the successor generation gaining a larger shareholding of the family business.

### 7.4.2 Family business leadership and succession planning

At this written moment company δ has a succession plan and is active in a succession process. There are currently five potential successors belonging to the sixth generation who will be succeeding leadership positions inside the family business. The succession process is being led entirely by both incumbent leaders according to their personal testimonies. In terms of ownership and shareholding; large portions of company stock are over a period of time being transferred from the current generation to the next generation. In order to ease this process, the company has been transformed into an active stock exchange company in order to ease the transfer of stock between the current generation to the next generation.
“we have brought things into place and are preparing for the next generation to take over in some point in time (...). all the contracts related with the ownership of this company, the company structure itself (...).”

- Incumbent leader, case δ

Further processes utilized by the incumbent leader in order to prepare the successor generation strongly relates to education and experience. Although there are no written requirements to what is required of the successor generation in order to succeed leadership, the incumbent leader emphasizes the importance of education and experience in order for there to be successful succession and future in the family business. Currently, all five potential successors are studying subjects which will enable them to play future leadership roles in the family business.

The future leadership style of the successor is a style of leadership which partially needs to be developed personally for each potential successor. The incumbent leader stresses there be a certain degree of freedom in developing leadership style. However, the leadership style which currently is adopted by the incumbent leaders is a style of leadership which has existed in the organizational culture and past generations of leaders of the family business.

“everyone needs to find its own way, I hope they will make it much better than we have done, and the type of leadership [...] of course, I mean we have a certain type of leadership here in the company.”

- Incumbent leader, case δ

### 7.4.3 Entrepreneurial leadership and organizational culture

In terms of organizational culture and communication, company δ has over generations developed a hierarchical type of organization. Communication between the incumbent leader and the followers (employees) is done through a hierarchical network, in which the hierarchical network has grown in relation to the size of the company over many generations of family leaders in the organization.
The organizational culture relative to the size of the family business is also a key aspect of entrepreneurial leadership and innovation at company δ. Entrepreneurial leadership and innovation is regarded as a key factor to continuous growth and stability in the family business. However, in terms of relating organizational culture and entrepreneurial leadership, at company δ, the two are separate from each other, with no room for collective innovation. Instead, entrepreneurial leadership and innovation are more individual processes practiced by capable personnel and the incumbent leaders. However, the incumbent leader also stresses the fact that the organization only has limited capacities for innovation, therefore the criticality of failure is a major factor influencing entrepreneurial leadership and innovation.

“we have to discuss (...) whether we will spend our capacities researching in this “direction” or rather that “direction” (...). (...) here you also take wrong decisions, that will also come back to you in a bad way, that will have bad consequences. (...) we have limited capacities (...)”

- Incumbent leader, case δ
8. Analysis

In this section we analyze the findings of each interview with the incumbent leader’s and how they might affect the successor generation through entrepreneurial leadership, organizational culture and succession processes. We have divided the analysis into thematic subheadings such as “Swedish companies” and “German companies” in order to gain an understanding and analyze any potential theoretical, cultural or organizational similarities in each country. Finally, we do a comparison between these two themes in the third subheading.

8.1 Analysis of Swedish companies

The vision for the family firm of both incumbent leaders seemed to slightly differ, as the incumbent leader in case α does not have an entrepreneurial leadership and seems to be more focused on distributing work, preserve the traditional organizational culture and value, and foster innovation to his three children. However, in case β we see that the incumbent leader had strong opinions and a vision right away when she started, and we see a strong presence of entrepreneurial leadership in this case. The strong entrepreneurial leadership has proven to be a critical factor as to why both companies differ in terms of organizational culture within the companies, and this is aligned with our frame of reference.

Both of the companies also have succession events that can be identified in the succession plan. In case α, findings show that the company did not really follow the whole succession plan, but rather took parts and bits of it. A first step of the succession plan, which is considered a vital step, is having lead time. Case α was better aligned with the theory, as it was set early on that the incumbent leader in case α would take over the business, whereas in case β we had a shorter lead time as the succession process was in the span of four years. However, case β followed the structure through getting recommended by a member of the board to then address the ownership issues as she did not own any shares, to successfully taking over the business. The ownership in both companies seemed to be slightly different, as shares were divided differently. In case α, shares were divided among family members that wanted to join the family business whereas in case β shares were divided among the male successors. This might have to do with industry, as the transport industry is more male-dominated, and the ice cream industry would be more
female-friendly. Incumbent leader in case α were also following the succession plan in terms of giving thoughts about transfer taxes, as stated in the findings where he says that it is a matter of paperwork and resources.

