Components of Identity and the Family Firm

An exploratory study of influences on the micro-process of strategy and firm level outcomes

Paper within Msc Major Business Administration, 30 HP
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Jönköping 2009-06-12
Acknowledgements

This thesis is a result of a journey into the personal lives of our case study participants. We could not have gained the insight we have achieved without the candidness and openness of these individuals. It is therefore with gratitude that we sincerely thank these 14 individuals for their contribution. We also thank Mattias Nordqvist, our supervisor for the guidance and support that he has provided during this process, and his continual effort to help us think both critically and creatively about the direction of our work. We also thank Leif Melin who suggested several family businesses for us to pursue for our case studies. Last but not least a big thanks to both our families for their ongoing support.

Hannah Raffelsberger and Maria Hällbom

June 2009
# Master Thesis within Business Administration:

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Abstract

Problem: There is a significant lack of research within the family business area which focuses on the micro-processes of strategy. Johnson, Melin, and Wittington (2003) stated that while the field of strategy has traditionally concentrated on the macro-level of organizations, it needs now to attend to much more micro-level phenomenon. Furthermore, there is a general lack of research within the family business area in regards to strategy processes due to “the family business definition dilemma” (Lumpkin, Martin, & Vaughn, 2008, p. 127). This dilemma is suggested to be lessened by a better understanding of the impacts of the individuals on the strategic process.

Purpose: This thesis examines influences on the micro-processes of strategy formation in the family firm in order to contribute to the family business research area. The specific influences that are in focus we labeled as ‘components of identity’. These components of identity focus on the ‘who’ of the micro-process. Components of identity include identity, psychological ownership and attachment.

Main research question:

How and why do the components of identity influence the micro-process of strategy in a family firm?

Method: This is an exploratory study which is based on a qualitative study involving 14 individuals in six family-owned companies in the Småland area of Sweden. Semi-structured interviews were carried out with both family members and non-family members in an attempt to create case studies and contribute inductively. The case studies are presented in a storytelling format and were then used as a starting point for our analysis. Each case was analyzed from the perspective of the different components of identity as well as studying the influence that the dyadic relationship has on the family members. The names of the companies and people involved have been changed in order to protect their privacy since this topic is personal in nature.

Main findings: Gaining a better understanding within our area of study has allowed us to make some conclusions about the “how and why” of micro-processes of strategy in the family firm. One of the main findings, which makes a vast difference in this area of research, is the fact that the power-base within each company must be identified in order to enable a correct understanding of the micro-processes within the firm. Further, our results show that history, both in terms of historical decisions regarding the family business as well as the individual’s past, play a significant role on strategy formation today. Moreover, the circumstances and emotions surrounding the individuals entry into the family business impacts not only on succession process but also the direction of the firm, risk taking behavior and asset retention. We were also able to make some conclusions with regards to family business strategy process. As well as provide a starting point for further research into the micro-process and the family business definition, we provide a basis for a possible new direction of governance research.
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1. Introduction

In this chapter we provide a general overview of the topics covered within this thesis. Firstly a general introduction gives some background information to the reader. Then an explanation about why this topic and the following subjects within it are of interest to us and of importance to the field of family business: Why Family Business; Why Strategy Processes; Why Identity. We also state the delimitations of our study here.

Family businesses make up two thirds of small and medium sized businesses and are therefore a key basis of Sweden’s economy (Melin, 2009). Hence, it is important to understand these type of businesses. The aim of this thesis is to contribute to research in the family business area, by conducting an exploratory study focusing on the influences on micro-processes of strategy in six family business.

Business studies have focused predominantly on macro processes and on non-family businesses. Lumpkin et al. (2008) provide a reason for this. Due to the “family business definition dilemma” (p. 127) the focus of research has shifted away from strategy and control of family business to more mainstream management topics such as agency theory and resource based view. The outcome, is that there has been very little research conducted on the how and why of strategizing within the family firm (which we can label as micro-process of strategy formation) (Hall, Melin, & Nordqvist, 2006). Hall et al. (2006, p. 253) further “argued for the need to pay more attention to the micro-processes and detailed activities of strategy-making, for instance, to focus more on what people actually do when strategizing, who they are, where they do it, how they do it and why they do it”. It was also stated that “the mainstream strategy literature has not arrived at this detailed level, but instead stayed at a more general macro level when investigating strategy” (p. 253). Furthermore, Lumpkin et al (2008) have found that factors such as intention, involvement and vision are keys to defining family business. Therefore, in order to enable research in the family business area, a deeper analysis of these micro-processes is required. To create an understanding of how family businesses manage and strategize, an understanding of how their dominant coalitions see the future and use their power in order to achieve their vision is required (Lumpkin et al., 2008). Lumpkin et al. (2008) state that “the intentions, involvement, and values of the family coalition that runs a business will influence how it is strategically positioned and controlled” (p. 128).

This topic is investigated through empirical studies on components of identity of family members who are part of the micro-process. Components of identity comprise of identity, psychological ownership and attachment to role. These components of identity were chosen to focus on the “who” of the micro-process. In order to study the “who”, one must focus on the identity of the person. Psychological ownership and attachment to role were found as factors in the development of a person’s identity.

We aim to demonstrate the importance of our empirical investigation into micro-processes of strategy by exploring family members and how their identities, psychological ownership and attachment levels as well as dyadic relationships influence and impact on their firm-level strategic outcomes.
Ericson (2007) states: “There is often a tendency within practice-based research to distinguish between actor and activity” (p. 32). We want to link the actor and the activity in order to gain a better understanding of how and why they choose to do certain things. We believe that the actor and the activity within a family business setting are often difficult to set apart. The action of the family member during strategic processes has a great deal to do with who that person is, and what the family business means to them. Therefore it is crucial to study components of identity within the family business setting in order to gain a more insightful and deeper understanding of the micro-processes of strategy making and how this ultimately influences firm-level outcomes.

“There is a lack of attention in the family business field to the exact nature of the psychological dimensions and mechanisms of family psychology that are most relevant to the family business context” (Björnberg & Nicholson, 2007 p. 229). Milton (2008) supports this statement by saying that “it seems unusual that the family business research has focused so much on economic models of human behavior when family businesses are uniquely relational” (p. 1075).

Furthermore, “individuals understand, accept and employ organizational premises in their decision making and other actions, in effect becoming a microcosm of the organization such that acting on behalf of the organization is tantamount to acting on behalf of themselves” (DiSanza & Bullis, 1999, In: Ashforth, Harrison & Corley, 2008, p. 337).

This thesis is a result of an investigation into the stories of six family businesses with the contribution of 14 individuals involved in these firms. These stories are told from the different individuals’ viewpoints discussing the chosen strategies within their family businesses and how these are formulated with regards to their identity, psychological ownership and attachment to role, as the so called “components of identity”. The stories are written in such a way that the reader clearly understands that the concept of “family business strategy” is not always just about business decision making, but also about the family dynamics, often the personality of the founder, the attachment level to the firm as well as one’s own identity influence their decision making. In addition to exploring the family business owners’ components of identity, we have also examined their dyad relationship with the previous generation, if applicable to the case study. This fourth theme was found to be important as it plays a role in shaping one’s identity, as well as providing sound explanations regarding issues within the family business, such as succession.

1.1 Thesis Structure

Chapter 2 states our problem, purpose, and research question. We then discuss our methodology in Chapter 3. The frame of reference follows in Chapter 4 where you are presented with the differing components of identity, discussing identity, psychological ownership and attachment to role. A fourth theme discussing the dyad relationships within the family is also presented. Literature reviews have been compiled on general strategy as well as micro-processes of strategy in order to provide some sound background knowledge for the reader. Chapter 5 is a presentation of the six stories of our family businesses. These stories are presented individually and are analyzed in Chapter 6 utilizing the three components of identity previously introduced. Within the presentation of each case, we focus on the roles and relationships with one another of the key people that we interviewed. Thereafter, in Chapter 7 the micro-processes of strategy are analyzed and linked to the firm level outcomes. Included in this chapter is also an extended discussion covering a main finding. Lastly, we present a model of our findings as well as clearly demonstrate our contribution to the field of family business research through the creation of new knowledge and we also present recommendations for future research in Chapter 8.

The following three sections explain our choice of topic in greater detail.
1.2 Why family business

“Some of the largest and oldest firms in the world are family controlled” (Sharma & Nordqvist 2008, p. 1), as are a majority of their smaller and medium sized counterparts that adorn the streets of our economic landscape and provide employment to a vast proportion of global workforce (Sharma & Nordqvist, 2008). It has been well documented how important the family business is in terms of GDP contribution and job creation worldwide. For example Shanker and Astrachan (1996: p. 107) state that the “most commonly sighted figures claim that family businesses represent 90-98% of all US businesses, that they employ over half the workforce, create over half of all new jobs and generate 40-60% of the GDP”. In Europe it is widely accepted that about 70% - 80% of enterprises are family businesses and they account for roughly 40% - 50% of employment (Mandl, 2008 p. 2).

Setting aside the purely economic facts of family business contribution to numerous countries, these family businesses are fascinating to study perhaps because of the inquisitive nature of we humans. The complexities of our emotions, our identities, what parts of our nature we have inherited from our parents as well as what parts we choose to project outwards in the public arena of business is, we think, often at crossroads to what is “acceptable” or “standard” in business conversations. The idea of discussing family firms without discussing the identities behind the family, leads to; we think an imbalance in truly understanding the phenomenon of family businesses, their successes and their failures.

1.3 Why micro-processes of strategy within the family business context

“Strategy processes are crucial in the development and survival of every family firm” (Hall et al. 2006: p. 253). Without strategic intent and follow through, our economic landscape would be much bleaker.

“The process of formulating business strategy and implementing strategy is importantly influenced by owning family considerations” (Harris, Martinez & Ward, 1994: p. 159). This points towards an interesting discussion with much interplay between hard and soft facts that rule the tightly woven boundaries of a family firm. Companies cannot survive without a strong sense of direction, and perhaps one could also say a strong sense of conviction in the ever increasingly competitive landscape. This could be even more poignant for family firms where they often enter into specific industries due to low barriers of entry, “family businesses participate in business types that are less capital intensive and therefore have lower barriers to entry” (Harris et al. 1994: p. 162).

Formulation of strategy or “strategizing” is of heightened interest to us within the family business context because there has been very little previous research conducted which investigates the micro-processes of strategy formation. There has been much written about the differing forms that strategies take within the family firm. However these have been very much at the macro level. There has been little research conducted on the how and why of strategizing within the family firm (which we can label as micro-process of strategy formation) (Hall et al. 2006). Hall et al. (2006: p. 253) further stated that “advocates for this emerging research perspective have argued for the need to pay more attention to the micro-processes and detailed activities of strategymaking, for instance, to focus more on what people actually do when strategizing, who they are, where they do it, how they do it and why they do it”. Johnson et al. (2003: p. 3) also stated that while the field of strategy has traditionally concentrated on the macro-level of organizations, it needs now to attend to much more micro-level phenomenon. This means more emphasis placed
on the “detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes” (Johnson et al. 2003: p. 3).

The differing influences relating to the micro-processes of strategy formation could perhaps provide an additional notion or more in-depth perspective in a further understanding of the complex dimensions of a family business and the people behind them. A more in-depth understanding could allow us, standing outside the sphere of a family firm, to be better able to assist family businesses when identifying their internal strengths and weaknesses. Harris et al. (1994: p. 171) summarized some of the important characteristics of family business that influence strategy.

- “Inward” orientation
- Slower growth and less participation in global markets)
- Long-term commitment
- Less capital intensive
- Importance of family harmony
- Employee care and loyalty
- Lower costs
- Generations of leadership
- The board’s influence on implementation

As an addition to this list, research that has been conducted post 1994 showing the following influential factors:

- Family members feelings, ownership and key relationships in the family (Chua et al. 2003; Sharma et al., 1997; Drozdow & Carroll, 1997)

This list of strategic influences on the macro-level, shows that there has been very little research in the way of micro-processes, the how and why and the intimate thoughts behind the decisions made. Nor is there research documenting the unspoken and perhaps one can say unidentified influence of family’s assumptions and realities that are embedded in their family firm.

Hall (2003), Nordqvist (2005), and Hall et al. (2006) highlighted some influential micro-strategy aspects: “In family firms the interaction between family members plays an influential role in strategy formation and the dynamics in which strategies emerge are deeply rooted in family values, emotions and socio-psychological dimensions of ownership” (Hall et al. 2006: p. 253).

1.4 Why Components of Identity

The unique problems and perhaps dilemmas that often apply only to family businesses are due to the complex nature of the two social systems that make up the family business; family and business, each operating on its own logic (Sharma & Nordqvist, 2008). “From a systems perspective, one cannot consider the family firm without assuming that the behavior of any one part of the system will influence and be influenced by all other parts of the system. The family may act upon and influence the firm but, at the same time, it is influenced by the communications it receives from the firm” (Kepner, 1983: p. 58).
As stated previously, components of identity include identity, psychological ownership, and attachment to role. This encompasses the ‘who’ in the micro-process. Our identity is formed via intrinsically knowing where we come from, what family we belong to, what values we as a family cherish, as well as our family myths or stories. This knowledge is something that is embedded in us and forms our “reality”. This reality can be also described as our assumptions, or our frame of reference and therefore the point at which we unconsciously begin our decision making process. It is at the point of decision-making or action of strategic change, where components of identity can play an influential role in decisions that are made. It is therefore interesting to explore this idea in the context of family business strategy processes.

In order to understand the role that components of identity play on strategic-thinking within a family firm, it is crucial to examine the person, including attributes such as identity, attachment, and psychological ownership. We have separated out these components of identity as a way of enabling a deeper analysis of our subject. Where these attributes stem from and how they influence our decision making processes, are important considerations when understanding the study of family business. Often when we think of a family business we also think of the person and the people (namely the family) involved. This identity of the family business is often not able to be seen as a separate entity to the family members involved. This can be further complicated by the psychological ownership that family members may feel towards their business. Furthermore, since the identity of the person and the business is often merged into one, it is highly applicable to also discuss attachment. Attachment can be understood as a sense of belonging; Nicholson and Björnberg (2008) stated that, in any business-owning family one can expect next-generation members to exhibit a range of attachment styles, partly as a function of the different parenting regimes children are subject to, and partly as a function of individual differences among the children. Related to attachment is also the loss of identity people can sometimes feel when they step out of their family business role, this an important theme that is often discussed in relation to succession challenges in a family business.

1.5 Delimitations

- In this study we focus only on Swedish family-owned firms in the Småland region

- This study does not investigate the individual strategies of the family owned firms, but rather investigates the influences the individual family member has on firm-level outcomes
2. Problem, Purpose and Research Question

This chapter provides a broad statement detailing the reasons for writing this thesis. We then state our problem, research question and purpose. We will also provide some useful definitions that are used throughout this thesis.

2.1 Problem

As discussed in the previous chapter the how and why of components of identity and their influence on micro-processes of strategy is of great interest to us due to the lack of research on a subject that is assumed to have a large significance on family businesses strategy processes. Because the family firm is not just influenced by ‘pure’ business dimensions but also by the issues of family business owners’ identity, psychological ownership, and attachment to role, and dyadic relationships, we investigate why they are influenced and how. The three-circle model (see Figure 2.1) shows the business, the family and the owner as both separate and integrated factors. These three areas obviously influence the business strategy. There is however a lack of knowledge isolating how these family members actually influence the business. Therefore this thesis focuses purely on the family segment of this model.

![Three-Circle Model](image)

Figure 2.1 Three-Circle Model

Hall et al. (2006) stated that academics have argued for the need to pay more attention to the micro-processes and detailed activities of strategy-making. For instance, to focus more on what people actually do when strategizing, who they are, where they do it, how they do it and why they do it. Johnson et al. (2003) also stated that while the field of strategy has traditionally concentrated on the macro-level of organizations, now must focus much more on micro-level phenomenon. This means more emphasis placed on the detailed processes and practices which constitute the day-to-day activities of organizational life and which related to strategic outcomes (Johnson et al. 2003).
2.2 Purpose

Due to the lack of research in this area of interest our purpose is:

- To contribute to the theoretical body of knowledge within family business strategy processes by conducting an exploratory study focusing on micro-processes.

Through our initial literature search, we recognized that there are gaps in the knowledge creation surrounding the topic of family business, micro-processes of strategy and the influence of components of identity. Previous research is lacking focus on the individual’s influence on the firm. The micro-processes of strategy making have not been widely researched in the past. However, it has been previously documented that there is significant family influence on the vision and strategy of a family firm (Sharma & Nordqvist, 2008; Sharma, Chrisman & Chua 1997).

We have also set a secondary goal:

- As a complement to contributing to the body of research, we aim to design a model to aid the understanding of the subject matter. “Reality is complex. Visual models aim to represent this complexity and help authors’ present their arguments” (Sharma & Nordqvist, 2008).

2.3 Research Question

As we carried out an exploratory study our research questions were broad. A broad perspective allowed us to discover any possible relevant themes relating to:

- How and why do the components of identity influence the micro-processes of strategy in the family firm?

In order to more clearly illustrate what effect this really has on family firms, we will take it a step further and also focus on:

- How and why do the micro-processes of strategy influence the firm-level outcomes in the family business?

2.4 Perspective

This exploratory study is aimed at academics to provide suggestions for future research. It is also believed that this research could benefit the individual family businesses who may be able to reflect upon and become aware of how they interact and how their personal identities can affect their family business. This study may encourage the family business owners to look at themselves in a different light, and perhaps enable them to instigate changes that affect firm-level outcomes in a positive way.

This exploratory study has focused on both privately and publicly held family businesses in the Småland region of Sweden. We have interviewed both family and non-family members in a bid to gain in-depth knowledge regarding the family business owners’ components of identity.

2.5 Definitions

These definitions that are provided are for the purpose of a ‘quick’ reference guide so that there is no confusion relating to keywords found throughout this thesis. Moreover, there has been numerous discussions regarding a definition for family business. The other topics such as attach-
ment are also relatively broad: so it is important they are defined specifically for the purpose of this thesis.

2.5.1 Family Business Definition

For the purpose of this thesis we have borrowed a definition from Milton (2008): who considers a family business to be a public or private business where “family members must have a controlling ownership interest and be actively involved in the business at the strategic level and thereby influence its strategic direction” (p. 1065). However, in this study it was not required that our family business owners have majority ownership if they are key players in the strategic direction of the firm.

2.5.2 Firm-level Outcomes

We define firm-level outcomes as dimensions of their macro-process of strategy, their general strategic focus. For example, internationalisation, risk-taking and successions.

2.5.3 Identity Definition

Since the identity literature reviewed in this paper deals with different areas of identity it was challenging to find one definition which illustrated clearly what identity is. Therefore, we have selected two definitions which we think are relevant to the identity of the people participating in this study when analysing the cases.

Stryker (1987) defined identities as “internalized sets of role expectations, with the person having as many identities as roles played in distinct sets of social relationships” (p. 348).

This quote illustrates that identity can be a complex topic to research. Individuals, especially in family businesses, may find it difficult to separate themselves from their business as their relationship with the business is more than a workplace; it is part of the family. Their private and working lives are therefore entangled. The next quote illustrates identity complexity on a different level. This is important to take into account when analysing the case studies. People perceive themselves in certain ways. These perceptions may not reflect what people around them see. However, individuals in denial of their ‘real’ identity will believe that their perceived identity is the reality. Their self-meanings may lead to conflicts within the family business and may perhaps also affect the strategy due to the various views on the individuals’ roles in the business.

“Identities refer to self-meanings in roles” (LaRossa & Reitzes, 1993; In: Rane & McBride, 2000, p. 348).

2.5.4 Psychological Ownership Definition

The possessive feeling that an object is ‘MINE’ or ‘OURS’ (Van Dyne and Pierce, 2004). The core of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object. Psychological ownership can be felt towards both tangible and intangible targets whether or not there is any legal right to ownership. Furthermore, feelings of psychological ownership have important behavioral, emotional and psychological consequences.

2.5.5 Attachment to Role Definition

Attachment is a very broad subject and there is no substantial literature discussing role attachment from a family business owners’ perspective. Attachment in its broadest sense, can be defined through the theory of attachment. This can be described in three different forms: secure,
avoidant, and anxious ambivalent (Joplin, Nelson & Quick, 1999). This attachment is formed at birth and then manifests itself in certain aspects of our personalities, such as how we perceive and enact relationships, how we view leaders, and how we relate to one another.

2.5.6 Micro-process of Strategy Definition

Micro-processes of strategy can be defined as the detailed processes and practices which constitute the day-to-day activities of organizational life and which related to strategic outcomes (Johnson et al. 2003). We consider the people themselves and their identities as part of the micro-process.

![Diagram](image)

**Figure 2.2** Relation between Components of Identity and Micro-Process of Strategy
3. Methodology

This chapter provides the theoretical basis for the methods chosen for this thesis. We first of all discuss the research philosophy including the interpretive paradigm and the case study strategy, and the strengths and weaknesses of this method. We then provide the reader with a discussion on our research strategy, our sample, and how we conducted our analysis and interpretation. We also discuss the limitation of our methodology.

McCollum (1992) argues that the family and the business systems influence each other due to the dual roles the family members have. The purpose of this paper is to contribute to the family business research. We do this by exploring the influence on the micro-processes of strategy and its impact on firm-level outcomes. We therefore, want to investigate the participants as private people to understand the background of their strategies. Therefore, this research is defined as epistemological with a phenomenological focus (Saunders, Lewis & Thornhill, 2007). We aim to gain an understanding of the world around us, to see the world from the subjects’ point of view. In order to gain an understanding of this tacit topic, in-depth research is necessary. Therefore, qualitative research is the most suitable method (Huff, 2009). This was illustrated in a comparison by Huff (2009) where qualitative research was recommended when attempting to explain how and why questions. This is supported by a number of authors claiming that answering how and why questions are part of the building block to theory development. What, who, where and when are also interesting questions in this research (Whetten, 1989; Saunders et al., 2007; Yin, 2009).

Further, as there is a lack of previous research in this micro-process area the study is exploratory which also suggests that qualitative research should be used. To structure the description of the methodology the ‘research onion’ is used. Figure 3.1 illustrates the methodology structure – The ‘research onion’ – as described by Saunders et al. (2007) and the following sections will describe the choices in more detail under the headings listed to the right in the figure.

![Figure 3.1 Research Onion (Saunders et al., 2007)](image-url)

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3.1 Research philosophy – Interpretivism

As a starting point a general literature study was carried out in the areas of interest namely: family businesses, strategy making and components of identity. After gaining a good understanding of these separate topics and also realizing the gap in the literature the purpose and research questions arose. Curiosity and knowledge about the family business structure and general strategies were the basis for the interview questions used. From the in-depth interviews themes were identified and these themes worked as a basis for further theoretical research. We carried out literature studies to aid the interpretation of the data. This literature would either be supported or challenged by our findings and from this analysis new theories would develop.

Stake (1995) states that all research depends on interpretation. However, there is a difference. Quantitative interpretation is continuous throughout the whole process, including observations and judgements. Whereas the quantitative research is trying to find out a relationship between the variables, the qualitative research aims to find patterns of relationships, which are not decided before the research is carried out.

Saunders et al. (2007) suggest that it is important that we understand the differences between individuals in our roles as social actors. Interpretivism is research among people rather than objects. “As humans we play a part on the stage of human life. Actors play a part which they interpret in a particular way and act out their part in accordance with this interpretation” (Saunders et al., 2007, p. 106). The interpretive approach is highly relevant to the family business research (Saunders et al., 2007; Nordqvist et al., 2008). The aim is not to find just one truth but to gain a wider understanding from various perspectives (Nordqvist et al., 2008). According to Nordqvist et al. (2008) interpretive researchers begin with a general focus and then find the themes in the empirical data collected.

We therefore decided to carry out interpretive research. Interpretive research can be carried out by observing the participants, in this case the family businesses, or by carrying out semi structured or unstructured interviews (Huff, 2009; Nordqvist et al., 2008; McCollum, 1992).

3.2 Approach – Inductive

The purpose of this thesis is to build theory. Saunders et al. (2007) describes the inductive process. The researcher wants to get a feel for what is going on, to understand the background to the problem. However, in this case there is no problem as such; we are intending to increase the understanding of the strategic process on a micro level. This is done by making sense of the interview data by analysing it in detail (Saunders et al., 2007). The results are the formulation of the new theory. In inductive research theory follows data. This is common in social sciences, compared to natural science studies where they more often test theories. In social sciences the behaviour is viewed as a consequence focusing on the way individuals experience the situation (Saunders et al., 2007). Inductive research is very flexible as it allows for new thoughts and alternative explanations.

We will add to existing theory by interpreting the stories told by the family and non-family members related to their businesses. The idea behind interviewing external employees was to gain the broader understanding of the psychological attachments, the family identity, the company culture, and to get a different point of view. It was assumed that external people may feel less attached to the business and provide a more objective view of the business. Various responses were expected and by acknowledging these differences value is added to our research and enriches it rather than challenges it.
3.3 Strategy – Case Study/Storytelling

The definitions that have been developed are either very broad or very narrow. Some say that they are stories about a specific past event whereas others see it as life stories. Where one decides to begin and end a story can change the meaning of it (Riessman, 1993). Saunders et al. (2007) state that case study is: “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources as evidence” (p. 139). Here we are looking at the affects of the components of identity on the family business by interviewing two or more individuals in each company (with the exception of one where the company structure is slightly different). In this research we wanted to understand their life story, we wanted to know what it was like growing up in the family firm, and also discuss their current lives as well as their future plans and how they may perceive how their families look at the future. The aim is to find out how and why things occurs (Riessman, 1993). The individuals not only tell us about the past actions but also their interpretation of these events. It is also important to listen to how they speak; through pauses, whispers etc. indicate what they think is important. Their emotions while they speak are crucial to consider when analyzing the data. Riessman (1993) further warns us about finding the truth. We cannot rely on the stories as in positivist methods which are scientific and more black and white. People may lie, exaggerate, be confused or wrong. However, they are telling their own truths, not necessarily the truth about what actually happened in the past. It is not like science, which is black and white. We have to interpret the stories, look at the contexts and the world views that may shape and inform them.

Riessman (1993) suggests that storytelling is “what we do with our research materials and what informants do with us” (p. 1). We tell stories to create order in particular contexts. The methodological approach examines the stories and analyses how they are put together, the language and the cultural resources it draws on. Why the story is told in that particular way is also analyzed. Due to the fact that narratives are representations; interpretation is inevitable (Riessman, 1993).

“How individuals recount their histories – what they emphasise and omit, their stance as protagonists or victims, the relationship the story establishes between teller and audience – all shape what individuals can claim of their own lives. Personal stories are not merely a way of telling someone (or oneself) about one’s life; they are the means by which identities may be fashioned” (Rosenwald & Ochberg, 1992b, In: Riessman, 1993, p. 1).

People are likely to tell long stories to explain a detail in their lives. Informants’ stories do not mirror the world out there; they are constructed and contain assumptions and interpretations. Therefore, we wanted to interview more than one person at each company in order to gain an understanding of how they interpret things. Would they tell the same story or would we get very different views? We did not judge anyone rather it was beneficial also to know if they viewed things similarly or differently. We could then question why this was and look at comparisons between the companies in order to perhaps find commonalities where the respondents agreed or did not agree. The subjectivity of the narratives actually added value to our research. Riessman (1993) supports this statement saying that it is because of the subjectivity that we value personal narratives.

The term case study is problematic as it is being used to mean a number of things, in various professional areas, such as cases in legal or medical terms as well as being used interchangeably with ethnography, fieldwork and life history, among other terms (Hammersley & Gomm, 2000). In this paper, case studies are carried out to develop theoretical ideas and the research is therefore open-ended. This is also the approach taken when the goal is to describe what is going on. Brunner (1991 In: Ashforth et al. 2008) suggests that humans organise their interactions in narrative
form mainly and Ashforth et al. (2008) conclude that organisations are storytelling systems. Storytelling seems appropriate as “individuals construct an identity narrative as a way of linking these moments over time, generating a story that integrates ‘who I am now’ with ‘who I have been’, while suggesting ‘who I might become’” (Ashforth et al., 2008). Narratives project into the future expressing identity aspirations and the stories are continuously edited as new aspects are introduced and the future ambitions may then be altered (Ashforth et al., 2008).

Case study research has become increasingly popular in areas of social inquiry (Hammersley & Gomm, 2000). Perren and Ram (2004) argue that this method has “a long and respected history in the social sciences” (p. 83). Chetty (1996) states that the case study method is an essential form of research in social sciences and management subjects. It is helpful when looking at organisational issues and family studies among other things. The aim with a narrative research is mostly to find out what happened, to whom and why. As well as what consequences it had and what the final outcome was (Saunders et al. 2007).

When the aim is to introduce new theory Eisenhardt (1989) suggests that case study is an appropriate research method. Chetty (1996) suggests that data can be collected in various ways, such as, interviews, observations and physical artefacts. In this study this meant that semi-structured interviews were carried out and the physical artefacts were observed or used to describe their view of the business. The use of physical artefacts was not a major factor in data collection and analysis, rather treated as an additional source of information. By using multiple sources the researcher can look at a broader range of historical, attitudinal and observational issues than with a survey (Chetty, 1996). This also prevents bias as the conclusions will have evidence from various sources. As this is a rather private topic and many people may not be aware of exactly what is affecting them in their decision-making, observations may have added further to this research. The participants may now have told us a story illustrating a situation which is better than the reality is. It can be difficult to admit to problems within the family and the organization. Therefore, the stories may have been ‘edited’ slightly. Eisenhardt (1989) points out the importance of an intimate connection with the empirical reality in order to ensure a testable, relevant and valid theory. We attempted to build rapport with our interview subjects prior to commencement of the interviews. This was done through an ongoing communication through email and phone. Eisenhardt suggests that by solely combining previous literature and using common sense is not sufficient when creating new theories.

The strengths of using case studies are:

- “The likelihood of generating novel theory” (Eisenhardt, 1989, p. 546)

- The constant conflict of realities perceived encourages openness of the researchers’ thinking – it is easier to keep an open mind when there is variety in the responses. It also encourages the analysis as the differences in perception will be looked at.

- Using evidence from various sources leads to validity – as case studies are developed from various sources it is less likely that it will be biased. The researcher cannot judge anyone or take sides so all stories will be presented in the case. “Case studies of whatever form are a reliable and respectable procedure of social analysis” (Smith, 1990, p. 131)

- Likely to be empirically valid, researchers are close to the data when creating the theory

- The researcher get close to the phenomenon investigated (Smith, 1990)
Methodology

The weaknesses of using case studies are:

- It can be difficult to deal with all the data and limit the new theory to one area, it is easy to want to capture everything (Eisenhardt, 1989) – it is difficult to leave interesting information out of the study in order to focus the analysis. Therefore, we have chosen four themes which we will look at and other points will be recommended for future research.

- It can end up being narrow theory, however to build grand theory many studies may be needed including testing of the new theory (Eisenhardt, 1989, p. 547) – a continuation of this research is recommended.

- The researchers’ skills of analysis and maintaining objectivity is very important (Smith, 1990) – considering that we are master students and have very limited interview and analysis skills the results may perhaps be limited. However, throughout the process we have improved our skills and we have allowed for a lot of time in order to be able to analyse the data in-depth and also to be able to take time off to come back with fresh eyes and perhaps find new interesting points in the data.

- It may be difficult to demonstrate the benefits as this type of research is much less common than deductive, numerate and causally directed research (Smith, 1990) - once the continuation of this research is carried out more deductive methods will be used and then it will be easier to show the benefits. We still believe that producing new theory and proving that it is new and useful will support the importance of this research project.

Due to the time limitation, semi structured interviews were believed to provide the most information and value to the research. It was felt that some structure was needed in order to gain the information we needed as it can be easy to talk for an hour about the business without actually getting to the point we had to get at. The aim of the interviews was to gather stories from the interviewees, this was done by informing them about the research interest and asking several probing questions. The goal was to let them speak freely as we did not want to lead or bias the material in any way (Nordqvist et al., 2008). We wanted to know exactly how they perceive things and how they felt.

The cases that developed during the interviews provided in-depth stories with information on their family history and feelings as well as their future plans.

In this paper the stories of 14 participants are used to tell stories about the six cases and these will in turn explore topics found. Stake (1995) argues that in general, case studies are not stories. However, “it will be useful to tell a few stories... to illustrate what is going on” (Stake, 1995, p. 127).

3.4 Choice – Mixed methods

Saunders et al. (2007) discuss the choices of mono-method, mixed-method, and multi-method. This study is slightly mixed. We have not mixed the methods regarding data collections from the individuals. However, we have observed during our visits, both the building and also taken the interviewees’ behaviour and voice into account. It is all qualitative research so it cannot be said that we have used a multiple method. However, our main method is semi-structured interviews and the other methods are secondary. Stake (1995) present the idea that qualitative research contributes with an understanding of how human actions are caused. This is a complex issue and it is “a matter of chronologies more than of causes and effects” (Stake, 1995, p. 39). This suggests...
that history affects decisions humans make and this is one of the issues we are attempting to un-
derstand in this paper.

Due to the lack of previous research on the topic it was deemed valuable to carry out exploratory qualitative research in order to create a broad understanding and a basis for more detailed future research. As the topic covers rather personal thoughts it was believed that face-to-face interviews would provide the most valuable information, as it would be more personal and a sense of trust could be built between the interviewers and the interviewee. As there was little information to build questions on, general questions were provided based on our core themes and the interviewees were encouraged to speak freely to not limit the answers.

3.4.1 Secondary Research

A search was carried out on the Jönköpings Högskolebibliotek’s webpage and the Family Business Review provided no articles related to the search words: attachment, identity, and psychological ownership. This journal was chosen, as it is large and well known. A general search was then carried out in the general databases and there were a number of hits. However, most of these topics have only been researched in relation to health research and not to businesses. Therefore, the articles found did not provide much relevant information. Articles were reviewed in order to gain a good understanding of the topic in general. When the cases were developed several topics were identified and therefore, additional reading was carried out in order to aid the analysis. A large gap in the literature was found on the micro-processes of strategy within a family business. The majority of our literature is found in the frame of reference. However, new literature is also brought in later in the discussions and in the analysis of the case studies.

3.4.2 Primary Research

Stake (1995) suggests that the data gathering starts before the cases are approached. Early impressions are captured while gaining knowledge about the cases. As preparation for the interviews, research on the companies was carried out online. Some of the companies also provided us with information such as booklets and annual reports during the interviews and these were reviewed and used when analyzing the companies and trying to find commonalities and differences between the companies. During the interviews we paid attention to their behaviour (body language, tone of voice, general behaviour) and this was taken into account when analyzing the interviews. In most cases we saw the office, meeting room and production buildings when we visited. These artefacts may also enhance the analysis.

3.5 Time horizons – Cross sectional

Due to the time limitations it was not possible to carry out a long-term observation, as an in-depth case study on one company. That would have required that we went back and talked to the same people again after a time had passed. Therefore, we conducted a cross sectional (multiple case study) rather than a holistic case study (Saunders et al., 2007).

3.6 Techniques and procedures – Data collection and analysis

This section describes in detail how we gathered the data and how we plan to analyze the data. A data-gathering plan was developed (Stake, 1995) in order to gain an overview of the interviews, the time it would take to finish this stage of the research, who we were interviewing, and what we wanted to find out. This data-gathering plan was purely for our own use as a guide through this process.
3.6.1 Semi-structured interviews

Semi-structured interviews were carried out in six companies. Each interview lasted between approximately an hour and an hour and a half. As the interviews were semi-structured, we had a list of questions prepared (Stake, 1995). However, the goal was to enable the participants to talk freely and cover the questions without probing from researchers. Issues and topics were discovered throughout the interviews and further questioning on these topics were then improvised. This meant that the interviews all look rather different depending on what company we were interviewing. According to Eisenhardt (1989) this type of research is legitimate as the researcher is trying to understand the cases on an individual basis in as much depth as possible. Therefore, altering data collection is supported in order to take advantage of opportunities and uniqueness.

The interviewees all have their own experiences and their own stories (Stake, 1995). We felt that it was important to take advantage of their openness and individual issues and backgrounds as that would add value to the case. Some general topics were covered in all cases as our interest was to find out certain things about their strategic processes. The interviews were recorded and selectively transcribed (Riessman, 1993; Saunders et al. 2007). This means that the recordings were carefully listened to several times and the valuable sections were transcribed. The written text is therefore a representation of what was said. Background information and irrelevant ‘chat’ were ignored due to time limitations and difficulties getting hold of appropriate equipment. The reason for recording the interviews was that we wanted to pay full attention to the interview and not have to take notes whilst listening as much of it was improvised. We wanted in-depth information and to the participants to use their own words in the discussion and this could only be done by having their stories recorded. The majority of interviews were carried out at the offices of the participants. However, two participants were interviewed over Skype from their home, one was interviewed over the phone and one participant was interviewed at Jönköping International Business School (JIBS).

Yin (2009) pointed out a number of strengths and weaknesses of interviews that have been considered:

**Strengths of Interviews**

- Targeted, focuses directly on case study topics – we are in control of the interview and can ask the questions we want answered. Despite our interviews being semi-structured to lose some of that control we could still keep the stories within our scope.

- Insightful, provides perceived causal inferences and explanations – interviews are very in-depth as the interviewees were allowed to speak freely which generated a lot of details and background to specific events in their lives. We were careful not to interrupt the interviewees during the interviews but let them speak until they felt they had told us everything. Probing questions were asked if we found something particularly interesting or if more details were needed for our understanding of their story.

**Weaknesses of Interviews**

- Bias due to poorly articulated questions – this was not a problem in this case as our interviews were not strictly following a list of questions and there was not a problem if we explained certain things in more detail to some participants. Their situations were different and so the data provided was different. It was not produced to be compared in detail but for us to be able to perhaps see parallels.
• Response bias – we selected/requested our respondents due to their bias as family members and this is what we wanted to know. In some companies we were able to speak to external members of the business and they may have had a different view or supporting what the family members told us. The most important was that we spoke to the decision makers in the firm as they are the ones with the largest impact on the strategy.

• Inaccuracies due to poor recall – as this study was looking at their perception of things in their lives and how they affect the strategy making in the firm, it did not significantly lower the accuracy as whatever they do remember (whether or not it is true) will affect the strategy process. Our own poor recall of the interviews was limited as we recorded them.

• Reflexivity, interviewee gives what the interviewer wants to hear – this may be possible and we noticed some respondents thinking about certain things longer and perhaps looking for an answer. This does not appear to have been a big issue in this study and the fact that we observed the respondents and their tone of voice as we interviewed has alerted us to this problem.

3.6.2 Observations

As previously mentioned, we also observed the places we went to and the interviewees during the interviews. We got a sense of how they felt watching their behaviour, if they seemed nervous, were serious or not, were proud of their business. In this paper the names of the companies and the participants have been changed for anonymity as it is a sensitive topic and personal information was shared (Stake, 1995). This was believed to lessen their consciousness of what they were saying. We did not want them to be careful about details due to that they worried about other people reading what they had said. The participants were also offered a copy of the thesis.

There are also strengths and weaknesses to consider regarding observations of artefacts (Yin, 2009):

Strengths of Physical artefacts.

• Insightful into cultural features – looking at the buildings, the area around it and their offices we could develop an idea of what image they want to put out there to the public, customers and employees.

• Insightful into technical operations – at the relevant companies we were able to look at their production and products. Other companies are not producers and this was then not relevant. The way we corresponded with the firms via phone, email, Skype also gave us an idea of how their offices are run.

Weaknesses of Physical artefacts:

• Selectivity – we were only observing for a very limited time and were not able to take a closer look and therefore, more obvious artefacts were observed.

• Availability – obviously we can only observe artefacts which are available to see. However, in this study that will tell us a lot about the company culture and hence reflect on the family.
3.7 Sampling Method

As Brundin, Florin-Samuelsson and Melin (2008) argue, a variety of companies are useful when not aiming to compare results as such but to do exploratory research. Eisenhardt (1989) and Chetty (1996) suggest that one or more cases can be used in the research. We choose not to focus on just one company but to provide a wider view of this area as a whole. As the goal was to get an overview of family businesses in general the sample was chosen to ensure a variety of businesses in terms of generation, industry, size, market and ownership. It should be pointed out that a generalisation across the sample was not the aim with this research, rather to be able to compare and contrast where relevant. However, Eisenhardt (1991) suggest that multiple cases can be used to encourage the researcher to study common patterns between the cases and the theory. This is supported by Saunders et al. (2007) who suggest that generalisability is not crucial as the world is ever changing. Therefore, it is not very beneficial in the long term to generalise as the companies may change tomorrow. All organisations are unique. Patterns will be studied and theoretical generalisations will be made.

3.7.1 Sample size

Eisenhardt (1989) proposed that between 4 and 10 cases works well. Less than 4 would not be convincing in terms of creating new theories, and more than 10 would be difficult because of the amount of data to work with. A recommendation was to carry out 10 interviews, either in 10 different companies or in fewer companies but with a number of participants in each (Brundin, 2009 meeting). Nordqvist (2009, meeting) suggested that closer to 15 interviews would be suitable for this size of the study. We believe that to get an in-depth understanding of the company (background to strategy) it would benefit us to talk to more than one person at each company. We aimed at interviewing participants in various positions at the company such as, family owner, top management, or board member. Therefore, the goal was to interview five different companies with at least two individuals at each.

3.7.2 Sampling method

The criteria for the samples overall were that they should be family businesses in terms of ownership. They should be family controlled (but not necessarily majority owners) but not necessarily involving the family on a daily operative basis. For practical reasons and time restraints, we limited the geographical area to Jönköping and an hour’s drive radius as the goal was to carry out face to face interviews.

Seven companies were emailed initially and two replied that they did not have time to participate. Three companies replied that they were interested and we arranged interview dates over email. Two companies were thereafter called and they were also interested in participating in this project. Once the companies had agreed to be interviewed we sent general questions for them to be prepared and also inquired about interviewing in English. Unfortunately, most participants from one company had to withdraw from the research and new companies were then contacted. As this was in mid-March we had to extend our planned interview period for a couple of weeks to increase the chance of them being able to participate. However, the day we interviewed the one interviewee at that company, it was possible to interview another 3 people and therefore, we have a rather large sample of interviews.

Saunders et al. (2007) suggest a number of points to increase the chance of gaining access to the companies (p. 167).
• **Sufficient time allowance**
  As soon as we had an idea of what we wanted to achieve with this research we began to contact companies. As we did an inductive project, we decided to carry out data collection as soon as possible and at the same time continue with the literature research.

• **Use existing and develop new contacts**
  Networks are particularly useful when doing case studies. We did not want a random sample, rather an interesting selection of companies to study. Therefore, in order to ensure good quality companies and to aid the response rate we focused on companies known to help research and participate in guest lectures and course projects at JIBS. Our first choice were companies we had been in touch with ourselves in some way.

• **Provide clear purpose and type of access required**
  We emailed an introduction of the project and ourselves to the companies. We clearly explained the aim with the research and who we would like to speak to and approximately how long each interview would take.

• **Overcome organisational concerns**
  We kept the request to a minimum, and also offered to come out and see them at their office at a time suitable for them. That is another reason why we began to look for cases early in the process; to be more flexible in case they were busy during certain weeks. We explained that the interviews were anonymous as the topic may cover sensitive details in their lives.

• **Highlight possible benefits to the organisation**
  As it is an exploratory study which is not intended to aid the practitioner as such we could not offer the organisation very much. However, we offered a copy of our completed thesis.

• **Use suitable language**
  The emails were written in Swedish, in a not too formal manner. We were clear and polite and did not pressure them, rather made clear how helpful it would be if they wanted to participate.

• **Facilitate replies**
  In that email we left contact details in case they wanted to contact us. We also let them know we would call them the following week to gauge interest and arrange for interviews.

• **Develop access incrementally**
  The companies were emailed to introduce them to us and our topic. Later we spoke to them and arranged for meetings. A few days before the interviews we emailed a few broad questions so that they could prepare themselves and develop an even better understanding of what we wanted to know.

• **Establish credibility**
  We were very open and shared our purpose and also explained the seriousness of the research project.
3.7.3 The sample

The sample used in this research consists of six companies in the Jönköping area. However, as we interviewed owners, some were not available in this area and had to be contacted over the phone. The total numbers of interviews were 14. Out of six companies there was only one where we were able to interview just one person. Eisenhardt (1989) suggests that when sampling for theoretical and not statistical reasons it is beneficial to choose a sample rather than take a random one. The aim was to choose polar types to create a wider view of the topic for future research to be based on. Therefore, we choose companies in various industries, generations, and sizes and in terms of regional, national and international markets. The cases will be introduced in more detail in the next chapter.

<table>
<thead>
<tr>
<th>Company</th>
<th>Alias</th>
<th>Role in Family</th>
<th>Role in Firm</th>
<th>Board Position</th>
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<td>3rd</td>
<td>3rd generation, oldest sister</td>
<td>Owner, past Head of properties</td>
<td>Working chairman of the board</td>
</tr>
<tr>
<td>Lollo</td>
<td>3rd</td>
<td>3rd generation, youngest sister</td>
<td>Owner, Head of Properties</td>
<td>Board member</td>
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<td><strong>Nilsson’s</strong></td>
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<tr>
<td>Irene</td>
<td>3rd</td>
<td>3rd generation, only child</td>
<td>Owner</td>
<td>Board member</td>
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<tr>
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<td></td>
<td>Married to Irene</td>
<td>Owner, past CEO</td>
<td>Board member</td>
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<td></td>
<td>Friends with Irene and Jack</td>
<td>Past CEO</td>
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</tr>
<tr>
<td>Jesper</td>
<td>1st</td>
<td>1st generation, oldest brother</td>
<td>Owner, CEO</td>
<td>Board member</td>
</tr>
<tr>
<td>Fred</td>
<td>1st</td>
<td>1st generation, younger brother</td>
<td>Owner, Head of marketing</td>
<td>Board member</td>
</tr>
<tr>
<td><strong>Viktorsson’s</strong></td>
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<tr>
<td>Charlie</td>
<td>2nd</td>
<td>2nd generation, oldest sibling</td>
<td>Majority owner, Past CEO, current R&amp;D and customer relations</td>
<td>Chairman of the board</td>
</tr>
<tr>
<td>Carolyn</td>
<td>2nd</td>
<td>2nd generation, only daughter, 2nd child</td>
<td>Owner, CEO</td>
<td>Board member</td>
</tr>
<tr>
<td>John</td>
<td></td>
<td>External</td>
<td>Vice CEO and Head of product development and marketing, 12 years in company</td>
<td></td>
</tr>
<tr>
<td>Carl</td>
<td></td>
<td>External</td>
<td>International market developer, 27 years in</td>
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3.8 Interview questions

A list of questions was used in order to control the information we received. However, the participants were encouraged to speak freely and without interruptions from the interviewer. Riessman (1993) recommends asking questions which open up topics and allow respondents to construct answers they find meaningful. It is possible to ask closed ended questions as well to encourage the respondents to talk, if the question is ‘provoking’. Less structured interviews may give the respondents a sense of control, and Riessman (1993) suggest that the interviewer use five to seven broad questions as a guide. These questions are supplemented with probe questions. Our list of questions was referred to in order to ensure that the topics had been covered. The questions we used were based on the literature we studied and also on information found on their websites regarding strategic moves they had made and facts about the family. This helped us to get the focus quickly in the interviews, as not as much background information was required. The participants were sent five to ten broad questions prior to the interview to help them understand what we were after to help them talk without us asking questions during their storytelling. It is difficult to get the participants to talk about what you want them to talk about; they usually have their own ideas and want to be listened to (Stake, 1995). The questions covered a broad spectrum as we did not know what we would find and we were not after a specific answer. Therefore, limited amount of the information has been used in the discussion as only a few themes were chosen. Therefore, the data collected can be used for further research as more themes can be derived and analysed further. The questions are listed in Appendix A.

3.9 Pilot Study

We are aware that pilot studies are generally recommended. However, in this study we argue that it was not possible to carry out such a study. We do not believe it would have benefited us to attempt a pilot study. Our argument is that our interviews were semi-structured and we did not follow a list of questions as such. Neither did we feel that we could not probe the interviewees and therefore each interview was very different. However, we felt that we have improved our interview technique and the process became easier over time. All the interviews have provided us with very useful information and it has more to do with the personality of the interviewee than with our experience. We did adapt our interviews to the person, the situation and the company. They were all in different situations and the questions had to be improvised at times as long as we stayed within our main research interest.

3.10 Analysis and Interpretation

It is crucial to record and transcribe their narratives (Riessman, 1993). Stories are complex and need to be interpreted in stages (Eisenhardt, 1989; McCollum, 1992; Chetty, 1996; Nordqvist et al., 2008). The analysis took place in two major steps. First, all cases were individually analysed and main themes were identified and listed in a table to organise the data (Eisenhardt, 1989; McCollum, 1992). As each story was based on a number of individuals’ contributions we started

<table>
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<tr>
<th>Company</th>
<th>Interviewee</th>
<th>Generation</th>
<th>Role</th>
<th>Position</th>
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<tbody>
<tr>
<td>Axelsson’s</td>
<td>Steve</td>
<td>External</td>
<td>CEO, minority owner</td>
<td>Board member</td>
</tr>
<tr>
<td>Zamuelsson’s</td>
<td>Scott</td>
<td>1st generation</td>
<td>Owner – CEO</td>
<td>Board member</td>
</tr>
<tr>
<td></td>
<td>Jackson</td>
<td>2nd generation</td>
<td>Owner – Head of Sales</td>
<td>Board member</td>
</tr>
</tbody>
</table>

Table 3.1 The Sample
finding points of interest at this level where their ‘truths’ were different. Recognising points of interest in the stories led us to look for them in the other stories as well. Then we could compare and contrast our findings. Patterns can be found either by coding the records or immediately after the interviews, or sometimes both (Stake, 1995). Riessman (1993) suggest that while listening and transcribing we often get insights about the information and start analysing.

As discussed in the introduction our chosen themes were identified through the initial literature review. However, what was identified during the interview process were influences upon these components of identity. New literature was then added as an aid to the analysis to support our findings – during and after the interview and also emerging when reviewing the data. Chetty (1996) argues that cross-case comparisons force the researcher to go more in-depth with the analysis. With this in-depth understanding, it is more likely that novel findings will occur (Eisenhardt, 1989). The goal was to not only generalise the findings but also to compare and contrast the results in order to explore similarities and differences and analyse how and why they occurred.

The individual cases were discussed in detail directly after the interview when it was all fresh and general notes were taken.

3.11 Limitations of Method

In terms of limitations of the interviews there are a number of issues to be considered:

- The language – The participants were given a choice between English and Swedish, as we wanted them to be comfortable. However, both languages have positives and negatives. Interviews in English require no translations, but could be slightly limiting for the participant. Interviews in Swedish do not have the limitations in terms of expressions but they must be translated.

- Lack of time – This is a limitation in terms of the time restraints of this course and also the amount of time the participants can spare.

- Conditions – The conditions under which the participants were different. This may have affected how comfortable the participants felt and in turn how easy it was for them to open up.