When looking at both companies, we can see that the incumbent leader of both companies has a career. Incumbent leader of company α had two different career paths before joining the company and started out as driving a milk truck to then proceed upwards in terms of position in the company. This had led to more exposure to the organizational cultures in the family firm, which acted like a guideline to incumbent leader α’s leadership. Meanwhile, incumbent leader of case β had some work experience outside the family business, but in contrast to incumbent leader α, she had work experience in the same position in all her jobs – secretary of the CEO. We see that this has had a bigger effect on her view on leadership and organizational culture as we see a bigger radical change within the leadership style and effect on organizational culture, this is supported by her quote that we presented in our findings where she states that “I knew what you could do. And I knew what you could not do, because I saw it in other people”.

8.2 Analysis of German companies

When looking at the German companies we see a radical difference in entrepreneurial leadership and organizational culture between these two companies. In case γ we see a radical change in entrepreneurial leadership from the previous generation to the current generation of incumbent leaders. This growth in entrepreneurial leadership has in turn affected the organizational culture of the current generation of incumbent leaders, where the organizational culture of case γ in previous generations was extremely traditional and underdeveloped, the incumbent leader has now radically developed the organizational culture, instead creating a reinvented decentralized and transparent organizational network with problem and solution-oriented thinking as a core value amongst all employees of the family firm. The incumbent leader stresses the importance of communication and transparency between leaders and followers and uses the tool of organizational culture as a means to enhance the cooperation between employees of all divisions in the family firm and the cooperation between employees and the incumbent leaders themselves. The development of the organizational culture by the incumbent leader in case γ reflect how organizational cultures function and are utilized by leaders defined in the theoretical framework. However, this has come at the cost of focus on
succession planning, as the incumbent leader of case γ instead postponed succession planning as a future issue which remains unaddressed. The incumbent leader stresses the fact that succession should occur naturally and that this cannot be forced. We see instead that the incumbent leader goes against the conventional family firm succession planning process stated in the theoretical framework section, instead adopting a “wait and see” approach to see which successors ultimately will succeed leadership positions in the family firm of case γ.

Contrarily, in case δ we see a complete opposite change. Here instead the incumbent leader is leading a formal succession plan which includes multiple potential successors to succeed leadership positions in the family firm. The incumbent leader has followed succession theory similar to that presented in the theoretical framework, with the incumbent leader preparing their successors through the three-step process of succession; preparing the successor with management experience through giving and emphasizing successor experience both inside and outside the business. Secondly, the incumbent leader is preparing the successors with ownership transfers, where the incumbent leader treats each potential successor similarly in order to ease the process shifting into the next phase of succession. Finally, transfer taxes and transfers of share has been an ongoing process in the succession planning process of case δ. However, looking at entrepreneurial leadership and organizational culture, we see the complete opposite of case γ. Instead, case δ kept a traditional hierarchical organization over multiple generations of incumbent leaders, which has only developed in terms of growth in relation to the size of the family firm. In other terms the organizational culture has remained traditional through many generations of incumbent leaders. Similarly, entrepreneurial leadership is considered important for the continuous growth in both case γ and case δ, yet, entrepreneurial leadership is kept separate from the organizational culture in case δ opposed to case γ where entrepreneurial leadership instead is encouraged in the organizational culture. Rather, the incumbent leader in case δ contradicts entrepreneurial leadership theory as the incumbent leader does not encourage innovation amongst his followers in the organizational culture.

Both incumbent leaders in case γ and case δ have had different backgrounds when succeeding into their respective leadership positions at their respective family firm. For the incumbent leader in case γ, their background consisted of both education and major work experience in another business and organizational culture. Further, the actual process of succession for the incumbent leader happened under unplanned circumstances, without a formally planned succession process. Instead, the incumbent leader in case γ stepped in to succeed the leadership
position due to their predecessor stepping down earlier due to leadership incapability, passing their position to the incumbent leader. Opposed to this, succession for the incumbent leader in case δ was a planned process, with the incumbent leader only gaining few personal experiences external to the family firm, with education being a main focus before entering into their predecessor’s plan of succession into the incumbent generation.

8.3 Comparison of Swedish and German companies

When comparing the Swedish and German companies we will look at similarities and differences. We see a similarity between case α and case δ in terms of company level and organizational cultures, as we do with case β and case γ. In both case α and case δ the organizational cultures of the family firms are on an extremely traditional level with little development or change over multiple generations of incumbent leaders. Contrarily, case β and case γ both developed the organizational cultures in their respective family firm during the leadership of their respective incumbent leader of the current generation. One might argue that industry might be a factor in affecting entrepreneurial leadership and organizational culture, since the four companies we have looked at are operating in general quite traditional industries. Based on this, it is often expected that traditional standards should be maintained over multiple generations of incumbent leaders, as these methods are deemed classical and part of original family business values. However, our findings show that rather than depending on the factor of industry influencing incumbent leaders, it is instead each individual incumbent leader and that person’s experience that affect entrepreneurial leadership and organizational culture inside the family firm.