It is not believed that any of these limitations have had a major effect on the results as we did not note any difference in their behaviour during the interviews. Further, as the participants were free to use expressions in Swedish during their English interviews we did not feel that they were limited to a large degree. Questions were emailed to the participants prior to our visit in order for them to feel that they could prepare and to not feel worried about the interview. Face to face interviews rather than over the phone is also believed to help build a trusting relation and for the participants to feel more relaxed and open. The goal was not to find out the truth either, it was to find out how their strategic processes were affected by their own perceptions of the truth, which is reality (Riessman, 1993). It is not what actually happens that affect things, it is how we perceive it. Trustworthiness rather than truth can be used as validation in narrative research. Persuasiveness, correspondence, coherence and pragmatic use are criterions that can aid validity. Returning the stories to the individuals to check that they feel that they are represented fairly and correctly is desirable (Riessman, 1993).
Personal understanding is often misunderstandings due to unawareness of own shortcomings and because the method does not purge misinterpretations (Stake, 1995). Triangulation is therefore encouraged. Triangulation is described in Stake (1995) as a tool for validation; to minimise misinterpretation and misunderstanding.
4. Frame of Reference

This chapter presents an in-depth review of literature on topics discussed throughout this thesis. Firstly a literature review will be provided on general strategy, which includes a look at micro-process of strategy, as well as providing an overview of previous studies in micro-process strategies within family firms. Secondly, a review of literature on, identity, psychological ownership, attachment to role, and dyad relationships is provided. We will then provide a brief summary of the literature.

4.1 Strategy

Strategic management is generally recognized to include strategy process, strategy content, and strategy implementation. Strategy processes attempt to systematize the steps that enable organizations to assess or reassess their mission, goals, external environment, resources, and commitment to a strategic vision (Kelly, Athanassiou & Crittenden 2000). “Strategy processes are crucial in the development and survival of every family firm” (Hall et al., 2006, p. 253). As we are focusing on the effects on the micro-processes of strategy, the following literature review will only introduce strategy briefly. We will also highlight gaps in information regarding micro-processes, and how this impact on family business research today.

A strategy is the basis upon which a firm chooses to distinguish itself or its offerings to gain advantage in the market and the set of distinctive capabilities that enable it to do so. “Strategies are both plans for the future and patterns from the past” (Mintzberg, Lampel, Quinn & Ghoshal, 2003, p. 142). This quote is highly applicable within the context of a family firm, where it would seem that the past is just as important if not more important than the future direction of the company. The balancing act between the family and the firm becomes ever increasingly important over time as the company grows and changes and adapts to the external environment but with the internal mind-tape.

It was suggested by Mintzberg et al. (2003) that strategy may be a perspective or a concept. “Strategy in this respect is to the organization what personality is to the individual” (Mintzberg et al., 2003, p. 7). The idea that strategy is but a mere concept has an important implication that Mintzberg et al. (2003) pointed out as being that all strategies are abstractions which exist only in the minds of interested parties. A further point that was discussed was that strategy is shared. There are various types of strategies that are worthy of mention, some of them more than others seem to be more prevalent within the family firms that we investigated. Although it is probable that strategy is also highly dependent on the nature of the industry that company exists, as well as the personalities of the owners, the ownership structure and board make up, as well as the influence of external actors.

For the purpose of this thesis it is more relevant that we focus on the strategy process and formulation. Since the 1970’s, strategy process research has made substantial contributions to the strategy discipline. Johnson, Melin and Whittington (2005) highlighted three major contributions to the process field of strategy. One major contribution is that the process school has irrevocably opened up the black box of the organization. Strategy is now recognized as an organizational phenomenon rather than a macro-strategy problem detached from the internal dynamics of the organization. Internal politics and organizational tensions have been introduced into the strategy process, not just as inevitable failings of organizations, but as significant for strategy outcomes. A
second contribution of strategy process research that Johnson et al. (2005) highlighted as having a positive impact on this field of knowledge is that the field has been ‘humanized’. The process research tradition, especially through the application of social construction and cognitive perspectives, has strongly affirmed that human beings make strategy. A third important contribution of strategy process research is the legitimization of small sample in-depth studies. Single case studies or close observation studies of managerial work have proven to be the source of rich and enduring insight. As the authors stated such insights allow us to develop the holistic and contextual understanding essential to unpacking the complex driving forces of strategic change and stability. There are numerous schools of thought regarding the strategy process. Examples of these can be seen in Appendix B.

4.1.1 Strategy and Micro-processes

A study of the micro-processes and the existing literature surrounding this subject are applicable for this thesis. Studying the micro-process within the context of the family firm will allow us to better understand the influences surrounding the strategy formation and thus form perhaps a deeper understanding of the family business and its dynamics as a whole.

“Most of what has been published on the strategy process deals with how strategy should be designed or consciously formulated” (Mintzberg, 2003, p.142) not on how it really is or what influences it. This can also be considered the micro-processes of strategy formation.

“Micro strategy and strategizing is concerned with the same strategic issues, but in terms of the organizational activities and practices which are their fabric; with the detailed process and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes” (Johnson et al. 2003, p. 14). Hall et al. (2006) stated that advocates for this emerging research perspective have argued for the need to pay more attention to the micro-processes and detailed activities of strategy-making, for instance, to focus more on what people actually do when strategizing, who they are, where they do it, how they do it and why they do it. It was further stated that the mainstream strategy literature has not arrived at this detailed level, but instead stayed at a more general macro level when investigating strategy. Whittington’s article “Strategy as Practice” (1996) brought aspects of micro-strategy process into focus calling this approach to strategy as a social ‘practice’, on how practitioners of strategy really act and interact. Whittington (1996) wrote that the practice perspective is concerned with managerial activity, how managers ‘do strategy’. Practice is concerned with the work of strategizing – all the meeting, the talking, the form filling and the number crunching by which strategy actually gets formulated and implemented. Getting things done involved nitty-gritty, often tiresome and repetitive routines if strategy. Here craft skill is as important as technical facility; essential knowledge is as much tacit as formal, local as general; and persistence and detail may win over brilliance and inspiration.

As mentioned in the previous general strategy section; the field of process strategy research has provided us with some major contributions: one of them being the opening up the ‘black box’ of the organization, however Johnson et al. (2005) highlight that this opening up of the black box is just the beginning. Researchers’ have thus far been too distant from the day-to-day human actions. There has been much reliance on demographics, surveys or second-hand retrospective reports. Process research is able to tell us about the overall processes of organizational decision-making and organizational change, but it has been less interested in the practical activity and tools necessary to make these processes happen. What managers do on a day-to-day basis, what skills and techniques are used has not been deeply investigated.
Johnson et al. (2003) said that the economic drivers for a more micro approach are twofold. First there has been a change in resource markets. The economic environment is moving rapidly towards open markets, mobile labor and information abundance. Resources are increasingly tradable and security from market entry and strategic imitation is falling: “in these fluid resource markets, sustainable advantage must lie in micro assets that are hard to discern and awkward to trade”. The second driver reflects the shift to a much more ‘hypercompetitive’ environment in which speed, surprise and innovation are the winning bases of competitive advantage (Johnson et al. 2003). Hyper competition impacts both the level and frequency of strategy activity. Fast and innovative responses to competition require organizational decentralization, so that strategic decisions are taken by line-managers who are actually close to customers and skills. The hypercompetitive pace of change also collapses strategy making from the measured cycle of well-defined episodes into a much more continuous process. As a consequence, strategy making becomes a chronic feature in organizational life. With this dual impact on both levels and frequency, hypercompetition makes of strategy something in which more people are involved, more often, than ever before (Johnson et al. 2003). These authors further pointed out that a strong influential reason for the importance of a more micro activity based view of strategy is because managers manage activities and furthermore, much of the influential literature on strategy has left the manager bereft of insights, let alone guidelines for action at a micro level.

The activity-based view is concerned with consequential details of organizational work and practice. It goes inside organizations, their strategies and their processes to investigate what is actually done and by whom. Johnson et al. (2003) argued that a micro-perspective of the resource-based view delves deeper into the ‘black box’ so that the question of resource value can be further investigated: “The value of a resource depends not on its existence but on its utilization” (p. 7). The micro perspective is less concerned with knowledge and more concerned with the theory of knowing. “The micro strategizing agenda is appreciative of action because it recognizes that managerial activity and those involved in the activity of organizations – whether managers or not – are essential to the actualization of potential value. The resource-based view will advance as it shifts towards a micro-perspective capable of capturing both details and activity” (p.7). The contribution of institutional theory has like the others also lent towards the macro-perspective – “a concern with the behavior of organizations as entities and the nature and effects of their formal and collective parts” (Johnson et al. 2003). The authors further stated that the basis for the institutional theory perspective is towards the macro: there is acknowledgement that we can understand institutions in terms of the ‘history of negotiations that lead to shared typifications or generalized expectations and interpretations of behavior’ however there has been little mention of the more micro-perspective in terms of an exploration into these specific negotiations.

The activity-based view of strategy provides important benefits, as it is able to do away with the content/process split within strategy research, which historically has been a debate in the field. Furthermore the day-to-day activities of management and how and why they do what they do, means that the research agenda is more geared towards the ‘real world’ of management. Questions such as: What do managers do? What is their impact? What works for them and what does not? Allows researchers to gain a more ‘inside view’ of organizations (Johnson et al. 2003).

4.1.2 Family Business Strategy

Family business strategy research has remained predominantly at the macro level. The basic strategic management process for both family and non-family firms is similar in the way that a strategy must be formulated, implemented and controlled in the context of a set of goals (Sharma, Chrisman & Chua, 1997). However, there is a growing realization that strategy formulation in
family firms differ from that found in other contexts (Sharma et al. 1997; Chua et al. 2003; Ibrahim et al. 2004). Academics have argued that strategy formulation must be examined in the context of the firm’s various stakeholders, and in the context of the family business. Such stakeholder pressures inevitable focus on the family (Ibrahim et al., 2004).

The perspective of the “three circle model” suggests that strategy in family firms must consider a number of factors unique to family businesses, including linking family members’ feelings to strategic choices, linking the firm’s strategy to ownership and key relationships in the family (Sharma et al. 1997; Chua et al. 2003; Ibrahim et al., 2004). Harris, Martinez and Ward (1994, p. 159) state that “the process of formulating business strategy and implementing strategy is importantly influenced by owning family considerations”. This concept that the family and business are two interlocking systems that each effect the other is well developed.

Ibrahim et al. (2004) focused their article on patterns of strategy formation in family businesses specifically studying the succession process. Evidence was found to suggest that family interests and considerations influence the strategic decisions of the family firm. These evidences include dividing the business into divisions to provide zones of comfort for siblings, and reorganizing the family firm to accommodate the successor’s interest and offspring needs. This finding is congruent with the family firms dual identity, the business and the social (family).

Sharma et al. (1997) state that family interests and values are incorporated into the goals and objectives set for the firm. Family relationships influence the strategies considered. Succession within the family can be one of the most important strategies determining the longevity of the firm. Family involvement into implementation creates its own dynamics, politics and possibilities. Furthermore, family relationships and how the family perceives the role of non-family managers can make it easier or harder to constructively evaluate or control decisions and actions. Strategizing is highly relevant in the context of family businesses – especially for its special attention to social actors and their interaction (Hall et al. 2006). In family firms the interaction between family members plays an influential role in strategy formation and the dynamics in which strategies emerge are deeply rooted in family values, emotions, and the socio-psychological dimensions of ownership (Hall et al., 2006; Nordqvist, 2005; Hall, 2003).

In a discussion surrounding influences on the strategic processes of a family firm Kelly et al., (2000, p. 27) stated that “it is important to take into consideration the central influence of a family firm’s founder on the top management group as well as on the firms’ strategic values, goals, and behavior”. They further discussed the idea that a founder can be expected to shape the family firm’s interactions with regards to the external environment. From a strategic management perspective, the founder is likely to be particularly influential on manager mindsets, motives, values, goals, and attitudes that are central to the organization. A deeper discussion into this area is possibly to ask: what are the influential factors that are affecting the founder of the family firm? There have been many articles suggesting a difference between family and non-family firms in certain key areas: family and non-family firms have been found to differ with respect to patterns of influence, organizational climate, and organizational processes (Kelly et al., 2000). Kelly et al., (2000) further stated that, family firms have been determined to be more stable and to have a more conservative attitude towards the business. It was also found that family firms also have slower growth rates and less participation in global markets. These firms also tend to have a long-term commitment horizon. Furthermore McCrea (1997) as suggested that family businesses tend to stick to the values, visions, and missions lay down by their founders (Kelly et al., 2000, p. 28).
4.1.3 Previous study of micro-processes within the family firm context

Brundin and Melin’s (2006) article identified the dynamics of emotions as an important part of strategizing: “emotions can be a sustainable advantage that lie in micro assets that are hard to discern and awkward to trade” (Johnson et al. in, Brundin & Melin, 2006 p.278), and which may make a difference in strategizing. The authors stated that the focus on day-to-day activities in the micro-processes of strategy has a number of important implications. First the individual comes into focus as being central to strategizing. Second, since individuals are socio-culturally situated, their actions are dependent on present or imagined others, which means regarding the individual as an essentially interactive actor. Third, the resulting interactions depend on mutually reinforced relationships embracing a variety of forces, of which emotions are a highly important example. Hall (2003) discusses emotions in terms of a decisive element in genuine relationships between strategizing actors, affecting processes of strategy formation in the context of family firms.

The following sections review literature on the three components of identity; Identity, psychological ownership and attachment to role. As mentioned in introduction chapter these components were all identified through research on an individual’s sense of identity.

4.2 Identity

The majority of literature on identity was found to discuss the individual’s identity, the organization’s identity and also how ownership and consumerism is linked to identity. The ownership was regarding how people would purchase products in order to show their identity. However, little information was found on the topic: to what extent does the business form part of the owner’s identity as well as to what extent does the individual’s identity shape part of the firm’s identity. As mentioned previously most strategic research has focused on the resource based view. However, in order for companies to have a real competitive advantage they need more socially complex resources which are more difficult to imitate and therefore, looking at identity has become increasingly interesting (Stimpert et al. 1998). General literature on identity will be presented and more specific reviews on the family and the organization will follow. A short description of the hierarchy of needs and the pyramid of workforce needs will also be presented in order to illustrate the importance and relevance of this subject area and social complexity will be presented last.

“Identity is one of the key functional concepts helping to explain why people think about their environments the way they do and why people do what they do in those environments” (Ashforth et al. 2008, p. 334). This is why we have chosen to investigate the identity of the individuals in our cases. Understanding their identity will help us understand why they do what they do in the companies and help us see their influences on the micro-processes and strategies. “Much if not all activity involves active identity work: people are continuously engaged in forming, repairing, maintaining and strengthening or revising” (Alvesson & Willmott 2002 In: Ashforth et al., 2008, p.327). People adapt their identities to the situation they are in. A new work position, having children and living in a different culture all demand a sense of identity revision. People do not just have one identity; they have identities on many levels and areas in life, it it can be described as a set of identities rather than just one (Ashforth et al., 2008). “Identification involves an individual coming to see another (individual, group, object) as being definitive of one’s own self” (Pratt, 1998, p. 172).

Mittal (2006) and Ashforth et al. (2008) state that it is very important for individuals to identify themselves. This can be done by asking who am I? The issue is that this question can have many
different answers as ‘I’ includes everything we own and live with. A list of six components was presented in Mittal (2006):

1. **Our bodies** – this is mainly in the western world where people have more focus on their bodies. Buddhists may value their souls more as their identity and this is more the focus in the eastern culture.

2. **Our values and character** – values are goals in life and how to attain them. We can make choices in adopting certain values and we make sacrifices to live by them, the choices define many of us. “I live by these values, because that is the kind of person I am” (p. 553)

3. **Our competence and success** – self-efficacy is important as it creates self-esteem. People have to believe in themselves. Success can be a lot of things. Some are looking for money and living in a materialistic world, others would value being able to put their children through school and to raise them to be good people, and there are people who might consider fame and reputation as success.

4. **Our social roles** – there are many roles – gender, age, occupation, parental roles etc. Role conflict, when two roles are incompatible, can create role distress.

5. **Our traits** – the traits may not be ‘true’. The actor may perceive him/herself as being a certain type of person. However, the self-image may not be what other people see. People can be in denial or not aware of certain traits they have.

6. **Our possessions** – things we own define us because we spend our life with them and start seeing ourselves as part of those things and we use things to bring out our inner selves on display. Things we own create involvement and attachment.

People may prioritize these six components differently. Some value success higher than their possessions and vice versa. People can view the role they have as a tool which allows them to express their gift, skills and abilities (Ashforth *et al.* 2008). What they do is a part of who they are. A topic which has been discussed widely is the issue of possession. As we are studying owner families this area has been looked into in more detail. However, the search for literature proved difficult. No articles on business ownership were found in relation to identity. Therefore, more general possession literature has been reviewed in order to create a sense of how individuals relate to things they own, or how they may purchase products in order to show their identity (Belk, 1988; Mittal, 2006). This is reviewed in the section on psychological ownership.

Identification is viewed as a basic human function (Ashforth *et al.*, 2008; Pratt, 1998). The need to identify may be due to both psychological and physical safety issues (Pratt, 1998). This led us to think that it would be relevant to use Maslow’s pyramid of needs in order to help us pinpoint and analyze their identities. A brief introduction to these pyramids will follow in the next section.
4.2.1 Pyramids of needs

Maslow argued that a hierarchy of needs (Figure 4.1) exists in all people (Stum, 2001). The most important needs to be satisfied are the physiological needs of survival, i.e. food, water and shelter. Humans also strive to be safe from external dangers. Affection and relationships are important social needs and self-esteem comes after that. At the top of the hierarchy is the self-actualization which allows the individual to maximize their own growth and to help others grow (Stum, 2001). Each of these needs must be met before the individual strives for the next level. In this paper the hierarchy will be used to look at the motivation to start and/or run the business.

Stum (2001) also presents a developed pyramid of workforce needs called the Performance pyramid (Figure 4.2). In this hierarchy of needs the employees’ needs that have to be satisfied in order for them to commit to the organization are presented. They have to feel safe in the work environment and feel that they have secure jobs. Extrinsic rewards, such as compensation and benefits, are also very important. On the third level intrinsic needs are met in terms of belonging to the work team and the organization. Growth of the individual and the organization are positive developmental changes when given an opportunity to learn and experience new things. A sense of fulfillment when balancing work and life is ranked at the top of the hierarchy; this includes being seen as a person not just a worker. Pratt (1998) presents results where employees feel that they had no choice but to join the organization and they feel trapped but need it to survive. This has been identified as the Stockholm syndrome where the hostages identify with the captors in order to survive. This will not be looked at in particular in this paper. We use this theory in regards to external CEOs and members of top management interviewed. Identification is related to individuals’ social needs. People seek to have a positive view of themselves and identification can serve this purpose. Research has shown that people are driven to perceive groups they are members of as being more positive than the groups they are not members of (Pratt, 1998). This will be discussed further in the section regarding identity and the firm.

Figure 4.2 Maslow's Hierarchy of Needs (Stum, 2001)

Figure 4.1 Performance Pyramid (Stum, 2001)
The literature has discussed many types of identification. People identify with other people, goals, values, leaders, products etc. (Pratt, 1998) and one person can identify themselves in various roles in life. Therefore, the identity issue is complex and it is believed that individuals who are owners of family businesses may find it difficult to integrate all their identities into a ‘whole’ self. In terms of the family firm, the family identity and the business identity interact and this may lead to that the shared identity among members of a family firm perhaps lack business objectivity, which may damage the business (Sundaramurthy & Kreiner, 2008). The next section will deal with identity and the family.

4.2.2 Identity and the family

The family has a strong influence and plays a large role in the creation of the individual’s identity. “The family is likely the most powerful of social systems that adolescents and young adults experience as they go through the process of identity formation” (Marcia, 1993, p. 968).

Mullis, Brailsford and Mullis (2003) discuss the influence of parenting processes, individuality and connectedness in the identity development. Identity is created through an ongoing process. Options are explored and a set of options are chosen. The identity changes during a lifetime as we go through years of being a student, working and later retired. We may also have very different jobs that give us different identities. Mullis et al. (2003) suggest that females are more willing to set a career aside in order to develop an interpersonal identity than males. Further, they suggest that parents play a large role in the development of their children’s identity development depending on how individualistic they are encouraged to be. If the young adults have an individuated relationship with their parents they will distinct themselves from others and at the same time feel emotionally attached to them. This is discussed in Lumpkin et al. (2008) where the family system was researched. Differentiation means the balance between togetherness and individuation. This is found to be particularly important when "the people in a relationship are emotionally significant to each other, that is, if they are influenced on an emotional level by what others say, do, think, or feel” (Lumpkin et al. 2008, p. 129). Parents need to be accepting their children and interact with them in a positive manner, not judge and devalue them. Mullis et al. (2003) further suggests that high levels of parental control (rigid families) can result in difficulties in identity development. Being allowed to be autonomous but still close to the parents and also having the ability to express emotions outside the family will have a more positive identity development.

Kellermanns and Eddleston (2004) suggest that families bring sibling rivalry, children’s desire to differentiate themselves from their parents, marital discord, identity conflict and ownership dispersion among family members. Kellermanns and Eddleston (2004) found that there are three types of conflicts and families that can utilize the talents and all opinions of the family members who are involved in the business will work together successfully. It has been found that some conflict can benefit the business – task conflict and process conflict. However, relationship conflict only impacts the business in a negative way (Kellermanns & Eddleston, 2004). Some discussions may lead to more creative and open strategies. However, too much conflict will not be good for the business. Sundaramurthy and Kreiner (2008) suggest that shared identity and background can improve the quality of the decision making. When people know each other well they may work together more efficiently. This may further lead to shared strategic consensus.

Rane and McBride (2000) found that with the increase of mothers working, fathers have become a larger part in the care of their children. Family roles are “mutual expectations negotiated by actors that define each actor’s responsibility to other family members in a given situation” (p. 351). It is important to distinguish between roles and statuses. A role is “a set of expected behavior
patterns, obligations, and privileges attached to a particular social status” (p. 350) (nurturer, financial provider). Status is “an individual’s place in a social structure or set of relationships” (p. 350) (parent, worker). Here we are primarily looking at their roles.

The owner family constitutes the family business. Families have shared values as they share day to day life, and this also includes work experience in the case of family businesses. However, all families are different. They can have different structures, such as single parents, single child, any number of children, step parents etc. (Klein, 2008). The family identity is therefore more or less complex. With fewer differences the complexity is lower and less effort has to be used in order to confirm the identity. In extended families there are more backgrounds to take into account and the identity confirmation becomes more complex. It also becomes increasingly difficult as the family members become geographically scattered and less connected. This would in family business have an effect in later generations.

It has been found that parents confirm different identities for daughters and sons. Children also want to differentiate from their siblings and find their own identity. It can be difficult for children to join the family business as their relationships with the other family members become more complex as new roles are introduced (Klein, 2008). This issue can damage the younger generation if the older generation is not careful to appreciate the working relationship and put the family relation aside at work. Björnberg and Nicholson (2007) state that the younger generation must understand the leadership of the senior members and still stay autonomous. This in turn must be understood as it will have consequences for the interaction in the firm.

Identity confirmation leads to trust and improved communication which is crucial for the success of the business and for the peace within the family. Milton (2008) suggests that identity confirmation creates a unique, hard to imitate competitive advantage.

### 4.2.3 Identity and the organization

We have now looked at the influences the family may have on the identity and will here continue with the organization. There has been limited research done in this area however, and understanding of the influential factors influence on the micro-processes are therefore developed later.

There are a number of reasons for why people identify with organizations. It may be to feel a sense of belonging – “being part of something greater” (Ashforth et al., 2008, p. 334) or to think of themselves in a positive light (Ashforth et al., 2008). It has been found in the literature that individuals can identify with the organization on various levels. Ashforth et al. (2008) discuss identification with the organization as a whole, work teams and departments.

The research showed that individuals’ identity is more strongly linked to their work teams than the organization (Ashforth et al., 2008). The idea is that the groups are more exclusive and concrete than the organization. Group identification may lead to discrimination against other groups and competition. It was further found that individuals in more central network roles identify with their workgroup, division and organization at a similar level. Milton (2008) suggests that being a family member or part of a family subgroup (generation, birth order etc.) is related to status, power and succession rights. This may lead to increased distances between the groups. (this would mean that ‘workers’ have their groups and managers feel more part of the organization in general and may feel closer to the workers than they feel about their managers). Further it is discussed that individuals are employed to perform certain roles and therefore the occupation is a large part of their identity. Their work is who they are (Russo, 1998, In: Ashforth et al., 2008). Family members often have ownership of the business as part of their identity. The ownership is
usually related to status and management positions (Milton, 2008). In nonfamily businesses individuals have their own identity and the business identity. In family businesses the family members also have to deal with their family identity which makes the confirmation more complex. The family members may also have to deal with conflicting ownership and management identities.

People tend to identify more strongly with lower level identities. As those identities are more likely to be a primary group, they are more exclusive. People identify at various levels of the organization and they also have their private identities. This may lead to conflicts of identities as they may clash in values, goals or norms (Ashforth et al., 2008). The experience of these conflicts may be unpleasant and may therefore damage identification with one or more identities. People perhaps push one identity aside for other identities, they may prioritize and they actively forget old roles in order to enter into a new role (Ashforth et al., 2008). It was further suggested that by not putting all identities in the same basket it is easier for the individual to deal with one identity being threatened (Ashforth et al., 2008).

Research has shown that there are links between organizational images, strategic decision making, and even many key organizational variables at the individual level (Corley et al., 2006 in Ashforth).

“The more identity perceptions are widely shared and densely articulated by members of the collective or role, the stronger is the identity” (Ashforth et al., p. 328).

“Identification – with organizations or anything else – is an active process by which individuals link themselves to elements in the social sense” (Cheney, 1983, p. 173).

People may identify with organizations to enhance their self esteem (Pratt, 1998). Organizational identification (OI) is according to Ashforth et al. (2008) a willingness of the individual to devote increased effort to the organization. A distinction between situated and deep structure identification has been made. Situated identification involves belongingness to the organization triggered by temporary situational cues. Deep structure identification has a stronger connection between individual and organization. The temporary identification can lead to a more permanent deeper connection. Ashforth et al. (2008) further describes OI as “more than just considering oneself a member of an organization [situated identification], it is the extent to which one includes the organization in his/her self-concept” (p. 332).

“Organizational identification occurs when one comes to integrate beliefs about one’s organization into one’s identity” (Pratt, 1998, p. 172)

It may be difficult for the individual to adapt to a new role i.e. to take a step back or to become the new leader in an organization (Kellermanns & Eddleston, 2004). This topic is clearly related to the succession issue. The founder may feel particularly connected with the business and his/her identity may affect the culture of the firm for a long time past their tenure (Sundaramurthy & Kreiner, 2008). It has been found that women tend to integrate their roles more than men do and that they would identify stronger with family roles. Therefore, it is thought that they would integrate their family and business identities more than men. They also view finances differently and women tend to use external sources more than men. They also assign a larger strategic role in the business for family investors and employees (Sundaramurthy & Kreiner, 2008). Rural families tend to integrate, family, work and leisure time and roles.

4.2.4 Social identity complexity

As described in the above sections, multiple identities can become a complex situation. The identities may be compromised which threatens the individual’s self. Roccas and Brewer (2002) developed a continuum of social identity complexity. To what degree do individuals see their mul-
multiple identities as similar in terms of prototypic characteristics or overlapping in terms of members. People may view their identities as similar and it is there for a low level of complexity involved. However, others may find that their various identities may be very different which would make it more complex to deal with. (they will have to rank their identities, how do they do that – child, sibling, parent, manager, owner, wife…).

The least complex state is the intersection (Figure 4.3). This is where multiple bases of group identification join and become one social identity. All identities must be shared to be an in-group member. If only one identity is shared the out-group members may be socially excluded. It is one single, very exclusive identity.

![Figure 4.3 Intersection](image)

The next level towards a more complex identity is dominance (Figure 4.4). On this level one primary group is chosen as the main identification. The other groups are aspects on the self. The secondary identities show how similar or different a person is to the others in the main group, the in-group. Anyone, who shares the same main group are considered in-group members.

![Figure 4.4 Dominance](image)

Compartmentalization (Figure 4.5) is the next complexity level. This is where the identities are context or situation specific. The identities can be expressed throughout a process of differentiation and isolation. All identities are acknowledged and differentiated. The individual then would see themselves as a professional at work and their home/private identity is different. The basis for the shared identity within the in-groups is separated between the different groups. However, other individuals who share a number of groups may be viewed in a different light as they would have more in common.

![Figure 4.5 Compartmentalization](image)
The most complex model is the merger (Figure 4.6). In-group identification is extended to all members who share any of the social identity memberships. The social identity is the total of the combined group identifications. This is the most inclusive form. The more identities the individual has the more complex it becomes as increasingly people are included in the in-group.

Figure 4.6 Merger

Both dominance and intersection divides the social world into a single in-group out-group distinction. They can be very similar depending on what identities are present. If the dominant group is relatively large (women) the dominance is more complex and inclusive. However, if the dominant group is rather small (specific profession) it is very similar to intersection. People may take on different forms of identification at different times in life or under various conditions or states of mind. This topic can be researched by looking at how the individual perceives the degree of overlap between the different in-group identities. People may look at their group memberships in different ways, some may prioritize an identity which another may see equal to a different identity (Roccas & Brewer, 2002). Also how individuals perceive the similarities between their groups make their social identity more or less complex. The more a person feels that the same individuals are part of many of the same groups the less complex is their social identity. This leads to the question of whether they choose people around them to make life easier, or do they attempt to change people they are involved with to make them more similar to themselves?

Roccas and Brewer (2002) suggest that most of the time we are surrounded by people similar to ourselves. Our families often share background, views and values. Children play with other children from the same area. Therefore, our social identities are rather simple until we leave our home. Living in multicultural societies gives you an actual exposure to diversity. However, individuals may integrate the foreign cultures more or less. There is often one culture that has the power in one area. The dominant cultures have a larger impact on society. When society is complex and it is perhaps difficult to define in-groups and out-groups due to low overlap between in-groups. This leads to difficulties knowing if someone is one of us or one of them (Roccas & Brewer, 2002). Further they discuss openness to change and conservatism. It is found that people who value conservatism often develop simple social identities. More open people are motivated to learn, explore and make judgments based on their own experiences. They do not just accept social norms and are more prone to develop complex identities. They are more universal individuals with a tolerance and understanding whereas power values strive to control people and resources. The more universal individuals are more aware that their in-groups overlap and that other group members’ groups also overlap. People with a more simplistic view tend to see individuals as ‘out-groupers’ if they are not in-group members on all dimensions. Stress and threats affects the view people have of their social identity. The stress leads to a narrower focus which in turn make them look at their groups are largely overlapping and similar. If one in-group is threatened that group may dominate the social identity and get more attention and focus. Both these situations result in a more simplistic view of the social identity (Roccas & Brewer, 2002).
4.2.5 Birth order

Sulloway (1997) writes in his book that birth order is part of fate. Human behavior is determined by genetics and gender, but birth order also plays a major role. The children adopt a behavior that fits their place in the family. Davey, Jenkins Tucker, Fingerman and Savla (2009) suggest that sibling may experience different relationships with their parents growing up and this may affect their adulthood as well. Parents adapt to their children’s’ age and they may treat them differently when they are young. The way the children behave also affects the treatment, parents favor easy going children. However, as children become adults parents usually treat them more comparably. This is a part in the family development process. What all children have in common is that they all look for their parents’ favor and attention. There is a competition among siblings and they strive to gain an edge. According to Sulloway (1997) this almost guarantees that firstborns have different personalities to later-borns. Studies have shown that adults still have a perception of who was the favorite sibling growing up (Davey et al., 2009). This may result in that the children who felt favored have better self-esteem and the less favored siblings may suffer from behavior problems and decreased self-esteem. However, the favored sibling may also be disciplined more often.

Research has shown that mothers often favors daughters and fathers favor sons (Davey et al., 2009). It has been found that more educated parents are less likely to make gender differentiations. Further, research has shown that fathers are less affectionate in larger families. The eldest child usually feels quite confident that they will inherit the farm/company, whatever it may be. They may become surrogate parents – bossy, responsible and conscientious, as part of their strategy to gain favor. Later-born children have to work around it and find another way to get that future. They will take unconventional ways through life. A first-born would never drop out of university, they want to please their parents. Later-borns are more likely to take risks. First-borns are more careful, they will take very limited risks only. First-borns are known to not like sharing, they are careful but territorial and inflexible – control freaks (Sulloway, 1997). Therefore, if the company needs a radical change or new way of thinking first-borns are not the best people to carry that out. First-borns who have a lot of conflicts and do not identify with their parents will be like later-borns. That is if they reject the conventional authority. Later-borns may experience feelings of rejection. Sulloway (1997) argues that the birth order matters when hiring people and pairing people. It is also important to consider in family firms. It is due to sibling rivalry that family firms often fail to succeed.

4.3 Psychological Ownership

There has been little written about psychological ownership and the family firm. Brundin, Florin-Samuelsson and Melin (2008) considered psychological ownership in relation to family businesses as an additional dimension of understanding the family ownership logic. This article however did not explicitly explore the connection of psychological ownership and the strategy process. This is what prompted us to begin focusing on the aspect of psychological ownership as one of the three components of identity.

Psychological ownership has been described as: “dual creation, part attitude, part object, part in the mind and part real” (Etzioni, 1991 in; Pierce, Kostova and Dirks, 2001 p.299). As a state of mind, psychological ownership is the state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is “theirs” (i.e. “It is MINE!”) Pierce et al. (2001, p. 299). The core of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object. “One’s possessions are felt as extensions of the self” (Belk, 1988; Dittmar, 1992; In Pierce et al, 200, p. 299). “What is mine becomes (in my feelings) part of ME” (Issacs 1933; In Pierce et al. 2001p. 299). Pierce et al. (2001) further stated that when proper-
ty is grounded psychologically, it becomes for the individual “mine” as the individual finds himself or herself present in it, and it within the individual. Thus the target becomes part of the psychological owner’s identity. The term “target” in the psychological ownership literature is quite broad and refers to whatever the object of attachment represents to an individual or group. “These targets can be something as small as a preferred seat or as large as the organization or industry as a whole” (Avey, Avolio, Crossley and Luthans, 2009, p. 175).

If one is to gain a deeper understanding of the concept of psychological ownership then it is important to visit the aspects such as “Why does psychological ownership exist?” and “What is the motivation or function served for the individual by this state?” (Pierce et al., 2001). In a more recent article by Pierce et al. (2003) further questions were asked to further aid our understanding into this topic: “Why individuals come to feel ownership?” “What factors cause individuals to experience these feelings?” and “How is this psychological state achieved?”

Some scholars have offered genetic explanations to this “state of mind” while others have argued that it is a product of socialization practices carried out in society, a socio-biological perspective envisions a combination of both biological tendencies towards territoriality and accepted social practices. The psychology of ownership has also been studied in various contexts including: child development, consumer behavior, among the elderly, within the customs and practices of different societies, from the perspective of holding land, across different socioeconomic strata, within philosophical discussions of “being” as well as in the workplace (Pierce et al., 2003). According to both past research and social practice it has been indicated that the feeling of ownership is part of the human condition; people develop feelings of ownership towards a variety of objects, both material and immaterial in nature; and feelings of ownership have important behavioral, emotional and psychological consequences (Pierce et al., 2001). Pierce et al. (2001) also highlighted that many scholars believe that people have an innate need to possess such as Burk (1900; Darling (1937); Wiel (1952): “the impulse to collect various objects is displayed by almost all human beings, and it seems to be due to a true instinct”. Other scholars such as Beaglehole (1932) however disagree with this line of reasoning and argue that there is very little evidence if any supporting the notion of an innate ownership instinct. Others however suggest that ownership and is psychological state are learned in the early development process. Objects that can be controlled come to be viewed by the child as part of the self, and those that cannot fall in the non-self domain. Pierce et al. (2001) however show support for a combination of viewpoints that “both generic factors and experiences are important, and we propose that psychological ownership emerges because it satisfies certain human motives, some of them genetic and others social in nature”. Pierce et al. (2001) proposed that the roots of psychological ownership can be found in three main motives: (1) efficacy and effectance, (2) self-identity, and (3) “having a place”.

4.3.1 Efficacy and Effectance:

The motive underlying possession is to be in control. Ownership and the rights that come with it allow individuals to explore and alter their environment, thus satisfying their innate need to be efficacious. Being the cause through one’s control or actions results in feelings of efficacy and pleasure and also creates extrinsic satisfaction as certain desirable outcomes are acquired. The desire to experience casual efficacy in altering the environment leads to attempts to take possessions and to the emergence of ownership feelings (Pierce et al., 2001).

4.3.2 Self-identity:

Possessions also serve as symbolic expressions of the self since they are closely connected with self-identity and individuality. It is through our interaction with possessions, coupled with a ref-
lection upon their meaning, that “our sense of identity”, our self-definitions are established and maintained, reproduced and transformed”: Pierce et al. (2001) therefore suggest that people use ownership for the purpose of defining themselves, expressing their self-identity to others, and ensuring the continuity of the self across time. Feelings of psychological ownership over objects may provide a foundation from which individuals can identify themselves as being unique, thus contributing to their personal identities (Avey et al. 2009, p. 178).

A well-known identity topic is the ‘life crisis’. People go through stages in life where they identify themselves as something particular. Belk (1988) mentions that teenagers often have identity crises as they are getting to know themselves. In the early teens they refer to possessions, name and location and later on they refer to skills and traits when identifying themselves. It has further been found that people define themselves in adulthood by what they do and later on by what they have. It is important to have a nice house, a nice car etc. as this symbolize success. Having children is another important part in life. When getting older possessions such as photographs and mementos are important, as they help you remember your past. Places can also be full of memories and many old people feel reluctant to sell houses they have lived in for a very long time (Belk, 1988). To have possessions live on can be comforting and children and grandchildren play a large role of one’s self living on. Control over the possessions is important. Giving possessions away to extend self is one form of control (Belk, 1988). Money gives us the choice to purchase or not to purchase objects. We can through money control the shaping of ourselves.

It is, as mentioned, important for people to identify themselves. However, it is according to Sundaramurthy and Kreiner (2008) advised to ensure that people have boundaries to negotiate various areas and roles of their lives. Boundary theory explains how individuals and collectives maintain separations between entities – where their self-concept begins and ends. It is often used to predict the nature of interactions between social entities and it is recommended to use this theory when studying family business dynamics. People create role identities, which comprise goals, values, norms, interaction styles and time lines related to the role (Sundaramurthy & Kreiner, 2008). Family business member usually have some role flexibility as they may be able to work out of business hours.

Things we are and own define us. Owning a family business may create an even stronger feeling as they are often the same. Looking at these components it is easy to see how family business owners would feel strongly identified with their business as the business is reflecting their values, this is where they build their success and self-esteem most likely, it is a very large part of their social role as a professional and they own the business. Other people would relate to a larger variety of things. Family business owners have a lot of their identities in one place. Ashforth et al. (2008) mention that, if an individual has a number of identities but they are spread out they feel less threatened if one identity would be questioned or have to change (p.359). A more diverse base is thus better for the individual. An individual who owns a family business would therefore be completely lost if something would happen to the business or they would have to leave. They would lose a large part of themselves.

4.3.3 Having a place:

Ownership and the psychological state can also be explained in part by the individual’s motive to possess a certain territory or space – to have a “home” in which to dwell. It is because of this motive and the possibility to satisfy it through ownership that people devote significant energy and resources to targets that can potentially become their home (Pierce et al. 2001). Therefore according to Pierce et al. (2001) the above-mentioned three basic human motives each facilitate the development of psychological ownership. This motivation can also be used in terms of psycho-
logical ownership feelings towards an organization and extending this further to include this within the context of a family firm; which must be studied in isolation from general organizations as a whole since the beginning ties of a family firm for some members is at birth (if they have grown up with it): this then lends thought to the idea that psychological ownership for owners of family business could be categorized as especially heightened due to the years of nurturing associated with it.

4.3.4 How members of an organization come to feel ownership:

Control of an object appears to be a key characteristic of the phenomenon of ownership; ownership basically means the ability to use and to control the use of objects, furthermore, control exercised over an object eventually gives rise to feelings of ownership towards that object. Much like parts of the body, objects that can be controlled become regarded as part of the self, and the greater the amount of control; the more that object is experienced as part of the self. In contrast objects that cannot be controlled or that are controlled by others are not perceived as part of the self (Pierce et al, 2001). Association with an object is so central to ownership that ownership is frequently framed in terms of association. Scholars such as Sartre (1969) and James (1890) suggest that individuals develop feelings of ownership towards objects through a living relationship with them, Beaglehole (1932) also argues that through an intimate knowledge of an object, person or place, a fusion of self with the object takes place. Thus, people can feel that something is theirs by virtue of being associated and familiar with it. Through association we acquire information about the object and come to know it intimately. A longer association with a target will likely lead to perceptions of knowing the target better, and as a result having a sense of ownership (Pierce et al. 2001). The authors also argue that an investment of self into the target leads to psychological ownership. It is argues that we own our labor therefore, that we often feel we own that which we create, shape or produce. These products become representations off the self, much like our words, thoughts and emotions. Hence individuals own the objects they have created in much the same way as they own themselves. The investment of an individual’s energy, time, effort, and attention into objects causes the self to become one with the object and to develop feelings of ownership toward that object. The investment of self comes in many forms including, investment of one’s time; ideas; skills; and physical and psychological and intellectual energies. As a result the individual may begin to feel that the target of ownership flows from the self. The more individuals invest of themselves into a target, the stronger their psychological ownership for that target will be.

In order for people to psychologically justify large investments in terms of time, money and energy, they view that product as part of their extended selves (Mittal, 2006). Something that people have owned for a long time tends to be viewed as part of them, the item has to be managed and customized. People do get emotionally attached to things they use or enjoy, such as clothes, cars and pets. Further, products that are related to memories, gifts or special products, become part of the extended self. Memories are important to us and they are part of our story, and the items are props in the play of life (Mittal, 2006). Belk (1990) supports this and states that time, the past and the future, extends the self just like possessions make us bigger people. When our identity is being challenged the past is even more important (Belk, 1990). As possessions are a part of us, a loss of possessions can be seen as a loss or lessening of self (Belk, 1988). The biggest sense of loss of self is when it is non-voluntary loss of possessions. The possessions are often more valuable than money to the individual. As the possessions are seen as part of self, “material property is [...] an extension of the ego, and any interference with our property is, for this reason, felt to be a violation of the person” (Simmel, 1950, p.143). Humans make things part of themselves by creating or altering
them. Therefore, there is a three step model for private property: 1. We own ourselves 2. Therefore we own our labor 3. Therefore we own what we produce (Belk, 1988).

It is further suggested that different activities in organizations imply different levels of self-investment. For example more complex jobs and non-routine technologies allow individuals to exercise higher discretion, making it more likely that they will invest more of their ideas, unique knowledge, and personal style. The most obvious and powerful means by which individuals invest themselves into objects is by creating them. Creation involves time, energy, and even one’s values and identity.

Ownership in its actual and perceived state is associated with certain rights. As Pierce et al. (2001) suggest, ownership is frequently defined and experienced in terms of a bundle of rights. Most frequently associated with ownership are the right to information about the target of ownership and the right to have a voice in its decisions that impact the target. Feelings of ownership are also accompanied by a felt responsibility and a sense of shared responsibility for the organization. Feelings of responsibility include a responsibility to invest time and energy to advance the cause of the organization – to be protective, caring and nurturing. When an employee’s sense of self is closely linked to the organization, as in the case of psychological ownership, a desire to maintain, protect or enhance identity results in an enhanced sense of responsibility for work outputs. Related to the broad notion of responsibility are several other behaviors including stewardship, citizenship behaviors, personal sacrifice, and the assumption of risk on behalf of the target that can be a result of psychological ownership. All of these can be thought of as responsibilities – to protect, to care and to make sacrifices for, and to nurture and develop the target of ownership (Pierce et al. 2001).

4.3.5 Organizational Change

Dirks et al. (1996) argue that psychological ownership provides insight into why and the conditions under which individuals both promote and resist change. The authors use a categorization of change in their theory: self-initiated versus imposed, evolutionary versus revolutionary, and additive versus subtractive. They propose that psychological ownership will lead to positive or negative orientations towards change, contingent upon the type of change involved. Individuals will likely promote change of a target towards which they feel ownership when the change is self-initiated (because it reinforces the individual’s need for control and efficacy) evolutionary (because it tends to promote the individual’s sense of self-continuity), and additive (because it contributes to the individual’s need for control, self enhancement, and feelings of personal efficacy). Change however will be resisted if it is imposed (because it is seen as threatening an individual’s sense of control), revolutionary (because it is a threat to self continuity), and subtractive (because it takes away or diminishes the core of that to which the individual has attached himself or herself) in nature (Pierce et al. 2001).

Feelings of ownership have important psychological and behavioral effects. The growth of possessions produces a positive and uplifting effect, whereas the loss of possessions leads to “shrinkage of our personality, a partial conversion of ourselves to nothingness”. Emotions spark when we experience the invasion of what we feel is ours (Pierce et al. 2003, p.86).

4.3.6 The Psychology of Possession

The idea of possessions being part of ourselves is not new. There is literature dating back to the late 1800 discussing this topic. Belk (1988) has a reference from 1890 stating that “a man’s self is the sum of all that he can call his” (p.139). That included clothes, house, wife, work, reputation and
land. The idea is that all these things will give him the same emotions. The extended self is not just what is seen as me but also everything which is seen as mine (Belk, 1988).

A sense of possession is the core of psychological ownership. Possessive feelings are ubiquitous can refer to tangible and intangible objects, and can occur based on legal ownership or in the absence of legal ownership. Territoriality of possession has also been examined in the context of psychological ownership: “Organizational members can and do become territorial over physical spaces, ideas, roles, relationships, and other potential possessions in organizations” (Brown et al. 1995; In Avey et al. 2009). When individuals form bonds of ownership over objects in the organization including physical, informational or social objects, they may seek to mark those possessions as belonging exclusively to themselves. In addition, if individuals anticipate infringement on their targets of ownership, they may engage in protective territoriality to maintain levels of ownership and to communicate ownership to potential threats and the social unit as a whole (Avey et al. 2009). The authors further went on to state that feelings of territoriality are heightened when individuals fear their objects of ownership may be influenced by external entities. Exhibiting a preventative-focused mode, individuals mark their territories in ways they believe external constituencies will recognize and respect. For example, preventative feels of territoriality may cause individuals to take actions “prior to an infringement with the purpose of thwarting infringement actions taken by others” (Brown et al., 2005; In Avey et al. 2009).

4.4 Attachment to Role

Attachment to role is highly connected to psychological ownership and in turn one’s identity. Feelings of attachment to a certain role may lead to feelings of psychological ownership, which can lead to an increase in an individual’s sense of identity. Attachment is a large field of study with the great deal of it discussing the subject in terms of “the theory of attachment”: which can be described in three different forms; secure, avoidant, and anxious ambivalent (Joplin, Nelson, and Quick 1999), which is formed at birth. This is also linked to the pyramids of needs, which led us to develop this component within our research. This attachment then manifests itself in certain aspects of our personality. How we perceive and enact relationship, how we view leaders and how we relate to one another as adults. A main assumption of attachment theory is that the infant’s early experiences become internal working models of self and other, and influence the expectations of availability and responsiveness of attachment figures (Joplin et al. 1999, p.784). Ainsworth and Bowlby’s (1991) ethological and evolutionary studies of personality resulted in attachment theory, Bowlby (1973, 1982, 1988) proposed that attachment behavior is regulated through the central nervous system, and that attachment is a biological imperative contributing to the survival of the human species. An attachment figure provides protections support, and is the one to whom a person turns spontaneously when in distress.

Ainsworth, Blehar, Waters and Wall (1978) built on Bowlby’s attachment “styles” for how children relate to their parent or caregiver in terms of closeness and distance (Nicholson and Björnberg, 2008, p.33). Attachment styles influence the process whereby people or phenomena become internalized as “objects” in the mind. Thus “object relations” are created as intra-psychic representations of the relationships that exist between these people and phenomena (Klein, 1946). “A young person’s internalized representation of the family business can be viewed as an expression of attachment” (Nicholson and Björnberg, 2008, p.33).

Nicholson and Björnberg (2008, p.32) further stated that “in any business-owning family one can expect next-generation members to exhibit a range of attachment styles, partly as a function of the different parenting regimes children are subject to, and partly as a function of individual differences among the children”. How parents treat children is a function of the heritable qualities
of the child, as has been revealed by behavior genetics; that is, children differ in their ability to “switch on” the emotional warmth of carers. Moreover, research on birth order suggests there are systematic differences.

“As a behavioral system, attachment behavior activates when the individual experiences distress. The experienced distress is manifested in proximity seeking behaviors towards “attachment figures” who are sources of social support” (Joplin et al. 1999, p.785)

“Family members are often locked into the firm because of their inability to sell their shares for current market price. Furthermore, the exit costs of leaving the family firm are high because the family member may lose firm-specific knowledge, experience, possibly rights of inheritance, status, and other privileges associated with employment in the family firm” (Kellermans and Ed-dleston, 2004). This is an excellent example specific to family businesses where family members “value” their business over and above market value, showing a strong attachment to the business that in reality it is not “for sale”.

The term attachment is also used as a common label of two closely related concepts: Identification and affective commitment, this is often used to described “employee attachment” (Riketta & Van Dick, 2005, p. 491). Within the literature regarding attachment and the workplace these terms were used interchangeably.

Riketta and Van Dick (2005, p. 491) stated that, according to Mowday, Steers and Porter (1979) organizational commitment (or attachment) can be defined as: the relative strength of an individual's identification with and involvement in a particular organization. It can be characterized by at least three factors: (1) a strong belief in and acceptance of the organization's goals and values; (2) a willingness to exert considerable effort on behalf of the organization; and (3) a strong desire to maintain membership in the organization. According to Riketta and Van Dick (2005) there are several other definitions that can also be used, and what all of these definitions have in common is that they “all refer to an overlap between an employee’s self-image and his or her own image of the organization” (p. 491). This thought can also be extended towards feelings of attachment to family business members and the role they play within their business. However, it could also be said that perhaps their perception of their attachment to role may have even heightened emotions since it is an attachment not just to a business but also to their family.

Nicholson and Björnberg (2008, p. 36) state that the motivation to attach and identify with the family business relates to the need for emotional attachment and to identify with one's family. The authors question if the family relationship patterns that are transferred and replicated across generations such that they promote attachment yet allow for individual freedom? Furthermore, what images of the family firm does the young person carry in his or her mind?

#### 4.5 Dyad Relationships Within the Family

A literature review on the topic of father-son and father-daughter dyads became more important the deeper we read into identity and the way in which people formed psychological ownership towards their targets. Furthermore, the further along we studied our cases the more we became aware of the importance and the influence that these relationships had on the people we were interviewing. A further point of interest on this subject is that three out of our six cases had women being highly involved in the strategy formation of the family firm. It became interesting for us to therefore see whether or not the difference between the father-daughter dyad and the father-son dyad had an impact of some sort on the strategy formation of the firm. There are some simi-
larities in the two dyads but also several differences between them. The sons tend to have a more direct approach, whereas the females are slightly more indirect when it comes to confrontation with their fathers. Perhaps because of this the literature has discussed that women have a far more difficult time within the family business than sons.

“Primogeniture continues to dominate the value system of family businesses; a son is expected to join the business, but a daughter is given a choice – or not invited – as a matter of course” (Francis, 1999). There has been far more literature written in regards to the father-son dyad than the father-daughter dyad, Dumas’ study (1989) has been one of the few which has focused on the father – daughter dyad. Dumas (1989) suggests that the father-daughter relationship is more harmonious and different in nature than a father-son relationship. Daughters willingly assume the role of caretakers both of the father and the business. As a consequence they are less likely to be in conflict with their fathers over the issues of power and control. However much of the literature suggests that even though the daughters have a more harmonious relationship with their father’s this does not necessarily mean they have an easier time managing their roles within the family firm. This could be because the sons are often the expected successor for the family firm and are expected to assert their independence in this way; whereas the women can be called the “invisible successor” in some ways where their own identities and strengths are often at odds with how they are perceived to be by their fathers.