In terms of country level, there does not seem to be any major differences between Sweden and Germany in regard to how a family business is operated by incumbent leaders. Rather, family firms in both countries are operated in similar ways and are both capable of similar results, without family firms in one country being more efficient than family firms in the other country. Instead, it appears that the capabilities and results of each family firm is decided by the willingness and capabilities of the incumbent leaders themselves, without taking in regard the circumstances inside the markets in which they operate. Similarly, cultures in both Sweden and Germany do not seem to have any major and noticeable effects on how each respective family
firm is operated. Again, the factors affecting incumbent leaders and organizational culture seem limited to an individual level rather than a country or cultural level. However, cultural effects on succession planning and ownership of the family business will be discussed more in the discussion section.

Apart from a deviation in ownership, succession planning and gender roles relating to culture, which will be discussed more in the next section. Ownership of the family firm in all four cases are succeeded in similar fashions. Shares are over the course of the incumbent leader’s lifetime being transferred from the incumbent generation to the succeeding generation. There is no noticeable difference between both Swedish and German companies as to how this process is performed, nor at which specific point in time, as all four cases prove that this is a process which occurs during the lifetime of the incumbent leader and the existence of potential successors.
9. Discussion

This section we discuss the outcomes of the analysis section as well as observations made during the analysis of each individual incumbent leader and respective family business.

Based on the analysis of the findings, there are certain notable observations made during this study which will be discussed in the discussion section.

9.2 The incumbent leader timeline model

An interesting aspect of this study that we would like to address is the timeline as illustrated in the model we have created. The model which represents the timeline of an incumbent leader has been observed to be exceptionally subjective and factor dependent based on the observations of each individual incumbent leader. One factor which has been observed to have major influences on the timeline of an incumbent leader are the experiences which successors gain externally to the family firm. Here, we observe that external experiences contribute to a more personalized style of leadership in the successor. Simultaneously, our observations indicate that incumbent leaders who instead lack external experiences adopt leadership styles identical or similar to their predecessor. This adoption of identical or similar leadership styles to the predecessor in turn affects the lack of development in organizational culture. We observed that in both case α and δ the organizational cultures are traditional with a clear lack of entrepreneurial leadership.

With this anomaly in mind, a more accurate illustration of the incumbent leader timeline model is presented in the figure below. In this representation the importance of external experience is highlighted. We see now instead that an incumbent leader influenced by external experiences adopts entrepreneurial leadership styles in order to influence and develop the organizational culture inside the family firm. As the timeline continues, the model then transitions into succession planning as potential successors approach maturity or the incumbent leader finds it necessary. The model finishes and repeats with the transfer of leadership from incumbent generation to the succeeding generation. With the succeeding generation having gained external experience before or during their incorporation in the succession plan. This is illustrated by the filled lines. Both case β and case γ reflect this path in the illustration. Where both incumbent
leaders in case β and case γ had gained external experiences prior to succession. Both incumbent leaders then adopted entrepreneurial leadership styles in order to influence the organizational cultures in each respective family firm.

The dashed lines in this illustration indicate the incumbent leader timeline without external experience. In this scenario the incumbent leader instead adopts leadership styles gained from predecessors, which results in a lack of organizational change. Instead, the incumbent leader continues traditional organizational values adopted from their predecessors until the successor generation is incorporated into the succession plan, repeating the cycle. Again, both case α and case δ reflect this path in the illustration. As both incumbent leaders in case α and δ adopted predecessor styles of leadership and continue organizational tradition.

![Diagram](image-url)

*Figure 2. Authors own illustration of factor incorporated incumbent leader timeline (Lu & Visser, 2019)*
9.3 Gender roles in family business succession and areas for future research

The times has changed since these family businesses started up, and trend within gender roles and norms in society has developed drastically. A noteworthy observation in each of the four cases shows that throughout the 20th century, women were less likely to be in the higher management or leadership positions in their respective family firm. We see in case α that the incumbent leader had an older sister, yet she did not succeed the position of incumbent leader from their predecessor. In case β, women were not involved nor allowed to own any shares in the company until the current generation. Similarly, the women in case γ were allowed to own shares, but not involved in work within the company. Further, in case δ we again observe a tradition of father-and-son succession rather than father-daughter succession over multiple generations of incumbent leaders. Further, it is observed that apart from case β, women were still involved in the ownership of the family firm. Rather it is the lack of involvement of female successors in leadership and management of family firms which acts a noteworthy deviation in succession of family firms. Interestingly, literature on family businesses has in recent years shifted to focus more on father-daughter succession and female leadership in family firms.