Dumas’ study (1989) showed that 100% of the fathers (of her participants) did not view their daughter as potential successors outright, the daughters were more viewed as “helping out” when work became a bit much for the father. Dumas’ study (1989) also found that 89% of the sample (all females) had great difficulties in establishing their own sense of identity within the family firm. This often had to do with placing their fathers on “pedestals” and being “all-knowing” and this was in conflict with discovering later on in life that their fathers do make mistakes and do not know everything. This can of course bring a great deal of one’s own reference points into question since it can then change the reality and the nature of the relationship. Sons have also been found to have a difficult time in constructing their own sense of identity within the family firm in their father’s shadow. According to the literature on sons (Davis, 1982; Rosenblatt, de Mik, Anderson, Johnson, 1985; Dumas, 1989) the rites of passage often result in conflict between fathers and sons over issues of power and control. However according to Dumas (1989) daughters seem to have been socialized towards this and accept such ambiguity and react to it with understanding.

Dumas’ study (1989) also displayed that the females had a tendency to indirectly confront their father through a third party, which Dumas categorized as triangulation, where there is a triangle relationship between the father, the daughter, and a male top manager. The daughter feels the need to protect the father from the top manger who she may view as hurting the business and thus her father, whereas sons tend to display direct conflict behavior towards their fathers in a bid to assert their own identity and seeks his own power (Davis, 1982; Rosenblatt, et al. 1985; Dumas, 1989). Dumas suggested that a reason for the triangulation might be a reflection of the daughters’ socialization to be less aggressive and conflicting, especially with her father. Dumas (1989) also identified a second type of triangulation within the father-daughter dyad that literature on father-sons has not displayed. This triangulation is between the father, mother and daughter. Themes of jealousy, desired closeness, and rejection of the mother by both the father and the daughter were expressed. The daughter may be joining the family firm in an attempt to manage her lack of closeness with her mother or father in the family system and this creates anxiety.
Dumas (1989) also found that one of the reasons women went into family business was to take care of their father as well as the family firm. The author suggested that the dialectic between invisibility – that is not having a sense of identity – and separation – forming a sense of identity by cutting one’s ties with the father – is transcended to another level of relationship in which the daughter assures her sense of identity by affiliating herself with her father while taking a very active role in this affiliation. In other words, the daughter finds her own sense of identity by taking care of the father and taking charge of the family business.

There seems to be no evidence of this reasoning from literature based on sons. There is no indication that sons take over the family firm to “look after” their father. The literature instead suggests that sons join the family firm to prove himself in competition with his father (Davis, 1982; Rosenblatt, et al. 1985; Dyer, 1986; Dumas, 1989). This literature further points out, that due to the father-son conflict, they often end up in very different roles so as to work separately, each establishing their own domain within the business, the daughter seems to establish her place in the business in relation to the father. An additional construct that Dumas (1989) discusses, is one she labels as the “silent voice” which expresses a different scenario of the relationship between father and daughters in family owner business. As opposed to becoming the caretaker of the fathers’ business and thereby assuring a sense of their own identities, some daughters expressed a sense of alienation and lack of purpose in their present situation in the family business (within Dumas’ study). Dumas’ concept of a “silent voice” attempts to communicate that these daughters have no voice of their own, that they either passively accept their position of inferiority in the business or deny and silence the voice that they have. The author further stated that these daughters do not allow themselves to speak up in their own voice by taking charge of the family business. Instead they assume only the identity of caretaker if the father who responds to his needs. They are unable to take charge of the family firm, so they are unable to find their own voice or identity through the business. Dumas (1989) highlighted the fact that literature on sons in family business does not address this issue and suggested that perhaps this is purely a phenomenon that may be particular only to women.

There is a natural hierarchy present within the family system that is often transferred over into the family business when children become involved in the family firm. If the child takes on a role that is at odds within her or his “place” in the family system then this hierarchy is upset, which brings with it tension and conflict. According to Barnes (1988) daughters and younger sons tend to rank lower than older and eldest sons, this hierarchy represents the individual’s position within the family. The other hierarchy represents the individual’s position within the business. The higher the position, the better it is. Barnes (1988) further stated that for one reason or another a daughter or younger son becomes CEO, the incongruence is obvious, the two status structures conflict. As a result of this conflict problems of ambivalence, rivalry, and self-esteem arise, even though the patterns for daughters differs somewhat to that of younger sons these feelings still arise for both.

4.6 Succession

After conducting some of our case studies; it became clear that the topic of succession is something that needs to be discussed. The succession process or lack of it, in our observations, have a great deal to do with our four themes. The succession process brings into question not only one’s individual identity, but also family and organizational identity (Milton 2008). Succession has also been a widely research topic in regards to identity (Milton 2008). Therefore we find it essential to provide a brief literature review on the topic.
Succession is a widely covered topic within the context of the family businesses “approximately one-third of the family business literature is devoted to succession issues” (Venter, Boshoff, Maas, 2005) Much of the literature also points out that there is a very high failure rate of family businesses being passed on to future generations: “It has been estimated internationally, only 30% of family businesses survive to the second generation, while fewer than 14% make it beyond the third generation” (Venter et al. 2005, p. 284). The literature on this topic can also be split into two distinctive fields: leadership succession and ownership succession: “Because of the importance of a successful transfer of management, much has been written about succession issues” (Sharma, Chrisman & Chua 1997, Brockhaus, 2004).

As described by Cadieux (2007), Handler (1989) believes that in the succession process, the key roles for the predecessor appear to be the supervisory role during the joint-reign phase and the consultant role during the withdrawal phase. Whereas according to Dyke, Mauws, Stake and Mischke (2002) they view the predecessor’s roles during and after the successor’s appointment as seriously limited. Within the Cadieux (2007) article it was discussed that there were three predominant models in the literature on family business succession: (1) An approach that involved different groups of actors; (2) describing the steps in the organization’s life cycle; (3) or the interactions that take place between the predecessor and the successor during the process. What the author did however point out, was that succession is a complex process spread over four different phases – initiation, integration, joint reign, and withdrawal – during which the roles of the predecessor and successor evolve in an interdependent way with the ultimate goal of ensuring the firm’s survival. Within the Cadieux (2007) article, the author pinpoints the Handler model (1989) as being useful since it focuses on the perspective concerning the roles of the different players. The model shows that during the succession process, the predecessor plays four successive roles – sole operator, king, supervisor and consultant – and the successor three (assistant, manager and leader). According to Handler the last of these roles can be assumed only by the two players, when there has been a full transfer of know-how, responsibility, leadership, and authority. Cadieux (2007) however, pointed out that the roles by both players might be more complex than what Handler proposed. A further point is also the emotional capability of both the predecessor and successor to go through these different roles during the process. Conflicts in terms of decision-making and power struggles must also be taken into consideration.

Cadieux (2007) found that during the joint-reign phase, one of the roles that the predecessor played was one of supervisor. As the supervisor, the predecessor assigned tasks to the successor, overseeing their work and introducing them to the firm’s networks. According to Cadieux (2007), the second role the predecessor took on was one of teacher to enable faster knowledge transfer that was company specific. In this role the predecessor spends a great deal of time with the successor in order to understand how to negotiate with certain clients or how to present certain reports. The predecessor then went on to play a protector role, where they underwrote the actions of the successor. After this role it was found that the predecessor played a key role as introducer – which could be seen as the most important role. This role publicly announces the successor to all stakeholders as well as publicly displaying the predecessors support and trust in the successor. The final role played by the predecessor in the joint-reign phase was one of mobilizer, where the predecessor encourages the successor, confirms their skills, and reinforces their self-esteem.

For a successful succession to take place, it is suggested that both parties must be committed to the business and that they are both competent. The incumbents should also transfer his/her knowledge to their successors and introduce them to relevant networks. It is crucial that they can cooperate and support each other.
It may be difficult to let go of the firm as it becomes such a large part of their identity over the years. Leaving the business also affects the individual and family identities (Milton, 2008). The three identities are very closely linked in a family firm. It can be difficult for the successor in that the higher status within the firm affects the individual and family identities in perhaps a slightly negative way. Close family members may continue to view the involved members in their past identities, which makes it difficult for them to move on or adapt to their new roles (Milton, 2008). It may be difficult for the successor to gain control of the business and for the founder of the firm it may be particularly difficult to let go. They are extremely attached to the companies they have created and may feel that they are passing on a part of themselves (Milton, 2008). Therefore, they may avoid the succession issue in order to preserve their personal identity. This may lead to the failure of the firm. The other members of the firm and the family may help by showing appreciation and confirming the successor’s and current CEO’s identities in other ways than previously. This shows that they still support the CEO but also the successor. They may become more willing to step back (Milton, 2008). Once the new roles are accepted the incumbent may feel more ready to introduce the successor to the networks. This will lead to close relationships with clients and suppliers and the business is more likely to continue its success. There have been three reasons for why the leadership does not stay within the family: the potential successor declines appointment, it is decided to not appoint a family successor or it is decided against a family successor despite the existence of a suitable family member (Milton, 2008). It is also important that the family supports the successor, as without commitment, the succession will not be as successful.

4.7 Summary of Literature

One of the challenges for us writing this thesis is that very little of the literature regarding the components of identity is written from the family business perspective. There has only been a handful of articles which incorporate some of the components of identity in relation to the strategy process, and only a few are written with reference to family firms. A previous article written by Brundin and Melin (2006) tackles the subject of the dynamics of emotions in day-to-day strategizing. Their findings presented some empirical evidence that micro-processes are important in order to come close to strategizing and that emotions among the key actors play a crucial role in strategizing. Hall (2003) discusses emotions as a decisive element in genuine relationships between strategizing actors, which affects processes of strategy formation in the context of family firms. A third article by Brundin et al. (2008) discusses the family ownership logic which makes connections between family firms using theories based on psychological ownership.

Lumpkin et al. (2008) discuss the individual level influences on family firm outcomes as way of expanding the literature on what defines a family business. The authors state that factors such as intention, involvement, and vision are keys to defining a family business, and researchers also need to be investigating what sort of intentions, how much involvement, and whose vision matters. They suggest that unless such issues are addressed, a definitional dilemma is likely to persist. Lumpkin et al. (2008) further state that the two topics are inseparable. The questions about how family businesses manage and strategize cannot be tackled without having some understanding of how their dominant coalitions envision the future and exercise power to achieve their visions. Miller and LeBreton-Miller (2005) also stated that the intentions, involvement, and the values of the family coalition that runs a business will influence how it is strategically positioned and controlled.

Since family business literature suggests that the research needs to be focused more at the individual level as a new way of understanding family firms, the focus on strategizing must also be
done within family firms at the micro level. A challenge at this juncture for us is that there is also only a handful of literature discussing strategy at the micro level, and very little of it in relation to the family firm. Micro-processes of strategy are concerned with the day-to-day activities of organizational life which relate to strategic outcomes (Johnson et al. 2003). The micro-processes focus more on what people actually do when strategizing, who they are, where they do it, how they do it, and why they do it. Johnson et al. (2003) also stated that mainstream literature has not yet arrived at this detailed micro level. This thesis tackles the “who” level of the micro-process and attempts to show how this individual level perspective influences the strategic outcomes of the family firm.

As a means to investigate the “who” influence of micro-process on strategy in the family firm we focused on several themes: Identity, psychological ownership, attachment to role which we call components of identity and additionally the dyad relationship. The components of identity are all very closely inter-related which posed a challenge to us. The literature found regarding the components of identity are all psychology based and not geared towards the family firm. As mentioned above, Brundin et al. (2008) discuss some aspect of psychological ownership as part of the family business ownership logic. Nicholson and Björnberg (2008) discuss emotional ownership in terms of how some attachment behaviors may be exhibited by successive family members.

### 4.8 Model – influences and micro-process of strategy

**Figure 4.7** Literature Summary - Influences on Micro-Process of Strategy
5. Presentation of Cases

This chapter presents the stories of our case studies. Firstly, we present you with an overview table with some brief facts regarding each of our cases. This section will then discuss each of the six companies in turn. This section aims to provide a good background knowledge on each of our cases in order to set the scene for our analysis. We have chosen to keep the names of our companies and individuals confidential so as to protect the privacy of each interviewee.

<table>
<thead>
<tr>
<th>Company</th>
<th>Founded</th>
<th>Industry</th>
<th>Ownership</th>
<th>External/Internal CEO</th>
<th>Geographical Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andersson’s</td>
<td>1945</td>
<td>Retail Cars</td>
<td>Private 100% Family owned</td>
<td>External 3rd generation</td>
<td>Regional</td>
</tr>
<tr>
<td>Nilsson’s</td>
<td>1923</td>
<td>Production Packaging solutions</td>
<td>Family + capital investment</td>
<td>External 3rd generation</td>
<td>Global</td>
</tr>
<tr>
<td>Svensson’s</td>
<td>1982</td>
<td>Retail Photo equipment</td>
<td>Family + external family investor</td>
<td>Internal 1st generation</td>
<td>Scandinavian</td>
</tr>
<tr>
<td>Viktorsson’s</td>
<td>1962</td>
<td>Production Agriculture machines</td>
<td>Private 100% family owned</td>
<td>Internal 2nd generation</td>
<td>Global</td>
</tr>
<tr>
<td>Axelsson’s</td>
<td>1937</td>
<td>Buy and develop family businesses</td>
<td>Public</td>
<td>External 1st generation</td>
<td>Nordic and Baltic</td>
</tr>
<tr>
<td>Zamuelsson’s</td>
<td>1985</td>
<td>Production Zink Die-casting</td>
<td>Private 100% family owned</td>
<td>Internal 1st generation</td>
<td>European</td>
</tr>
</tbody>
</table>

Table 5.1 The Cases
5.1 Andersson’s

Andersson’s was founded in 1945 and is a Jönköping based company in the automotive industry. It began with the 3rd generation’s grandfather who became an agent for Scania and Volkswagen. The company is 100% privately held and is currently in the 3rd generation, and is closely managed by two sisters. It is Sweden’s largest private company acting as selling agents for VW, Audi, Skoda, Kia, and Scania, with sites in nine different towns throughout Småland. There are 300 employees and there is an external CEO who has been with the company since 2004, but acting in the capacity as CEO since 2006.

The ownership today is divided six ways with the founder’s two daughters owning a slightly larger share, and the rest is divided between the third-generation consisting of four cousins, three of whom are females. The second-generation owners are both active board members, but have never worked in the company; however one of the owners’ husband’s was the CEO for before passing on the leadership role to his daughter in 2000. In 2003 Charlotte, the eldest daughter moved from the CEO position in order to retain the external top management person she had hired, she then focused on a different segment of the business - of managing the properties, while also retaining her seat on the board. Today Charlotte is again shifting gear and becoming chairman of the board and making room for her younger sister to step in to her previous role of property. Her younger sister has previously not been involved in the day to day running of the company, however has been an active member of the board since becoming an owner. The other two third-generation owners are on the board, however are not heavily involved in the company.

“They are not vocal in the decision making processes – Gustav (one cousin) is not an economist, he is not so interested and Karin is running her own boutique and she knows a lot about cash flow and now she is pregnant with her second child, and she just recently had a child so for her everything revolves around her family and her husband studying to be a fireman, so she is busy with her things” (Charlotte).

Charlotte began her career working for Scania as one of the few female agents, she even obtained her truckers license, and she was an employee for Scania for 10 years. In 2000 her father who at that time was CEO of the company expressed his wish to step down and pass the leadership on to Charlotte. At this stage Charlotte already had a well-proven track record in the industry and already knew some of the long-term customers from the trucking department due to her position in Scania. This knowledge of the customer base was also helped along by working at the company during summer holidays when she was younger, as well as going on customer visits with her father. In an earlier interview with Charlotte in 2008, she described the succession process with her father as not an easy task. While he was very pleased and proud of the fact that she wanted to take over the leadership role of the company, it was as with most successions a difficult time for him. There was a three-month hand over period and during this time her father moved his office down to the basement, but still retained his seat on the board. Charlotte had to make some hard choices in order to “seal” her leadership within the company, and one of the ways she did this was to choose not to go to her father for advice, she wanted to make her mark, her way. Her uncle (Father’s brother) was highly instrumental in her settling in as the new CEO, they had a very close relationship, and at the time he was also the CFO for the company so had a great deal of knowledge. Regrettably Charlotte had to give her father an ultimatum publicly during a board meeting, which naturally caused a great deal of personal pain, however in Charlotte’s eyes it was a crucial moment when her leadership was cemented as head of the company – there could be no sharing of roles, and her father needed to understand that. Unfortunately for him, according to Charlotte he would have liked to have remained on the board and been involved in that capacity.
“If you don’t do it this way I will leave, it was very stupid of him, but maybe he thought I would change my mind, and I said listen, if that’s how you feel you should do that” (Charlotte talking about the ultimatum her father gave her).

“What he (her father) did not foresee was that I would be so stubborn and determined, this was a shock for him that I would talk back to him in meetings and things like that” (Charlotte).

In the years between 2000 and 2009 there had been a lot of changes and good growth for the company. In 2004 an external CEO was hired – originally to work as vice CEO, but took over as CEO in 2006 as a way for Charlotte to retain his expertise. At this point Charlotte moved over and began to focus on managing the nine properties. However at the age of 43 Charlotte now feels that it is her turn to focus a little more on herself and begin to develop her own personal relationships.

“I am in a place in my life now where I evaluate my private life and so on, because I have met a man and I realize that all the other members of my family have families of their own and I haven’t had any relationships for a long time and no children so it’s a very keen interest from my part to also fulfill my life in that way” (Charlotte).

The intention is that Lollo – Charlotte’s younger sister by four years is to take over her role as property manager for the various sites. Lollo is currently working in Jönköping two full days a week and the rest of the week she works in Lund where her family is situated.

“I thought right now is an economic downturn so we are not investing so much money and so for Lollo to step in is not too bad, she can get used to the company at her own pace and see how things work with her having small children, it gives me some room to breathe to do other things” (Charlotte).

With this change of family leadership in 2009 within the company there are also hints of change of strategy for the company. Charlotte has become interested in the strategic decisions that her boyfriend is making while running his family business and this is allowing her think about new and different possibilities for her family firm and its future.

“I was very fortunate to meet Pete, who I have known for two years, and he’s also into his family business, he’s also a customer of ours. What I like about his family business is that they do not have all of their assets in one basket, they have divisions – properties, hire, concrete factory and then concrete construction work – it gives you ideas” (Charlotte).

“I think property is extremely interesting, because we are so clinched to what the general agents say” (Charlotte).

Unlike the succession of leadership experience of 2000 to Charlotte from her father there is more control from Charlotte’s point of view this time:

“I am the designer of this change and I like it like that, I can control it, it’s a bit shaky right now for me – what is my life going to look like after…. ” (Charlotte: talking about stepping away from the family business after 8 years).

Prior to beginning work at the family company Lollo was working at Mercedes Benz Finance and Eon in a marketing capacity, so does have some business experience, however not as industry specific as Charlotte. These details are however of less concern to Lollo than Charlotte:

“I’ve been raised with this so it’s not totally new for me, it’s not foreign. I feel comfortable in my role, because I’ve been sitting on the board I know what to look out for – what’s good and what’s not good. I know what we as a family want and what we want for the business”.
“She (Charlotte) likes (to) tell me she’s worked for Scania, she often says she knows more, and that people are going to test me” (Lollo).

Joining the family firm to work in it on a day-to-day basis is also perhaps not a straightforward decision for Lollo, with some conflicting emotions:

“For me I am willing to do it to try and see if it works, but I also think we need to look at it in a way that it doesn’t have to be a life sentence. Since I still have my family in Skåne I can always have a legitimate reason for saying it didn’t work. Because if it didn’t work with my family - in that way I always have the back door open. In another way when you are raised with it, it feels kind of odd to just close the door and say I’ll never go there”.

“If Charlotte wants to leave the family business, she wants to have someone in the family run it – my cousins don’t have the same connections as we do with the company, so for me it’s very obvious. I didn’t feel like I could say no…. Well I did but then I know my sister would then have to stay in the business because she would not be comfortable leaving not knowing someone else in there”

“I want to do it, and I enjoy doing it, but it’s still kind of wobbly, I think it will work... hopefully” (Lollo).

A settling in period during this transition phases from one sister to another is also evident. With this comes also perhaps another perspective on how to run the business. Just because this is not a generational shift in leadership but rather passed from sister to sister there are still challenges that need to be faced in terms of what strategic direction the company should go.

“I do feel in a way that she (Charlotte) controls the way I work and the decisions I make because she is sitting as chairman of the board – I don’t have a problem with that. But we are a bit different – she doesn’t like to take risks, while I think you have to take risks in order to gain something. So we have a different view on that. We all own the company, we all have to unite in what we think, so it doesn’t matter if Charlotte and I have opposite opinions in one issue as long as the main part of the family can agree”.

“Charlotte can see what we have to do, but she’s unwilling to do it. My Mother can’t see what has to be done”.

“My sister can see the problems we are facing, and she’s worried about the problems. I just tend to see it more like the problems are opportunities that we have. But my Mother doesn’t even see the problems we have. I want to do things and she (Charlotte) keeps saying we can’t, and I say well we still need to try and she keeps saying we can’t.

“We are willing to take different risks and see things in different ways” (Lollo).

Lollo does not see herself as having to make perhaps such a mark within the company as what Charlotte did when she took over from her Father. She does not view herself as being in competition with the CEO, more as taking care of owner issues.

“It’s easy to say I am taking care of properties and owner issues… I put myself very stepping aside from Don (CEO) I don’t compete with him…. I think it’s important that they (employees) know that I don’t get in just because I have the family name and because I own it” (Lollo).

Lollo as property manager is facing some tough issues to negotiate with the rest of the owners. The current site in Jönköping is too small for the company’s needs and there is no room to expand from the existing location. This site has however a great deal of emotional significance for some of the owners. The tradition that is associated with this site runs deep, and is proving to be a difficult strategic discussion.
“It’s a very tough issue to talk about with my Mother and Aunt. It’s a great location, perfect for our type of business, but we just don’t have enough space and we have had it since 1963. For me it’s not as important to keep the property, as it is to keep the name. For us it’s very important to keep our logo” (Lollo).

History plays an ongoing role in strategic decision at this company, which does not always prove to have positive outcomes according to Lollo.

“We had the brand ‘seal’ for a few years – we took that brand in when my father was running the business, and we had it for a few years but we lost a lot of money on it. The VW group approaches us again to ask if we would like to take it – we say no no no because we lost a lot of money on it in the past. We don’t say no because we think it’s a bad business decision today, but because we lost money on it in the past”.

“It’s important to remember the past so we don’t make the same mistakes. But we don’t remember that the business model has changed, so we just say no because it didn’t work in the past – instead of looking at it in a new way, of making new calculations, we say no first thing.” (Lollo).

There have also been, some ongoing difficult discussion about the next phase for the company. Large investments need to be made so there has been a discussion about what to do with the business in the future. Some members of the family view selling it as not an option, where as Lollo would take it into consideration for the “right price”.

“If I got paid enough for it I would sell it – I don’t have a problem with that. I would feel a sense of loss, but also a sense of relief”.

“It’s easier for me to say this now because I’ve only been here for two and half months. I think it’s harder if you’ve been here for 8 years like Charlotte”.

“The first thing I would do I would take down the sign. I wouldn’t sell the name, they can buy the property and the business, but they can never buy the name, that’s a very strong attachment I have. I don’t think we could sell it while my Mother is alive – she doesn’t think that anyway can afford the price – and that no one could run it as well as what we do” (Lollo).

5.2 Nilsson’s

This company is a third generation owned family firm with its roots in Northern Sweden, in Hälsingland. It was founded in the 1923 by the current owner’s grandfather as a small carpentry business, but became a formal limited company in 1949 the ‘modern-day company’, which provides complete packaging solutions for Swedish and international customers alike. A truly global company that was up until about 1995, a one product company but with many geographically market focuses. It then diversified further to provide a great deal more products and services. The company went into new markets mostly via acquisition and formed partnership with existing companies and the ultimate strategy behind these moves was always to follow their customers. The company was privately owned until 1996, when it then went public on the Stockholm stock exchange, with the family retaining 56% ownership and 3000 other stockholders owning 44%. At this stage the company moved into many new markets outside of Europe, establishing both sales and production plants in China, Brazil and the United States.

It was at this point – when the company went public that Jack (husband of the founder’s granddaughter) stepped down as CEO so that they (the owners) could focus more on ownership issues. An external CEO was then brought in, however he was recruited from within the company and had a long-standing friendship with both the owners. Jack decided that he did not want to
juggle the roles of managing director and owner when the company went public in 1996. He felt that there was a conflict of interest in being a majority owner with a long-term viewpoint and trying to balance a more short-term philosophy that tends to go hand in hand with the nature of a public company.

“I was actually the one who decided the whole thing, and I felt that combining the company on the stock exchange and being in top management, it’s a thing I would not be that good at — I would have probably sacrificed the ownership part, I don’t think that its good” (Jack)

Both he and Irene felt strongly about continuing to play a dominant role in the strategic direction of the company. Therefore their roles as owners became even more important and more visibly felt throughout the company. The action of Jack stepping down as Managing Director did several things for the company’s strategic direction. Firstly, the head office was moved from Hälsingland to Jönköping in Småland to accommodate Larry’s new role as Managing Director, as well as having a head office that was perhaps seen as more central and close to other markets. It also allowed Jack and Irene to spend more of their time focusing on the strategic vision of the company. This including continuing to contribute towards building the matrix structure that was becoming an answer to the company’s challenge relating to increased international expansion.

“We were colleagues and good friends during many years and of course when Jack was the CEO, he was both the CEO and the owner in one person, and one of the reasons why he stepped back from the CEO position was that he and Irene, they were pretty mature in their way of thinking because they said that they would like to be good owners, not only good managers and when he left the CEO position he took an active role as an owner instead. He left the responsibility for the day-to-day business and for the management of the company to my colleagues and me, while he started to think of and develop the ownership, and that was very clever it was absolutely the right thing for the company. Because this created a situation for the company with a very stable ownership, we knew that even though we were stock listed we had 85% of the votes were in the family and 50–60% of the capital so we knew that we could develop the company with accordance with our vision, we didn’t have to care that much about the quarterly, last quarter report, so that is my feeling that it was extremely important for our success that we had the family as the owner, absolutely”. (Larry).

Larry has just stepped down as at the end of 2008 and is now chairman of the board. During his tenure as CEO the company decided to exit the stock market, and in August 2007 sold a 60% stake to a venture capitalist firm, and the other 40% remains with the family. Although this does imply that the venture capitalist firm has a majority ownership, the two parties have a very strong shareholders agreement whereby the family essentially retains the same influence as the venture capitalists. Today the owners are very active within the company, both sitting on the board, and also promoting the company values throughout the numerous subsidiaries.

“Theyr attitude and approach has not changed at all. I think that it’s the opposite, they feel it’s easier now to influence now since they have one partner so to say to talk to, that’s my view that they feel that they even though they have less shares, if you count all the votes they have less influence, but I think they feel like they have more influence, but it was a certain change in management views. The view on ownership from management point of view has changed a lot because you could say that the generally the time on the stock exchange everyone knew that Irene and Jack had the last word because the rest of the owners they were, it was pretty, they were not that visible. Today the management are all thinking about those two parties that are rather different even though they are working well together they are very different. You have the family that are extremely long term they are thinking they are talking about generations, they will certainly not leave the company as long as Jack and Irene are alive, they are trying to educate their sons to be good owners as well, they are thinking of the next generation. While Nordic capital they are thinking in 5 years, then they don’t care about the company after that”.
“They are mainly owners, but both of them have been very interested in the company and they have participated in different projects: Irene has been very interested in communication, both internally, working with her own newspapers our corporate profile and things like that, and Jack has been very interested in the long term globalization of the company and he became the project leader for the development processes in China. He was my boss in the board but at the same time he was one of my resources when we were developing China as a new market. But he was not working full time with it but it was during some years when we started up in China he was very active. But he is very professional so he could understand the difference between when he was acting as the owner and when he was acting as project resource pretty much” (Larry).

When talking with the two owners with regards to their differing roles a general impression was that the vision that the owners of the company have today is very much closely associated with the vision of the second generation owner: Irene’s father. Irene’s father Hamish was really the one that put the company on the map so to say. He was the one that decided not to sell the company when the Swedish government was providing attractive tax incentives in a bid to get small carpentry companies that dotted the landscape to sell in the 1970’s. Every single one of his neighbours sold their businesses one after the other but Hamish had a vision and was not willing to sell. Hamish was also the inventor of these products that they were selling so perhaps that was one of the reasons that he was not willing to sell.

Hamish was one of six siblings and two of them set up their own business in their father’s small carpentry shop. They got their first order in 1949 to produce bakery trays. Hamish then bought out his brother at a later date, they did not agree nor did they see eye to eye on the ultimate vision for the company. The brother did not have the same “visionary” sense as Hamish had, he thought the company would never make a substantial amount of money, let alone be able to compete internationally.

Irene remembers the company as a small child; however she does not remember it being a huge part of her life.

“My father was not the kind that took his work home” (Irene)

“We didn’t speak much about it but anyway perhaps I knew that somewhere when there were a lot of companies in the area that were sold in the 70’s when the Swedish state they really wanted small companies to family companies to disappear so that had really tax incentives to sell, but my father never sold and then you can wonder why because his neighbor sold and things like that and I mean so then perhaps so even if we didn’t talk about it you know somewhere he probably wanted me to be involved” (Irene)

They have made it a strategic practice in many situations to follow their customers into their next market. A good example of this was when Irene described the company going into Portugal. Ericsson ‘invited’ them to go down to Portugal since that is where they were going to next. Something that must also be understood is the very strong loyalty that the company felt towards Ericsson, they were the first customer that gave them their biggest order of 10MSEK which put them on the map as a packaging solutions company. The company takes their historical relationship with their customers very seriously when thinking about strategic manoeuvres; they concentrate a great deal on looking after and further developing their existing relationship in all of their markets. Being a “good partner” is also one of their key objectives.

“We won the competition and got a big order for 10MSEK and so that was really a challenge because they didn’t have any facilities to produce and no machines, I mean really nothing more than that my father had made the construction which we used back then and anyway I think this made him different from the people who had just per-
haps just produced windows or doors or things like that this was more of an invention in a way so I think that’s why he perhaps saw that it could be used by more companies than Ericsson and be used internationally” (Irene).

Irene felt a strong sense of responsibility towards her father’s vision it was crucial to her that she was able to fulfil his dream since he was not able to. In simple terms this became the company’s strategic map on where they were going to go next. What her father did not however conceive was that the company was going to become a complete packaging solution provider that was such a global player that it is today. This is certainly not for lack of vision, it was simply that he was not here to witness the dramatic changes in developing markets such as China in the last 10 years or so.

“Because of our relationship with Ericsson we became a very important customer to them, they took us out to new markets outside Sweden we grew based on one product to the Nordic companies to European companies and even outside Europe and let’s say that we were here in 1995 or something like that, then things started to change we were more or less already a not a global company but we were already and international company based on one product one concept. Then competition became tougher and tougher because of the globalization in the entire industry, our customers who are big international customers started to focus more and more on their core business and they started to outsource and the reduced internal resources for things that weren’t core business. So they started to ask us if we would like to stay as a supplier to the they said then we must be able deliver more than your present assortment, you have to give us a better, a wider service, both product wise but also knowledge wise because we would like to get rid of our own packaging engineers and you should be instead our resource when it comes to know how. So we started here step by step to go in this direction, we tried taking new products and but we understood that this would be really tough, it took too long a time for us so what we did was that we continued to grow organically by setting up new factories new entities in new countries by adding more products we combined that with small acquisitions to buy a company here when we bought a company in Portugal a market we were not that active in then it took us in that direction to be a more global company because then we could offer service in Portugal as well and if we bought a company that had knowledge and network and competence in other products than our basic products then it took us a bit in that direction as well.” (Larry).

Irene said in the interview that she and Jack did not want the company in the beginning, but really there was not any other option when faced with the decision. Jack had to decide on the spot if he would agree to be the next managing director without even being able to discuss it with Irene at great length. Irene felt that when she and Jack took over the company, she was really taking over her Father’s dream:

“I started my education to become a nurse so I had no intention at that time at around 20 I mean I worked a little bit in the company but I finished the education after 1 week and I remember the place where I took the decision and the 3 different things that made me decide this but one of them was actually that my father actually never said that he wanted me to take over but you could feel it. Then we -my husband and I began our education of economy that’s where we met Larry actually at Linköping and after that we came home back up to where the company had started and worked for some years before we took over”

“That was also quite dramatic because it was difficult at that time to take over in Sweden tax wise and to make the shift in the generation and my father had been ill, he had had some small heart attacks but we didn’t talk a lot about it either, but then one person who had a good solution to the generation shift which didn’t mean my father had to pay a lot of tax - he could even have some small money left, so then and it was decided that - it was on a meeting with Handelsbanken that the beginning of December end of November or something like that and then my husband was at that meeting I was not there because we had 3 children, and he had to answer then and there. Well my father had to leave to managing position - leave it to someone else and so he had the question from my father if he wanted to become managing director but they had never discussed it really and be said yes, the process started
"and we could go through with it before the new year because that was important and then my father died in February"

"If that hadn’t happened we could never have taken over because we didn’t have any money to pay inheritance tax so we took over the business then in February 19 and then he died, he was only 58 years". (Irene)

The idea of selling the company to an outside party is not conceivable to the owners. The capital venture firm Nordic Capital is locked in for a 5-year viewpoint, however the owners have first right of say about what happens after that. Currently they feel very comfortable as owners with their understanding with the venture capitalist firm, in some sense it’s much easier for them to discuss strategy with just one other group of owners rather than dealing with 3000 individuals, which is how it was when the company was public.

"They have a shareholders’ agreement with Nordic that even though they are minority, the shareholders agreement is so strong so in fact the same influence as Nordic”

Irene and Jack are on the board and the shareholder agreement says that there should be two representatives from the main shareholders, two form Nordic capital and two from the family, and then each party has the right to elect one external and Jack and Irene they decided to bring along one of the board members from the old board, while the Nordic side they haven’t used their right to elect one, they said they would do that when we find the right guy and then there should be a consensus about the chairman, me”.(Larry)

Even though the other owners are venture capitalists that generally have a much shorter-term view than a family firm does, Irene and Jack do not feel compromised as owners of a family firm. Nilsson’s wants to be a family business and they market themselves as such. Many of the firms they have acquired in their international markets are family firms as well. Irene and Jack believe that it is important to the future of the company that it remains a family firm.

The values of Nilsson’s are very much in line with the values of the family, and the way in which Irene was brought up. They are humble and open in their daily dealings with customer and they also remain true to their own role as leaders in being aware that they are very much the role models for the company and people often notice and are perhaps critical of the people on top. Therefore Irene thinks it is critical to be seen to not only talk the talk but also walk the walk. This however in our opinion is done with ease. Irene and Jack came across as being incredibly humble considering all that they have achieved in their capacity as owners in the last 30 years.

The family owners have three sons, one of whom is currently working in the company in the capacity of global customer manager. There has been no discussion with regards to succession as yet. The company today has more than 1,200 employees, and is represented in 35 countries and offers complete packaging solutions to international industrial groups.

5.3 Svenssons’

The two sons contributed to this research and the interviews were held in a meeting room at their office in Bankeryd. The eldest son is the CEO of the company and has no formal education. He focused on the business economics subjects in school and got a job at a bank after finishing high school and his role in the company has been the accounting and economic side of things. The younger brother has a background in IT and had a small IT business prior to buying this company. His role here used to be IT based but has as the business has grown moved on to more marketing focused activities.
This company was different in terms of the history. Svensson’s was bought by the family and founded by someone else. The company was founded in 1982 as a photo shop. They had some stock left and needed to get it sold. Therefore, they advertised in a magazine and the stock sold very quickly. The idea of the currently firm was developed from that idea as the success was so huge they decided to make it a separate company.

Two of the sons and their father purchased the company together in 1993. The business then had a turnover of 35 million SEK. The three men had no previous experience in the photo business.

“We were a bit nervous but it was three of us and dad was there, I don’t think we would have done it without him” (Fred).

The father was an entrepreneur and had started and developed a number of companies over the years. The sons, Jesper had worked at a bank for five years and Fred had a background in IT. They all felt that it would be interesting to do something together and came across this opportunity.

“We didn’t do it the normal way, where the grandfather starts the business and the next generations take over in turn” (Jesper).

The business grew rather quickly due to the digital camera being introduced on the market in 1998 and the internet business developing further. The web based business was the base of the company and today there are stores in Stockholm, Malmö, Mölndal, Bankeryd and in Norway. The growth was very rapid and the three of them owned and had all their money in that business and this was felt to be too risky. A capital investment company was included in order to gain capital for expansion. When that investment time of seven years was over in 2008, the father wanted to retire and sold his share and the two sons kept 36% of the business. The remainder was bought by two sons of one of the famous investment families in Stockholm. Therefore, today there are four owners, two sets of brothers. They are all on the board with an external member as well. The board meet five times every year and reports figures and make some decisions. However, ideas are discussed prior to board meetings and developed over time. The CEO tries to influence the others on the board to get what he wants.

“One of the reasons the two brothers chose to invest in our business was perhaps that they thought we were making good decisions so they let us get on with our firm” (Jesper).

The idea is that Jesper and Fred run the business and the majority owners are silent partners with a say.

“We are not controlled by them, they are not active in the firm but they are on the board and have opinions. However, they are not involved in the day to day business” (Jesper).

The board might tell them to speed up or slow down the processes of the new plans. Jesper and Fred both feel that they are the owners despite not owning the majority of the business.

“I make decisions as an owner not just a CEO” (Jesper).

They view it more as an investment as they have not inherited the business and accordingly feel a bit less attached to the business than they would have if they or someone in their family had started the firm.

“I don’t think that I would stay very long if we sold the business, I would finish my current projects but it would be strange and work but not be the owner anymore” (Fred).
The firm has grown slowly but steadily since the company since Jesper and Fred took over. The number of employees has increased from 10 to 70 over the past 15 years. The company has expanded into the Norwegian market and is at the moment focusing on entering the other Scandinavian countries as well. There is no long term strategy as such, however, if there is an opportunity they will consider it.

“We are doing this right now, and we’ll see about the rest later” (Fred).

The next step would be Finland and then have the Nordic countries as a base for the firm. This is more of a natural development as customers and suppliers become more internationalised. It is believed that the bigger companies may be a bit put-off by the small markets in Scandinavia and therefore that gives smaller firms a chance to get established. The goal is to earn enough money and to have an exciting job to go to. The ambition is not to dominate the world; they feel that the level of work is at a good level now.

They are influenced by how they have seen their father work and what they think he would have done. They still talk to him about business issues to get advice and another point of view. Being brothers and working together might limit the discussions. It gets more emotional than when they speak to the other owners. The four owners have a good relationship. However, it is felt that the structure has changed in the firm since the investment brothers became involved.

“We have a better structure of the board contribution and the paperwork” (Jesper). He continues: “I guess small-business managers do not sit around and make up budgets and things, it’s more of a feeling”.

The family tradition is to take one step at the time and try to make the money before they take the next step.

“We are firm with that strategy; we don’t take very big risks” (Jesper).

With the extra investment money available the firm has grown a bit faster than otherwise possible. The turnover now is 370 million SEK and the company has 70 employees.

“We try to keep the feeling of the small business, a family business, so we have quite a lot of discussions around the coffee table” (Jesper).

It is possible that the turnover would have been doubled had the owners taken more risks. However, the CEO claims that they have prioritised profits over turnover. It is more important to earn money long term than to have a high turnover. He thinks that being from Sweden and Småland in particular gives you certain values. The fact that you cannot stick out and be different is always in the back of your head.

“Had we been in the US we would have had a skyscraper with ‘Jesper’s house’ written on it” (Jesper).

They do not see themselves as stingy however they are careful with their money. Have to keep a low profile in Sweden as well due to the Jante law (Appendix C),

“it is more of an achievement in Sweden to win money at Bingolotto than to earn it and I guess that constrains the development of businesses here” (Jesper). Fred mentions that “the business culture in Stockholm and Småland is different, there is no problem being more formal in board meetings but we need to run the business as we always have done”.

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This company is also different in terms of industry. They sell products that could be described as hobby related. The interest in the products is therefore different from some of the other companies used.

“It is a good job to have, the people that want to buy our products are involved and positive” (Jesper). This is one of the reasons for why they are not considering selling the business yet. “It would be difficult to find another job that is much fun” (Jesper).

They consider themselves to be a family business however; the goal is not necessarily to keep the company within the family in the future. They work together as a family and use the father’s experience and support when making decisions. Their mother was never involved as she was not particularly interested in the businesses and at that time it was not very common that women were involved in business. She was looking after the five children.

“My brother and I get along well. We have had very defined roles within the firm to avoid stepping into the other’s area with ideas and opinions” (Jesper).

It is clear who the leader is, and everyone knows that they are both owners. This suits both brothers. Fred feels no need to have the responsibility for employees, their families and so on.

“I communicate more as my role in marketing than as an owner, I am one of them” (Fred).

Jesper is aware that he is the one responsible if something goes wrong. However, he feels that the credit he gets when the business is doing well is worth it. They do discuss strategic decisions together and they tend to agree on new ideas. Usually they let new ideas mature before carrying them out. They have not experienced any difficult decisions really as the business has continued to grow and it has always been successful. Having become a larger business has led to that more work has been delegated which is not a problem for either of them. People tend to stay with the company for a long time so they know each other well. The retail employees obviously are a bit distant and that could be improved according to Jesper. It is getting more difficult to sustain the culture as people are not working as closely together anymore. They feel that they have good coworkers/employees who can do things to their satisfaction.

“If you are lacking a certain competence you have get people in who know the stuff you don’t” (Jesper).

The fact that the CEO has no university education does not really bother him. However, the fact that the business is growing and they are delegating more work has led to them having a little less control and therefore do not feel as emotionally attached to the business anymore.

“I think you are more emotionally attached to a smaller business” (Jesper).

The father and grandfather both are entrepreneurs and started and bought businesses throughout their working lives. The two sons grew up in an entrepreneurial home and the other three siblings have also developed an interest in businesses.

“The temptation to try it for ourselves was of course there” (Jesper).

“It was natural to work with your own thing” (Fred).

However, they are more design focused and have chosen to do their own thing. Throughout their childhood many businesses were related to the family and hence it is believed that they view businesses more as a temporary investment than a lifelong commitment. However,

“We don’t see an end to it either” (Fred).
The business is seen more as a foster sibling than a ‘real’ sibling to make that comparison. Jesper mentions that his children know what he is doing at work but they do not really talk about the business at home. The brothers as individuals were rather separated from the business and able to have a more normal work relationship to the firm. They have set the rule that work issues are left at work and they leave at five and go home to their families.

“There is a blurred line between work life and private life. However, I am pretty good at leaving work here and not work in the evening or weekends at home” (Jesper).

“Obviously you bring work home, you always carry it around. I have become better over the years to leave it at the office though” (Fred)

Their wives are not involved as it is believed that that would complicate things, which is in line with the literature that suggests that the more identities that have to be confirmed the more complex the situation is. Not having other family members working or being part owners keeps the family and the business more divided.

“It would be difficult for her to become part of the business as she would always be my wife” (Jesper).

He also feels that it is good to have different lives so you can let go of work when you leave and go home and do something else. The two brothers do not spend much time together out of work hours, and feel that they see each other enough while at work. Therefore, they do not tend to discuss the business in private or informally according to Jesper. They have, as the business has grown, become more formal at work. With the investing family they have also had more pressure to be more formal and report figures etc, which would not necessarily have been done otherwise. There is no plan to let the business go on to a next generation. Both felt that they could sell the company and be happy to start something new or buy another business.

5.4 Viktorsson’s

A farmer in Östergötland founded Viktorsson’s in 1962. He had four children, born in 1951, 1957, 1960 and 1962, and the family was struggling economically. Therefore, the father decided to develop a machine which would make the farming more efficient. The neighbours saw his creation and wanted machines like that for themselves. He then built a few more and that was the start of the business. There was a real need for better products and he was creative. In 1964 he employed the first person. The father still worked as a farmer as he built the business and never saw himself as a business man. The growth was never planned it was more natural development

“Like when you throw a stone in the water and the rings spread” (Charlie).

All the children were involved in the business when they were young and often helped after school and during holidays. The oldest son was 11 years old when the business was set up and when he finished year 7 in school (aged 13) he joined the firm full time. In the late 60s he began to work with product design and development. Carolyn however, had a totally different view and interest in the business.

“I hated everything about it. It was the only thing that my family talked about. We were always pushed to do things, going to exhibitions... there was no interest in anything else, nothing else mattered”.

The three brothers had more of an interest in the agriculture and mechanical side of the business. Only the daughter did not see a place for herself in the business, especially when the business was
so small. In the early 80s Charlie officially took over the CEO role from his father. He had worked as the CEO for a number of years and when his father ran into difficulties with a customer he decided that it was time to leave. After the succession he was not active in the business but followed the business on a weekly basis and was always there for advice. While he was the CEO Carolyn who has a nursing background began to help out with customers abroad as her English was better than the other siblings’. The business was rather small at the time and she has seen all corners of the firm. She became interested in the selling and working with customers and it did not take much convincing for her to start working full time in the firm.

“We grew up with this even if you tried to separate yourself from it” (Carolyn).

Charlie sat as CEO for 25 years and as the business grew that role became more administrative and involved less customer contact. He hates papers and organisational work.

“It was frustrating to see problems and not being able to do anything about it in this role” (Charlie).

“Charlie’s mind in terms of engineering and inventions, solving tricky problems with simple solutions, is one of the 10 best in the world” (John).

“He is the brain in the company. He is the driving force in the production development. He is the head of the family.” (Carl).

The natural talent and creativity is very important to the business. Charlie himself claims that he is part of a team of engineers, customers, farmers and advisors and they together develop the products. He admits to being “the pushy one” in that team but does not see himself as different from the others. The CEO, John and Carl all suggest that he is the brain of the company and that he almost has too many ideas and finds it difficult to stop.

“The company will have a list to last for years if he writes down all his ideas before he stops working here” (Carolyn).

This is one of the reasons why he talked his younger sister into taking over the role as the CEO. She feels that it was not a difficult transition when Charlie left that role. He had wanted it for such a long time and Carolyn worked as Vice CEO and learnt a lot and then she finally gave in. She decided to give it five to ten years.

“By me doing this now I can see an external CEO, I think that is what we are going to have next time” (Carolyn).

It is tough being the CEO, it is lonely at the top with all the worries. Charlie is always there to support and answer questions but he actively tries to leave Carolyn to her own and deal with things herself. He does find it difficult sometimes and he will hint if he sees problems occurring. He has done this for a long time and sees things quicker than she does.

“I feel that I create more value for the company in this role” (Charlie about being in product development).

The general opinion is that it was definitely a waste of his talent to have him as the CEO. Charlie enjoys being creative and travelling and seeing customers. The Vice CEO (John) works as a link between the two siblings and is head of development and marketing. The family really appreciate him and he has a unique relationship with the siblings after 12 years in the business. He is the first one that has been as involved as he is.
“You get a feeling for what you need to check with Charlie. In 999/1000 cases, I know their opinion, I know what they would answer” (John).

Carolyn feels that some things are more difficult than others to speak to her brother about and then it is very useful to have an external link. There are a lot of emotions and complexity between siblings, which you do not experience with ‘normal’ colleagues. His role obviously is very connected to both siblings and that is the reason for him feeling connected to them.

“I see myself as a counterpart to Charlie. He is chaos. Inventions, everything has to be done now and it is all equally important. Someone has to get him down to a level that works and get everyone in the company working in the same way.” (John).

Carl feels that the distance between the managers and the family has increased. It has become more specialised as the business has grown and people are not involved across departments.

The company now has a five year strategy with a three year action plan. Each year a new five year plan is developed and revised.

“We feel as a family that this is our role in life” (Charlie about the company).

Our mission is to take advantage of opportunities, to be the first to move.

“We wish we could achieve more than we do” (Charlie).

Charlie does not want to describe his feelings about the business as pride. He feels that they should be happy and thankful for the opportunities they have.

“I’m like the cowboy who killed all the people in a village – I’m just doing my job, this is my role” (Charlie). Carolyn says that “Today I find it mere amazing to be given the opportunity to work in this business, see it grow and be part of it”.

Despite the fact that there is no solid growth strategies and goals the expectations are very high. Charlie states that in the next five years the South American and Australian markets are the focus for establishment, which means being market leading. Carolyn finds the Middle Eastern and African markets to be interesting. She thinks that in the long term Viktorsson’s will be expanding, entering new markets and inventing new products.

They are looking further away, into new segments with different types of agriculture. This means that there is a lot of product development needed and also that there are more legislations to take into consideration. Not everything can be produced in Sweden and exported as some countries have import laws and therefore, they have to produce locally. It is a long term thinking company and therefore they sometimes invest in markets facing economic downturn. They do that for the existing customers and for the future. That is the advantage of being a private family business. Viktorsson’s is also involved in a Canadian company as owners of 49% which is just viewed as an investment for now. They come with suggestions but are not too involved.

There are six people on the board, the four siblings and two external members. The board is not used as a forum for strategy development. The ideas are already discussed prior to meetings and there are no surprises. The company uses forums throughout the firm to organise the work.

“Father had a pragmatic view which is good to use” (Charlie).

The owners are above the board in the structure. There is a mix of formal and informal meetings. There has to be a level of formality to be in order. This has been improved over the years as the
business has grown. They are trying to be more organised and have clear roles and expectations. Now it is not just family involved in the decision making. There are no secrets within the company. All documents are open for all to read should they wish to do so. The two brothers who are not in top management are not left out; if there is anything they want to know they can find out.

“We have taken roles where we can contribute the most – not necessarily top management” (Charlie).

He believes that you should not be involved in everything just because you are family, and that is why it works so well at Viktorsson’s. John feels that part of his role is to help him choose between the ideas. However, the final word is always in the family.

Succession has been thought about but nothing has been decided.

“I haven’t thought about retirement but it is annoying that I am 58. You have to accept it” (Charlie).

The two eldest cousins are doing well, they are educated in business and Charlie’s daughter has interesting and international work experience, which is a helpful addition to formal education. Charlie says that he would not try to talk his daughter into the business but thinks that it would be nice.

“She should come when she is ready for it” (Charlie about his daughter).

Carolyn feels that she does not try to push her children in any direction, they have to make their own mind up. Her oldest son is very interested in the business and they do talk about it from time to time. There are nine cousins in the next generation and the hope is that a few of them will take an interest. Carolyn explains that she would be scared very much by having to go into the business with eight other people, it would be very complex. If anything she would advice them to be careful about going in. Four siblings have been difficult enough. However, they seem to have solved that (or maybe it was luck) by working and having an interest in different areas of the business. The roles fit their personalities. It is also different as they grew up on the farm and with the business. They have been able to do their own thing and not had arguments. There is always consensus about things, Charlie never tries to push his way.

“It is good respect” (John).

The business “is like poison, it is in your blood” (Charlie).

It is natural, they do not think about it or question it.

“I never think that I created this. Not like Americans” (Charlie).

They feel a responsibility for the people who moved to the town to work there, and believed in the company. This is difficult now as they have to lay off people.