For future studies based on the observation in this study, it would be interesting to research how the leadership of incumbent leaders affects the leadership of female successor compared to how it affects the leadership of male successors in terms of business performance. Or similarly to this case, it would be interesting to observe comparatively how female successors affect organizational cultures in family businesses respective to how male successors affect the organizational culture.
10. Conclusion

In this section we conclude each section of the thesis. Here we also answer our research question based on the findings and analysis of the interviews with the incumbent leader’s

The aim with this thesis was to gain knowledge about the roles of entrepreneurial leadership in the development of successors in a family business. We generated research questions which questioned how leadership of the incumbent leader affected entrepreneurial leadership and organizational cultures within the family business, and how the incumbent leader affects the leadership of their successors:

RQ 1. What is the effect of an incumbent leaders’ style on the entrepreneurial leadership and organizational culture within a family business?

RQ 2. How does the incumbent leader in a family business affect the successors leadership style?

Furthermore, we illustrated a model which illustrated the timeline of an incumbent leader. The model was created in order to illustrate and create a framework which was used in order to analyze how each concept affects and interplays with each other during the timeline of an incumbent leader inside a family business. The model focused on understanding how each concept and event affect an incumbent leader and potential successors. Throughout the study, we discovered that the actual model of the timeline is incomplete. Our findings instead indicate that external work experience and exposure to external organizational cultures have a huge impact on an incumbent leader’s entrepreneurial leadership and how that leader will shape the organizational culture in the family business. With this in mind, the alteration of the incumbent leader timeline model in order to incorporate the factor of external experience acts as a more accurate illustration of how the timeline of an incumbent leader actually should be followed.

In conclusion, an answer to our research question would therefore be that; Findings indicate that the incumbent leader’s style of leadership has less of an effect on the successor generations style of leadership if the successor generation has gained external work experiences external to
the family business. Interestingly, external experience instead acted as a guidance for successors to improve the future of their respective family firm.
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12. Appendix

12.1 Appendix 1. Interview questions

Background Questions

*About the business*
- How long has the company existed?
- What industry, what do you produce?
- How long has it been in the family?
- Why is it a family business and not a corporation?
- What are the core values of this company?

*About the leader(s)*
- Who are you? What generation of succession do you belong to?
- What is your position here at the company?
- Do you have any successors? Who are they?
- What is your background in terms of education? Experience?
- Are you currently in an active succession process?

Entrepreneurial leadership & organizational culture

- How do you think that your leadership affects others?
- How do you encourage innovation in others and your successors?
- Have you ever given any thought into entrepreneurship and innovation, and how you can/should/will lead change?
- Can you please define or explain your company’s organizational culture?
- How was the organizational culture when you were in the succession process?
- How do you think it will be in the future?

Family & family leadership questions & succession planning

- How is it to be a leader in a family business?
- Are there any complications?
- Any noteworthy differences from other scenarios/jobs?
- How is the dynamic between the incumbent leader and successor when leading in a family business?
- How is the dynamic between incumbent leader and successor overall?
- Can you explain your plan of succession?
- How are you preparing the successor for these changes?
- Through education, work within or outside the business?
- How is the successor preparing for these changes?
- Through education, work within or outside the business?
- How important is it that the successor has the same leadership style as you?
- If it is important, then what steps do you take to implement this in the succession plan?
- How does this differ from the succession process you went through with your prior generation?
12.2 Appendix 2. Interview consent form

Consent to take part in research

• I ............................................ voluntarily agree to participate in this research study.

• I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

• I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.

• I have had the purpose and nature of the study explained to me and I have had the opportunity to ask questions about the study.

• I understand that participation in this study involves answering and discussing questions about leadership, succession, organization and entrepreneurship.

• I understand that I will not benefit directly from participating in this research.

• I understand that all information I provide for this study will be treated confidentially.

• I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

• I understand that disguised extracts from my interview may be quoted in the final thesis report.

• I understand that signed consent forms, original audio recordings and a transcript of the interview will be retained until the exam board confirms the results of the researcher’s thesis.

• I understand that under freedom of information legalization I am entitled to access the information I have provided at any time while it is in storage as specified above.

• I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

I agree to my interview being audio-recorded.

Signature of research participant
_______ Date ______

Signature of researcher
_______ Date ______