“I work for the people, the customers, the family, to fight competitors” (Charlie). Carolyn’s drive is “to do the best for the business, try to find new possibilities everyday and see the business grow, and the people who work here”.

The fact that Charlie is such a huge part of the development of the products and the business, seem to be a little bit of a risk for when he does take a step back. It will be a big change when he leaves. However, John claims that he is not the centre of the firm. The international developer feels that it is good that they have a goal, that they aim to grow and enter new markets and that they are not focused on money.
The family values have been worked into the company and there are booklets for people becoming involved in the firm. The ‘original’ group of employees have worked closely with the family and know what is expected of them.

“It has never been 100% clear what is expected of people, in a small business everyone knows everything, there are no clear roles” (John).

Carl has worked in the company for 27 years. He started after school and has had various positions within the firm. You have to belong to the company and feel that it is in your soul. It is important that employees share these values and the family prefers that they also have a genuine interest or background in farming. They have also realised that it is impossible to be good at everything and have a focus and outsource the rest of the process. This has never changed since the 60s. The fact that the business stayed rather small for a rather long time led to that there were very close relationships with the customers and that is a value that they feel strongly about today as well. The employees realise that it is the customers that pay their wages and not the family. Everyone has to work in that direction. The founder was a farmer himself and he felt that he should treat his customers as he wanted to be treated. It is also important that everyone says hi to everyone, it does not matter if it is a manager or someone from the factory.

“We care about each other. That’s important” (John).

They invest their money in the firm which benefits the employees. It is an open company and the managers feel that they can say what they want to.

5.5  Axelsson’s

The interview with the CEO of Axelsson’s was held in Swedish and the quotes have therefore, been translated into English as precisely as possible. The meaning of the sentence has obviously been the most important to maintain.

Axelsson’s is a business, which differs from the average family firm we have explored. This firm purchases family businesses but keeps them as individual businesses. Axelsson’s is basically seen to be in the first generation now, and is the subsidiary company of a production company, which is the development of the bought business. The original company was founded in 1937. Back then it was a neon light company which made signs for companies. The business developed further and TJ bought a part of the business in 1980 when he was 24 after he had completed his university studies. The company was bought for 10 million SEK when it still had one main focus in terms of production. The taxes were high and TJ had two children and no money. The goal was to be able to sell a part of the business to gain capital but to stay in control. There was another owner of 40% of the business who was satisfied with how it was going. TJ had the idea of joining the OTC market but the company had to increase the turnover in order to be of interest in the market. Therefore, they decided to buy businesses. There was no interest in buying customers or suppliers so the choice was to aim to be diverse and buying companies with different specialities and focus. They wanted to have a market leading position and the strategy was to buy, develop and run businesses. In 1985 the current CEO joined the company and the business idea was to develop, buy and run producing businesses. 1987 the first company was bought and 1988 they entered the stock market. TJ sold some of his shares to get a secure family situation. As ITAB Industry was making more money they felt brave enough to expand into Norway and Denmark. In 1992 there was a financial crisis in Sweden and that made it possible to purchase companies for a good price. They went with the economy when it was on the way back and pur-
chased a number of firms. It was decided to divide the firms we owned into three groups; shop fittings, electronics and plastic. The major focus was on the shop fitting businesses. In 1995-1996 they had two companies, one in Sweden and one in Denmark. There were five competitors in total in the Nordic countries and there were discussions with the other firm owners about what to do. The original firm bought another two companies (the Finnish owners were not interested in joining) and became market leaders in Scandinavia. The production became more efficient, supplies became cheaper as larger quantities were needed and the demand was increasing. This part of the business became very profitable which encouraged further investments. In 1999-2001, 200 million SEK were invested and concepts rather than products were sold to a more centralised market.

“This was a tremendous strategic move”.

The customers were cooperating with similar businesses abroad, which further improved sales figures. In 2003 it was realised that a clear division of the groups would benefit the stock prices as the company would have more focus and not be all over the place. This idea was carried through as the family was approached by a potential buyer who was interested in the electronic part of the business. The rest of the companies were divided and a shop-fitting firm was created and the original firm became Axelson’s. The ownership structure was exactly the same in both companies as shares were distributed to all current owners in Axelson’s. The CEO of Axelson’s sat on the board in the shop-fitting firm and they shared offices. However, it became complicated to sit together with two stock listed companies and a new office was built for Axelson’s. As the businesses in Axelson’s had not had enough attention over the years a new goal was set and worked towards. In 2008 the company had 1000 employees in five countries and had a turnover of 1.4 billion.

TJ and his family got the largest share (27.5%, however 55% of votes) and is viewed as the owning family. The other owners consist of a number of families, both involved and not involved in running the company. The CEO is external; however he and his family are owners of a 1.4% share of the business.

The majority owner is not very involved in the day to day business and according to the CEO

“He has never worked and knows nothing”.

Obviously this cannot be taken literally, however it shows the distance the CEO feels that TJ has compared to himself who has built the business. The CEO has been involved since the business was very small and he feels that he is the one who has developed the firm and is the reason for its success. It is clear that he feels strong psychological ownership over the business. So far the business has had very much the same identity as him. The corporate language is just now beginning to move away from Småländska to English.

“The fact that I have the accent I have helps. I think people feel more relaxed with Småländska than the Stockholm accent. They can relate to me more than a business man from the big city”.

They are buying companies to have a broad product range in order to keep a large market share. They are therefore focusing on purchasing very different companies, with different products and materials. The goal is to satisfy customers and be able to provide a whole package of products and services. It is important to keep the companies as they are, they do not want to fix anything that is not broken.

“We prefer to keep the management team; they know things better than we do”.
If a businesses were bought for reasons other than not being well run or as successful as they could be Axelsson’s tries to keep them intact. Axelsson’s is the sole owner of the firms and therefore has control over them. They want the families to feel comfortable and keep meetings with the families on their own level, i.e. if they are informal they will keep it that way, they do not want to come across as ‘business people’.

“Our philosophy is to keep it simple, I never wear a tie and I don’t always have a sparkling car. It has to be relaxed. They need to feel comfortable with the person they are leaving their baby with’.

The CEO usually spends a lot of time getting to know the family, gains their trust, have meetings ensuring that he is aware of what the family wants for the business in the future to be able to continue towards their original goals and visions. Therefore, a lot of ‘fika’ is had with the families.

“I have been having coffee with a man in Södertälje for three years’.

Steve has spent years trying to convince some businesses that selling to Axelsson’s is the best option they have.

“We work with the companies, we gain their trust and we are not always the one who offered them the most money but they feel that they can trust us”.

Early on, Axelsson’s had to approach businesses they were interested in and who they knew were struggling in some way. Later on as they built a good reputation companies started coming to them and they were recommended by auditors etc. according to Steve they started to go a bit over the top with the purchasing as soon as they got money. They went after companies all over the place. Axelsson’s still actively looks for interesting companies to buy in the future.

“We do contact interesting companies. However, they may not be ready to give it up so it is a slow process. It is a very psychological process when they are getting ready to band over their child”.

Therefore, the company works with the management team to develop a future business plan. After six months they usually go back to update and ensure that everyone is agreeing. The problem is that entrepreneurs have most of their knowledge and talent in their head.

“We try to pull out their competence and document it”.

Sometimes if there is no team, just the owner/founder it can be problematic to develop a plan and it may be easier if they leave the company first.

This case adds to the research by not being a ‘normal’ company in terms of production or sales. The strategy is to buy other family businesses that need capital and where the family is not interested in keeping the company within the family any more. Finding the companies is all about taking advantage of opportunities, not luck.

“It is preparation that meets opportunities”.

Entrepreneurs are special people and they may see opportunities that other people do not. However, it is important to be prepared, the road is not straight. Companies have to be flexible.

“You cannot sit and construct a strategy as such, flexibility is important as private needs, market development, customer demands change. No definite plans are made, just loose ones, but no set dates”.

They allow for the businesses to be individual companies and run by the same people. However, Axelsson’s will take over the ownership fully and have a say in the strategy making. They will not
change things if they are not broken but will help the businesses if they do have problems. The company does not have many employees as they mainly look for other businesses. The do not carry out any accounting, HR or other activities in the bought companies and therefore, Axelson’s has very few employees.

Only the external CEO could participate in this research project, he also has a vested interest in the company as his family also own shares and he is a board member. He studied economics at university and created order and accounting tools when he joined the firm. TJ the main owner takes part in the strategy making but has not done a lot of practical work in the company. The interview took place in a meeting room at the company head quarters, and included a PowerPoint presentation by the CEO.

5.6 Zamuelsson’s

The company was founded in 1985 by Scott and is still in the first generation. Two generations are currently working together in the business, Scott and his son, Jackson. The company is one of Europe’s leading zinc die-casting companies, working only with one alloy – zinc. The company aims to provide both reliable and durable material, and zinc die-casting is “not that common”. Sweden is the company’s largest market, with 50% going to export into mainly Denmark and Germany. The company supplies products to several different industries; automotive, electronics, telecommunications, furnishings, and the building industry. The company has only grown organically, and is not yet interested in making any acquisitions. The company has also set up a “Zink Academy” as a way of educating and informing engineers and customers about the different uses of zinc. They began this academy in 1991, and run it twice a year – 80% of their customers are from the Zinc Academy. The company also believe they have a responsibility to educate the market, and use the academy as a tool for doing this. In 2005 the company set up a production site in Bosnia, which is an exact replica of the one in Småland, following the same strategy as here in Sweden. The purpose of this production site is to service the eastern European customers as well as countries such as Austria; currently this is predominantly within the automotive industry. Bosnia was chosen because an employee (who is Bosnian) who used to work at the Småland site wanted to move back home, but not without a fixed job.

During the interview with Jackson he provided us with a short PowerPoint presentation highlighting the main events in the company’s history:

1985 Company founded
1991 Zinc Academy began
1992 ISO Certificate for quality “second company in Jönköping area to receive one – the first was ABB” (Jackson)
1994 First export order outside the Nordic countries – to Germany “A huge contract worth 2 Million Euros” (Jackson)
1999 Passed 100MSEK
2004 Launched own developed plastic injection molding machines
2005 Opened factory in Bosnia
2006 Passed 200MSEK
The company was originally bought with a business partner, but two years after setting it up, Scott bought his partner out. The company is now 100% family owned. Scott is the CEO aged 59, and Jackson aged 29, is currently focusing on sales. Both are members of the board. There are also two external members of the board—the chairman and another director. Strategy however is not formed at the board level “Both my father and I are coming with proposals.” Jackson is the second child of three; he has an older sister, aged 32 (she is also a member of the board), and a younger brother Nicolas aged 22. As of 1995 each of the children own 10%, Scott owns 35% and his wife also owns 35%. Scott’s shares however are worth more votes than anyone else’s.

“He is basically deciding everything, but he can’t take out any money” (Jackson).

Scott’s wife has played no role in the business, and has since the establishment of the company followed her own career as a teacher. However she has been a solid silent supporter of the business since it began

“You must have another life other than business – she (mother) knows a little bit, but not much” (Jackson).

“She owns as much as I do, I couldn’t have done it without her” (Scott).

The company was started when Jackson was five years old. He spent every single school holiday and weekend and all his free time with his father working alongside him in the business ever since he was small boy.

“It was natural to follow my father” (Jackson).

When Jackson was seven years old his younger brother Nicholas was born, as a result Jackson spent even more time there, he even went into production, and helped out around the factory:

“Even when I was 10 years old I was always here (at the company)” (Jackson).

“In 1998 and 1999 it was a very busy time for the company because of the telecom market – I was here every single Saturday and Sunday” (Jackson).

Jackson has been working in the company fulltime for the past three years, prior to that he completed three years fulltime study at an international business school in Munich, Germany. Before that he worked at the company for 6 months and prior to that was in a practical engineering school for two years where he also spent all of his practical time at the company as part of his education. When questioning Jackson if he studied courses with the intention of working at the company one day, his response was:

“Yes all the time… all the time!”

Jackson said that all of his decisions in his life have been based on the idea that he would one day run the company:

“I have always aimed at running this company since I was very young” (Jackson).

“If I wouldn’t have that aim of doing that, I would have done something else after I left Munich” (Jackson).

Jackson’ two siblings do not have as much involvement in the company today as he does. His younger brother Nicholas is studying economics at a university in Halmstad, and according to Jackson he is still quite young and not ready to work in the company yet:
“He is a little bit too young to decide – he worked in production for 2 – 3 years part time, so quite a lot of experience. It is up to him to decide if he wants to work here – and that's not easy to decide at 22 – and he shouldn’t decide now” (Jackson).

Jackson’ older sister is however sitting as a member of the board, she writes the board meeting notes and listens, she is not however an active member of the board, and once a week she works in her father’s office doing administrative work and booking trips and meetings. She worked at the company for two years, but did not like it so left to become a florist. Jackson suggested that perhaps she did not like the admin work as well as the fact that it is “not that easy being a child of the owner and CEO” (Jackson). She is however interested in the company, and from Jackson’ point of view it is important that she sits in on the board meetings so that she knows what is going on.

The company works very closely with customers developing prototypes, which often cost the company a large sum of money at the front end of the contract. This is often a point of discussion with customers – often dependent on the contract size.

“Sometimes too close” (Jackson).

The main way they reach their market is through four large tradeshows each year, and their website is becoming an important tool to follow up with customers. There is a strategy group of some sort, however it is too large now and according to Jackson has become a tool for informing Scott and himself of what is going on within each of their departments. The company ventured into Germany predominantly because Jackson could speak German, and setting up the Bosnian factory as mentioned earlier was due to an employee approaching them with his own wish to return home. The goal is to grow and to develop new products and to find new ways to use zinc instead of more traditional materials. Currently they are working hard on getting established abroad. Jackson stated that his father had no specific goal for the company in terms of when he would be “satisfied”

“He is the driving force – doing business, producing parts that are complicated” (Jackson).

Scott is however the primary and often single decision maker of the company, Jackson has some influence in terms of holding key accounts worth large amounts of money in countries such as Germany where he is proficient in the language.

“He (Scott) approves all offers we make, he has the controlling hand” (Jackson).

Jackson categorized his father as being a “powerful” man, and someone who had a very “strong” and “direct” leadership style. Jackson spoke about his father with great pride, and it was very obvious to us that he looked up to his father a great deal. Jackson shared a story with us about how his father began the business initially in 1985 when he was only 5 years old: Prior to Scott running his own business he was a very good ice hockey and football player, he was given a contract to play for his home team (that’s how he relocated back to the Småland area). One of the managers of the football team owned a company that made casing out of brass, which he worked in for a few years with the end goal of buying the company one day. This however did not work out in the end. Scott noticed that all of the companies were making these parts out of brass and aluminum (which Ikea was a customer for), but none were making them out of zinc, which is cheaper to use. Scott went down to Älmhult approached Ikea and said he could produce this part for 20% less – he got the contract. He then went down to Italy to buy the machine, and that’s how it all started. What Jackson had great delight in conveying to us was that what Ikea did not know was that his father could make the parts for only 10 cents not 25 cents so his father made even more profit out of the deal.
Jackson and his father are currently in the process of putting together a succession plan, with the intention that in two years Scott will retire from the CEO position. Jackson drives this plan but the details of it are not yet clear, they are however considering setting up a time schedule:

“I don’t know yet if I will take over yet – I have only written a proposal how I will go ahead and this needs to be accepted by the board and it’s a continual process. Right now I am more or less only dealing with sales, we need to replace me with someone – and I am dealing with quite key accounts in Germany, where I speak German with them – and this is absolutely necessary. I also need to start to work more closely with my father, but it will be a process starting more or less from now. In two years I’m quite sure if they (the board) accept it I shall be the CEO of the company, and if I haven’t been it in two years then I will probably leave the company indefinitely. I will not work here with someone else as CEO than me or my father, it will not work, so if they decide to employ someone else then I have to go” (Jackson).

“If they (the board) decide there is a better person than me then I quit, because I don’t think I can handle that situation – working with someone above me where this company belongs to my family that my father started. But it’s important that you have the best person for the company. I am quite confident that I am the best person. I have grown up in the culture; I have grown up in this thinking. If I say I am not the best than we would have gone in a completely different direction than we have” (Jackson).

Jackson is adamant that his father will need something to do after his retirement from the CEO position

“Of course he will be the chairman of the board, but I will not let him have his office down here. I probably want him to me like a mentor for the company in Bosnia” (Jackson).

“If I take over he can’t work here it needs to be completely separate – he understands that too” (Jackson).

Jackson’s thoughts when asked how he feels about the company today:

“I feel proud, I feel proud about what my family has done. It has of course helped me a lot. I have been doing international studies for three years, this I couldn’t have done without this company. I have gotten a lot of opportunities working here, being involved in decision-making and customers, and this I wouldn’t have gotten elsewhere. I have also had the opportunity to work for other companies – I have done that though. I haven’t been forced to work here. I am very satisfied with it (the company), but I am also proud of it. I don’t want to change my life for something else. I don’t want to change this company for a lot of money. It is like my brother or sister. I don’t want to sell it. I care as much about this as I do about my brother or sister” (Jackson).
6  Analysis – Step One

As demonstrated in the preceding six case studies there are numerous examples of components of identity. This first stage of analysis discusses the factors influencing the micro-process, with illustrations from our six cases. This chapter is structured according to our three components of identity; identity, psychological ownership, and attachment, with sub-headings based on the influencing factors. In this part of the analysis the model previously seen in the summary of literature is adapted to our findings and new literature will also be brought in to support our findings from our interviews.

The below model (Figure 6.1) shows in the box on the left what the influential factors are. Some of these influential factors were derived from the literature review we conducted prior to interviewing and could previously be seen in the summary of literature. However, we discovered new influential factors through the interview process and these have here been added to the model below. Birth order, dyad relationships and priority of identities and history were all derived from the literature. Circumstances surrounding the entry into the firm, tenure in firm, and involvement in other control type roles were derived through the interview process.

- Red boxes denote factors were found within the literature
- Red arrows denote linkage of the influential factors within the literature
- Green boxes denote factors were found through the interview process
- Green arrows denote linkage of the influential factors through the interview process

Figure 6.1 Influences on the Micro-process
6.1 Identity

As demonstrated in the model, there are many influences on the identity factor. Birth order was identified prior to the interviews through the literature review as having a significant influence on one's identity, as was the priority of identities, as well as history. Originally we thought that dyad relationship was perhaps an additional component to be included in the micro-process part, however after further literature reading and through the interview process we found this to be more of an influence on the peoples’ identity rather than a component of identity. We discovered through the interview process that the circumstances surrounding their entry into the firm and, their tenure in the firm had impacted significantly on their identity as did their involvement in other control type roles.

6.1.1 Birth Order’s Influence on Identity

Birth order influences the individuals’ identities by shaping their personalities’ as children, how the siblings interact with each other, their sense of leadership, their sense of responsibility towards the family firm, as well as what roles they take on within the family firm.

The two brothers in Svensson’s were the oldest out of five, and perhaps had similar roles growing up within the family unit, being responsible for the younger ones. This similarity in their family roles has allowed them to have a highly amicable business partnership, with a clear definition of business responsibilities and a similar view of the future for the business. Also both brothers entered the business venture at the same time, with the same intentions which therefore means there are no apparent power or control issues between the brothers.

This however is distinctly different for the two siblings in Andersson’s. Charlotte the older sister as shown through the case study has spent a large proportion of her life involved in the family business or working towards one day becoming involved in the family business at a cost to her own personal life. Charlotte’s sense of responsibility and commitment towards the family firm has perhaps deepened because much of her identity and feelings of efficacy have been derived from the family firm. Lollo on the other hand being the second child has been “allowed” to develop other facets of her identity to offset the responsibility or weight both siblings bear related to being family business owners. The siblings’ responses towards the family firm are in line with the birth order literature. Sulloway (1997) states that firstborns tend to be high achievers, aggressive and diligent. In terms of being leaders, gender does not make a large difference. It has been shown that female executives are most likely firstborns. However, only 50% of the high achievers are firstborn. It is believed that later-born children who achieve more tend to have personalities that challenged the older siblings. Personality is a combination of genetics, environment, personal traits and experiences (Sulloway, 1997; Davey et al., 2009). As siblings are different ages when they experience things they may be affected in different ways (Davey et al., 2009).

Birth order also plays a role in Viktortsson’s; Charlie as the eldest child has more of a patriarchal role within the family, he has spent his entire life working in the company and has had no other career experiences. He joined the family firm at the young age of 13, became involved in the design development and has become the main innovative force behind the company. Mittal (2006) suggests that this would lead Charlie to view the business as a large part of his identity. The products are a part of him or perhaps a part of him is in the products as they are his ideas. It was evident when interviewing this company that there were extremely blurred lines between what areas of the business Charlie feels responsible for and is involved in, in comparison to the other three siblings. This is also true of Jackson in Zamuelsson’s and Charlotte of Andersson’s.
6.1.2 Dyad Relationship’s Influence on Identity

The dyad relationship between Charlotte and her father from Andersson’s had a significant impact on how she viewed the family business. Also, her sense of responsibility towards the family firm, what was expected of her, and ultimately this had an impact on the succession process. This dyad relationship also left lasting effects in terms of how she chose to portray herself as the new leader of the family firm.

The way in which Charlotte dealt with the succession process was in contrast to Dumas’ (1989) findings. Charlotte claimed her place as the new leader of the family firm in a highly assertive manner and set herself apart very quickly from her father. Dumas’ study (1989) showed that females normally indirectly confront their fathers through the use of a third party. Charlotte however was forced to have this confrontation head-on with her father in the very public arena of a board meeting. As a result of this confrontation (which led to her father leaving his position as chairman of the board prematurely within a year of Charlotte taking over as CEO), this left a lasting mark was left on their personal relationship. Charlotte disclosed the idea that her father had trouble viewing her as a powerful business women and was surprised that she was no longer “his little girl”. This of course has a great deal to do with peoples’ perceptions, and how they view their children, what is expected of them, and sub-consciously how parents view their children in terms of capabilities.

Charlotte stated herself that she is more risk averse than her father. Perhaps this was a major reason why she felt she could not go to her father for advice and why she did not seek his opinion. Ultimately Charlotte felt strongly about wanting to do things her way while she was the leader of the company. Lollo apparently does not have such a confrontational dyad relationship with her father. However she is second born, and did not take over directly from her father so did not have to contend with the difficulties and emotions surrounding the succession process.

A topic which is not discussed within the literature on dyad relationships within the family firm is between mother and daughters. Both Lollo and Charlotte felt more pressure, both verbalized and silent from their mother in terms of taking on active roles within the family firm. Lollo had stated that their father had always intimated that it must be their own wish to participate in the family firm. However from their mother’s perspective it is more of a directive that it is something that they must to – a family commitment that must be fulfilled.

It can be assumed that Charlie from Viktorsson’s and his father had a strong bond with a huge sense of sharing and working towards something together since he joined the firm at the extremely young age of 13. He is the oldest son in the family and he had an interest in farming and the design part of the business from the start. Once the family business started, that was the only discussion around the kitchen table. Nothing else mattered nor was of any importance from Carolyn’s perspective (Charlie’s younger sister). There is no evidence that Carolyn had a more harmonious relationship with her father than the other siblings. She did however join the firm as a show of support for her brother. This supports the findings that Dumas (1989) discusses, that women often join the firm as a caretaker. Dumas (1989) also stated that women generally found it more difficult to identify with the family firm, which is also how Carolyn felt. She was not interested in farming and design aspects, and as long as the firm remained small there was little on offer for her in terms of what she herself could contribute.

The dyad relationship between Jackson and his father in Zamuelsson’s also influences a significant part of Jackson’ identity within the family firm. Jackson currently is living very much in his father’s shadow, he is still trying to make his own mark within the company, and carve out who
he is as the potential next leader of the firm. Jackson’ father has a big personality and coupled with his competitive nature and experience in the industry makes for a challenge role model that Jackson compares himself to. Research discussing father son dyad states that “sons have been found to have a difficult time in constructing their own sense of identity within the family firm in their fathers’ shadow” (Dumas, 1989). Jackson and his father currently have distinct role separation which supports the literature discussing possible conflicts over issues of power and control, and a way of solving this is to have a clear separation of duties. This dyad relationship however as mentioned earlier is as much about perception of the other person. Jackson views his father as all powerful, and feels perhaps that he is not able to measure up, which could cloud his progress or his maneuvers within the family firm. His father views him as highly capable and committed to the firm and does not doubt his leadership skills. However his father also knows that Jackson will be unable to gain the power and control he needs to lead the company if his voice is still heard throughout the company.

6.1.3 History’s Influence on Identity

Lumpkin et al. (2008) discuss that tradition is a key characteristic of family systems and a fundamental element of family orientation. In a family systems context, tradition includes recognition of a shared history and the practices that serve to connect family members to one another. Traditions tend to persist through time and serve to perpetuate family beliefs, as well as actively preserve unique family culture, ethnic, religious, and/or national cultures. Many of the individuals within our cases used a lot of examples which involved the historical aspects of their firms’ stories and how it impacts on them today. More than anything, this sense of history has deepened peoples’ sense of obligation and responsibility and perhaps control how they all feel towards their family firm. Perhaps this sense of control comes from this deep sense of obligation of continuing on the family firm. One of our findings through our interviews was also the concept of “Jante Law” which several of our interviewees labeled as impacting on their strategic vision as well as other family values that have been passed down through the generations.

Historical references were highly evident in Andersson’s, Nilsson’s and Viktorsson’s and for Jackson in Zamuelsson’s. This is interesting because these four companies are all in different generations, however they way they use their historical references all seem to drive their strategies and the continuance of their family firm. History is a reference point for all of these individuals’ identities. It has been the driving force and the reason for holding onto some fixed assets, such as property. History has also been used as a benchmark for their progress or perhaps a benchmark for their generations’ contribution to the existence of the family firm. We noticed that many kept photographs showing before and after pictures from the expansion of their firm’s sites. Irene from Nilsson’s has been very deliberate in her ownership role to stay true to her father’s dream for the company. Here, history has truly been the driving force. Charlie from Viktorsson’s has also used memories of his childhood of poverty to continue on his path unquestioning how far all of it should go. What is interesting here is that his sister does not see the firm as what saved the family; she hated the company growing up and has not until recently when she found a role in the firm really accepted it. She is thought to view her role as the CEO as any other role in the firm, not necessarily linked to control and leadership. Carolyn is not as involved in the firm as Charlie and may not have had the same type of relationship with their father being a girl and having less in common than the brothers did. Her distance to the firm has also enabled her to have her private life separate from the firm. An interesting point we came across in the interviews was that of external cultural influences, which could be a combination of both family values and national culture. Some of the companies
were very aware of the national environment that they are operating in. This caused them to be aware of aspects such as not being too “showy” and not to appear too driven in their goals of success for their business. Nilsson’s and Zamuelsson’s were not prioritizing the fact that they are from Sweden and in Zamuelsson’s case, also Småland. They were not ashamed of their success; they were the only individuals who actually stated that they were proud of their achievements. However, Nilsson’s seems to be more secure in their roles and they view their success in terms of the firm whereas the son in Zamuelsson’s views the success as his own personal achievements. This may also be linked to the tenure in the firm. Jackson still has to prove himself and has not got to the point where he would be seen as part of the firm to the extent that would enable him to take any credit for the company success. However, the owners in Nilsson’s who have been involved in the firm for a very long time and who also are comfortable knowing that they are living her father’s dream do not feel the same way. Jackson is still relying on his own achievements. Perhaps, the fact that he has only had the power to affect the development and success of the firm in a major way for three years means that his own achievements weigh more than the firm’s success. Prior to this he has worked part time in the firm but that has not led to clear contributions.

This is in contrast to Charlie who for many years has developed products and the firm and therefore, may find it easier to see the company’s success as his success. Viktorsson’s is very driven and clearly has set their goals high with market dominations at a global level. However, Charlie did not want to say that they have done well, they have done what they are supposed to do, and this is their role in life. He compared himself to Americans who are allowed to be more openly proud and open about their success. It is possible that his identity’s strong relation with the firm makes it difficult for him to view the firm as something external to himself. It comes across as almost a false humbleness. Perhaps he is really not aware of his own achievements as he is so intertwined with the firm and may genuinely view the company’s growth as something that was just meant to be. This was discussed by Sundaramurthy and Kreiner (2008) who stated that this could have a negative effect on the firm. It is as if his sister can be more objective and open with the family success as she finds it amazing that she is in that role at a very successful firm. Perhaps also, his childhood memories of poverty have left a lasting effect on him, something that he never wants to be repeated and this is the natural way for the family to avoid this.

The sisters in Andersson’s have added yet another effect of the Jante law on their identities. They experienced that their name was known when they were in school and people knew about the family business. Lollo has found it liberating to live abroad and now in the southern part of Sweden where the firm does not operate. Her sister is, according to her, paranoid and thinks that people are talking about her. Lollo herself, contradicts herself in a way when she says that she does not care if people know who she is but at the same time does not use her last name when she makes appointments and so on. They do want the success of the firm, however, living in a Jante influenced society it is not easy to enjoy that openly. They have to hide themselves and pretend to be ‘normal’ in order to not be judged.

6.1.4 Priority of Identities’ Influence on Identity

Through our interview process we discovered that all of the family members identified strongly with their roles as owners. For some, this role was prioritized over and above the other roles they played within the family firm. We see this example in Nilsson’s where Jack choose to step down as CEO when the company was going public so that he and Irene could focus solely on being “good owners” and contributing to the company’s success in that forum. We also saw evidence of this in Andersson’s where Lollo felt more comfortable in her role as an owner rather than
head of properties, and used her role as a mother and wife as a defense mechanism for not having to become as involved in the family firm as her older sister did. Interestingly, in Zamuelsson’s Jackson strongly prioritized becoming CEO of his family firm above anything else. He felt happy with the fact that his other two siblings have the same ownership share as him even though he has dedicated his whole life to the firm and they are nowhere near as involved as him. Whereas he views the CEO spot as “his or no-one’s”, for him this is the end goal that he has been aiming towards his whole life.

The two siblings in Svensson’s demonstrated almost completely opposite viewpoints in comparison to our other cases. They viewed their family business as a slightly less emotional tie than the others. They still felt strongly about being the owners, but viewed the firm more as an investment than as an extension of themselves. This could be for a number of reasons: they are in the first generation, and they did not start the company from the ground up – they bought an existing firm, and also the company is not producing anything. They do not feel the ownership of the products in the same way as they perhaps would if they had a production business (Belk 1988). Looking at the boundary theory, the brothers have developed a strict distinction between their business and their private lives. The siblings’ view of their business also perhaps has something to do with what was modeled to them as children from their father. Their father also had a number of businesses, but they were bought and sold and from the sons point of view there was no great attachment to any one of them

This however was shown to be the opposite of what Charlie displayed in Viktorsson’s. Charlie has not made clear distinctions between his work and private life. His holidays have often been combined with work meetings. Carolyn on the other hand has chosen to separate herself more from the business. This can understandably have been more easily done by Carolyn since she also developed other parts of life that contribute towards her identity, such as first working as a nurse and not experiencing life only through the company’s eyes.

With regards to the continuum by Roccas and Brewer (2002) Charlie from Viktorsson’s fits into the most complex group – merger. His social identity is the total of his identity and anyone who fits in any one of them will be in his in-group. There are no social exclusions, all family members, employees, customers have something in common with him. Carolyn the CEO has a slightly less complex identity as she has divided up her personal and work life and her children are not involved in the firm. Charlotte from Andersson’s fits into the dominance group where she has chosen one primary group as the main identification – Charlotte has chosen for the ownership aspect of her identity to dominate over other areas of her identity. Whereas Lollo is more representative of the compartmentalization group, where the identities are context or situation specific. This has perhaps been helped along because of the distance she physically keeps herself from the family firm by staying living in Lund, and having clear boundaries with his family life. Jackson from Zamuelsson’s is also in the merger group, his identity and many of his feeling of efficacy are derived from the family firm. Perhaps the reason both he and Charlie are in this group has much to do with their tenure in the family firm, and more than anything, their childhood where huge part of their identities are formed and further developed were so heavily impacted by the presence of the family firm. Moreover what this family firm represented to them left a lasting impression into adulthood where a healthy balance between work and personal life is not possible

6.1.5 Tenure in Firm’s Influence of Identity

Length of tenure in the firm influences peoples’ identities because it means that they prioritize certain roles more than others. This also has to do with where the people feel that they gain more efficacy and recognition for the role they play within the family firm. Length of tenure within the
firm has also shown through our interviews to impact on the growth of power and control that certain members of the family firm hold.

All interviewees in Viktorsson’s stated that Charlie is the brains and the driving force of the company even though his younger sibling, Carolyn is now the CEO after taking over from Charlie’s long tenure of 25 years so that he could focus more of his time on the development of products. Charlie’s involvement within other roles in the company and his choice to step down as CEO after 25 years so that his time could be spend in a more efficient way is very similar to how Charlotte from Andersson’s has choreographed her strategic path in the family firm. They both have spread their influence into many different areas of the business – thus increasing not only their identity but also their control. Scott from Zamuelsson’s has also been very much involved in the high control, however in contrast to Charlotte and Charlie his identity is focused within the CEO role rather than all possible areas. Perhaps Scott’s sense of control is not in conflict with other parts of his identity, he is CEO, owner and is the decision maker and is aware of how to use the power he holds within each of these identities. Whereas Charlotte and Charlie perhaps both feel that they are unable to let go of any area in case they lose control, which means for them a loss of power and a loss of identity.

6.2 Psychological ownership

After reviewing the literature on psychological ownership it is obvious that almost all family business owners would feel some sort of psychological ownership to differing degrees towards their businesses. What however was interesting to discover through our interview process, was the differing targets that the psychological ownership was aimed towards and the reason behind this for all six cases. As stated in the literature psychological ownership can be felt towards both tangible and intangible targets without having any legal rights. Furthermore the core of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object.

6.2.1 Tenure in Firm’s Influence on Psychological Ownership

This feeling of being psychologically tied to an object meant that for some of our cases it was a feeling that was unexplainable. For example, Charlie from Viktorsson’s was unable to really explain or even think about what it is he has contributed towards creating in the past 40 years. He simply felt that this was his mission in life, and there was never any other substitute and never will be. Charlie’s psychological ownership was to a certain extent all encompassing, and his feelings of possessiveness were deeply resonant in him as a person for a number of reasons. The length of tenure has a great deal to do with feelings of psychological ownership and we found this to be true with regards to both Charlie from Viktörrsson’s, Jackson from Zamuelsson’s and Charlotte from Andersson’s. As previously discussed in the identity section, both Jackson and Charlie have lived and breathed their family firm from a very young age which has impacted heavily on their feelings of psychological ownership. Jackson likened his feelings towards the business as it being like one of his brothers or sisters, something he could never get rid of. Jackson went so far as to say that if his father ever sold the business then that would mean that all of his decisions earlier on in life would have been a huge mistake. Perhaps this is why we saw such strong psychological ownership towards desiring the CEO position from Jackson, he felt the need to secure this role to ensure that the company would never be taken away from him. From Jackson’s perspective he viewed the CEO position as the most powerful and one where he could ensure control: “the motive underlying possession is to be in control” (Pierce et al. 2001) and that his self identity was confirmed and expanded through the growth of his family firm: “people use ownership for the purpose of defining themselves, expressing their self-identity to others, and ensuring the continuity of self across time” (Pierce et al. 2001).
Charlotte in contrast to Jackson and Charlie has spent only the past 8 years working visibly in the family firm. However she has perhaps invested that same amount of energy towards the same goal but in another way. Charlotte has also spent her life committed to the family firm, she has however chosen to gain outside experience through working in Scania to set her up for one day running the family firm. This dedication towards the family firm has for Charlotte also created all encompassing feelings of psychological ownership, with the outcome being a feeling of needing to control the direction of the family firm. Or of needing to ensure that another family member is working in the family firm if she is to relinquish a little bit of control: “control of an object appears to be a key characteristic of the phenomenon of ownership…. Objects that can be controlled become regarded as part of the self, and the greater the amount of control; the more that object is experienced as part of the self” (Pierce et al. 2001). We question however how much of this control will be relinquished since, Charlotte is ensuring her continuing possession of being the ultimate decision maker for the firm by now taking over the role of chairman of the board. The investment of self is a facilitator of increasing ones feelings of psychological ownership, this is obviously also tied very closely with the length of tenure “the more individuals invest of themselves into a target, the stronger, the stronger the psychological ownership will be for that target” (Pierce et al. 2001). This offers an explanation to why perhaps Lollo from Andersson’s feels slightly less ownership than Charlotte: “A longer association with the target will likely lead to perceptions of knowing the target better, and as a result a sense of ownership” (Peirce et al. 2001). This feeling of knowing the family business so well is similar to viewing it as an additional member of the family that needs to be thought about, has a life of its own and is also dynamic.

These feelings of knowing the business well are also evident in the CEO of Axelsson’s. Steve has been part of the business since its early stages and it is to his credit that the company developed and is organized in the way it is. Even though Steve is an external CEO and has a very small ownership share he feels as if the business is his. He has invested his time, energy and emotions into building up the company and feels a huge sense of responsibility towards the firms that are purchased and developed by Axelsson’s. Something that has allowed Steve to increase his feelings of psychological ownership has been perhaps the autonomy that the owner has given him. Steve does operate, make decisions and build relationships with people as if he is one of the owners. It is easy to see that Steve too will have a difficult transition when it is time for him to leave the company, even though he is not a family member.

As discussed above one of the aspects of psychological ownership is that an investment of self leads to feelings of psychological ownership. An investment of self comes in many forms, one of them being the inventor of something. This we also see with Charlie from Viktorsson’s. He is the inventor and designer of many of the products that are today on offer. Charlie moving from the CEO position to spend more time on the design of new products was done perhaps also so that he could ensure the continuance of ownership that flows from the self through the invention of these products. We also see psychological ownership towards the European customer portfolio that Jackson from Zamuelsson’s has developed. Jackson has been responsible for catapulting the company further into the European markets due to his international outlook and his ability to speak German. Jackson is very aware that he is the only one in the company that was able to do what he has done, and truly views this as an extension of himself. Perhaps these feelings of psychological ownership will hinder him in his transition from salesman to CEO if he views giving up the salesman role as a lessening of his identity.
6.2.2 History’s Influence on Psychological Ownership

It was also interesting to note that history also played a significant role towards the feelings of psychological ownership. We saw this with regards to Nilsson’s where they felt very strongly about the place Hälsingland – where everything started for Irene’s Grandfather. The barn in Gammelgården where it all began is almost like a shrine to her father’s memory, here they held general meetings for the company when it was public, and now they hold staff training up there as a way of communicating to new employees the importance this location has to the owners. The head office used to be situated there as well until one of the owners stepped down as CEO. The feeling of possession and of psychological ownership of this barn and the feeling of her father’s spirit is very important to Irene. We also saw history play a role when Lollo and Charlotte from Andersson’s talked about the site in Jönköping. This site is probably no longer the best solution for the company and there is no option to expand and it is too small for them. The psychological ownership that the second generation feel towards this site makes it however a moot talking point for the third generation, who perhaps see the need to move to a bigger site, however this is also not an easy decision for them since there are a lot of childhood memories wrapped up in this place. This site in some ways is representative of what the company stands for today. Perhaps this need to hold on to a particular location and these feelings of psychological ownership towards these are so strong because this is one of the few tangible targets for this non-producing family firm. The family are able to look at this site and say this is who we are this is what we do and this is what we have achieved. This can be viewed in a similar way that both Viktorsson’s and Zamuellsson’s had photographs showing the ongoing extensions to their production facilities. They are able to look back in time and see what the company once was and how it is today – this can be seen as the family business owners’ proof or a way of reasoning why they do what they do, why they have invested so much of themselves into the business and for such long periods of their lives.

6.2.3 Circumstances Surrounding Entry into the Firm’s Influence on Psychological Ownership

During the interview process with Andersson’s we noticed the way Irene discussed her entry into the family firm suggested another dimension regarding her sense of responsibility that she felt towards the family firm. According to the literature feelings of psychological ownership can also lead to a greater sense of responsibility. However what is not stated in the literature regarding psychological ownership was a discussion surrounding the emotional aspects of taking over the family firm. This could perhaps be described as part of the psychological state that is learned in the early development process which Pierce et al. (2001) briefly mention. However we propose that heightened emotions surrounding ones entry into the firm implies a greater feeling of psychological ownership. For example Irene and her husband had to make a snap decision regarding taking over of the family firm due to her father dying suddenly and unexpectedly. Irene described this time as very dramatic. Still almost 30 years on evokes strong emotions when talking about the situation. Irene feels a strong sense of psychological ownership towards not only the business but also to her father’s memory and thus his dream for the future of the company.

We also propose that if the succession process is something that has some conflict surrounding it, or perhaps the process is not a smooth transition in terms of preserving the family members’ personal relationships (as was the case in Andersson’s) then this leads also to heightened psychological ownership. Charlotte had to stake her claim as the new leader of the family firm. In order to do this she had to tackle challenges in her own, which means of course a huge investment of herself, thus significantly increasing her feelings of psychological ownership.
These issues of psychological ownership are however not only relevant for family businesses to be aware of why they make certain decisions but also for purchasers of family firms, like Axelson’s, to understand what motivates and de-motivates family firms to sell their businesses.

6.3 Attachment

At the onset of reviewing the literature on attachment, we focused purely on attachment to role. This however proved to be quite difficult in terms of the quantity of literature that discusses only role attachment. Much of the literature on role attachment has focused on employees’ attachment to the organization and none of it focused on family business owners’ attachment. Much of our findings have been about how they view their differing roles and, their attachment towards these differing roles. However, we have discovered in our findings that there is also an attachment to the family firm as a whole, which in some cases presented itself as an attachment to control and power. It is this kind of attachment to a family firm rather to a particular role that has been shown in our case studies to be the key influencing factor in decision-making for family businesses.

6.3.1 Priority of Identities’ Influence on Attachment

In a general sense all family members displayed a strong sense of devotion and attachment to their roles as owners. As discussed in the identity section 6.1.4, Jack from Nilsson’s felt more attached to his role as the owner, thus forgoing his role as CEO when the company went public a few years ago. Jack did not want to jeopardize his role as being a good owner with the controlling hand for the sake of staying in the outwardly powerful position of CEO. Both Jack and Irene’s attachment to the roles as owners has become more important to them.

The two siblings from Svensson’s also displayed attachment to their role as owners rather than within any other roles. Perhaps this is because they bought their family firm as an investment in the beginning, and they associate the role of owner as being in the position to make a financial gain from working in the company. They both view owning the company purely as a chapter in their lives and something that will not always be there. Perhaps the two siblings do not feel attachment to their differing positions in the company because they have not built the company from the ground up. Viewing it as an investment perhaps allows them to think about it in a more rational light where the best man for the job is required. This could be strikingly different for a family business owner who has built the company from the ground up and controls the direction of the company through his role as CEO.

Lollo in contrast to Charlotte from Andersson’s does not feel as attached to her new role within the firm. This could be however due to her only just starting in the firm. However, we could view this as Lollo prioritizing her role as a mother. It could also be said that this is a defense mechanism for Lollo so that she is able to extract herself from the family business at the end of the day. Perhaps Lollo also knows that she must defend herself against Charlotte which is not any easy task with both of them being very strong willed women. The idea of becoming strongly attached to her new role would mean that Lollo would have so much more at stake, that if there was a difference of opinion between her and Charlotte it could perhaps create unsolvable tension between the two siblings if there was a potential power struggle. Carolyn and Charlie from Viktorsson’s on the other hand, depend on each other within each of their roles. Carolyn never planned on becoming CEO of the company, she has always viewed this as Charles’s role, she also knows that she can always go to Charlie for help and support if she needs to. From Charlie’s perspective, the handing over of this role in discussed in section 6.3.2 has allowed him to focus on things he thinks are more important and more tailored towards his skill set.
Jackson from Zamuelsson’s displayed a strong attachment to his role as international salesman for his family firm. In Jackson’s mind, this role is his competitive advantage – something that no one else in the firm can offer (his father). This attachment that Jackson displays is his way of differentiating himself from his father, also a way of displaying how he contributes to the success of the family firm. Jackson shows such strong attachment to this role that it could ultimately impact on him taking over as CEO. He views it as a difficult task to replace himself with someone who measures up in terms of German speaking skills, and this is a hurdle that must first be surpassed prior to him moving out of the role. We could also view this from the standpoint that Jackson does not want to give up these feelings of success that he has felt in this sales role. The feelings of efficacy that he has gained from this role strike a deep chord of ownership and perhaps he would feel a certain sense of loss to this role if he gives it up. Perhaps Jackson prioritizes this role because he is also somewhat fearful of not measuring up to his father in the CEO role, and thinks perhaps he will not be able to succeed in that role.

6.3.2 Involvement in Other Control Type Roles’ Influence on Attachment

We propose that the level of attachment that family business owners may or may not have, could be dependent on their involvement in other control type roles.

Interestingly, Charlotte from Andersson’s did not display attachment to the CEO position when she moved out of it to allow an external CEO to take over. Nor did Charlie, when he moved out of his role of CEO to become head of design. This lack of attachment to these apparently controlling roles is perhaps because both of these people ensured that their level of control remained the same and in some sense perhaps increased (because they now had control over another person in the CEO position) because of their next strategic shift in the company. Charlotte has now moved over from head of property to make room for Lollo, however she remains in control as chairman of the board, and Charlie from Viktorsson’s remains in as much control as ever because he can now focus more of his energy of what the company will in the future produce and where this will take them. This attachment to control for both Charlie and Charlotte has meant that they have surrounded themselves with people that they can control.

We can also discuss Jackson from Zamuelsson’s in this section even though he has not yet taken over as CEO. There is however a planned two year transition into this position which begins shortly. Jackson’s wish to be CEO can be seen as contradictory regarding the discussion about his attachment to his current role in section 6.3.1. Upon analyzing Jackson’s comments regarding possibly moving into the CEO role, we believe that he feels so strongly about realizing his dream of becoming CEO because he sees it as the “ultimate” position. The position where he will finally gain power and control of the company, and perhaps acknowledgement as the role of owner. Perhaps what Jackson does not yet realize is that this power and control that he sees is something his father possess within himself – not what the CEO position will create for him.

6.3.3 Tenure in Firm’s Influence on Attachment

Attachment to role and generally to the family firm can also be influenced by ones’ length of tenure within the family firm. Steve from Axelsson’s shows deep attachment and is a strong example of an external CEO’s feelings towards the family firm regarding length of tenure. Steve has worked in different capacities within the company for 29 years. Working there has spanned almost his entire career. Also the management of the firm is extremely small – he is one of two people. It was not evident that Steve was so attached to the CEO position, it was more of an attachment to the entire company. He has an enormous amount of autonomy in his decision mak-
ing and he feel very strongly about his input into the expansion and growth of the firm. He knows that he has been instrumental in the business becoming the success that it is today.
7 Analysis – Step Two

Chapter 7 presents the second step of our analysis. This links the components of identity to the family firm-level outcomes. We have not focused on their strategies as such, rather used the outcomes mentioned in the stories to illustrate the effects of the components of identity. An extended discussion of our main finding is also presented after the analysis.

In this part of the analysis we look at how the components of identity influence the firm-level outcomes (Dimensions of Macro-Process of Strategy). The dimensions of macro-process of strategy found in our cases are listed below in the model (Figure 7.1). These dimensions have been influenced by the micro-process; Identity, Psychological Ownership, and Attachment.

We do this by focusing on the following two questions:

How do the components of identity influence the strategy of the family firm?

Why do the components of identity influence the strategy of the family firm?

![Micro-Process of Strategy Diagram]

- Red boxes denote factors were found within the literature
- Green boxes denote factors were found through the interview process

**Figure 7.1 Micro-Process Effects on Strategy**

We will investigate whether micro-processes of strategy are enabling or limiting the firm in its development. We use the terms enabling and limiting to describe either positive or negative influences. There will be a general discussion using the already identified firm-level outcomes as examples and, working backwards in order to show what the effect has been. These dimensions were highlighted by the interviewees in order to demonstrate how strategic factors operate. Johnson et al. (2003) suggest that micro-strategy and strategizing are concerned with the same issues. We therefore assume that micro-processes and macro-processes are linked in the same way. We
here use dimensions of macro-process of strategy (firm level outcomes) to illustrate the impacts of the ‘who’ on the firm-level outcomes. Therefore, the strategy process as a whole is not discussed and neither are specific strategies.

Figure 7.2 demonstrates the links between the identities and the firm-level outcomes, the strategy. It shows a direct connection between the risk-taking behavior, control levels and impact on strategy.

**Figure 7.2 Power base within the firms**

### 7.1 How do the components of identity influence the strategy of the family firm?

#### 7.1.1 Internationalization

In terms of internationalization, the identity part of micro-processes is shown to have both enabled and limited the firms. Here, our cases are divided into two groups – international and national (including expansion to Scandinavian countries). Johnson et al. (2005) argue that human beings make strategy. Therefore, we argue that one of the enabling factors of the micro-processes has been their personal interests, and personalities. Their interest in travelling has had an impact on their internationalization. Nilsson’s, Viktorsson’s and Zamuelsson’s have all expanded internationally due to various reasons. However, their interest in travelling has encouraged all of them to take a step outside of Sweden. This is an important enabling mechanism as they all value their customers and visiting the sites abroad is an important part of building and maintaining their relationships. Nilsson’s values their customers and is willing to take some risks; however they seem to be rather careful in terms of their internationalization. Brunninge (2009) suggests that histori-
cially rooted patterns can prevent change from occurring. This applies to Nilsson’s as they are following her father’s wishes to be international. However, they are following their customers rather than moving into foreign markets looking for business. For example, they went to Portugal at an early stage of their internationalization because one of their major customers was doing business there. Hence, change occurs due to Irene’s father’s wishes.

Charlie in Viktorsson’s has always been keen to travel and has chosen his future markets predominantly out of his own interest as much as the potential of the market itself. He is known to combine holidays and business trips and used to bring his daughter along. As being a global company is part of their vision, he is in favor of any market. However, his own interests are clearly a priority. The fact that he did not mention South Africa or the Middle East despite them being in the five year strategy, and given the fact that the CEO stated that he would have said South America before her own wishes shows that Charlie’s opinion strongly influences their strategy. Charlie also wants to be “established” in the markets he ventures into which, means having a large market share. For example, Charlie delights in talking about the Australian market which they have entered in the last few years and where they already have a 20–25% market share. This can be linked to the idea that he is at the top of the Hierarchy of needs (Stum, 2001) and this self-actualization means that his identity is allowed to grow after having been suppressed for so many years when the firm had been the whole family’s only focus. In this family there was little in the way of recognition of individual identities and interests other than those related directly to the family business.

In Zamuelsson’s Jackson’s, international experience has led their internationalization focus especially his German language skills have resulted in a focus in German speaking countries. His father says that the firm would not have had the same focus had it not been for his son. He has built that market by himself and created a huge amount of business. Another influence they have had is an employee who wanted to move back to his home country which provided an excellent opportunity for the firm to expand into the Balkan area. He had local knowledge and a lot of experience with the firm. This shows that these firms are open minded and willing to take advantage of their opportunities when they are enabled by their identity.

The other three firms which have been more limited by their identity have been more reluctant to expand internationally due to two main reasons. The first reason is that they fear a sense of loss of control if the business grows (Andersson’s and Svensson’s). Svensson’s is acting in the Scandinavian market which the CEO thinks is a manageable level. He can see that the next step would be to move further out into Europe. However, at that point they will probably sell the firm to let someone else make that change. Andersson’s is extreme among our cases in terms of having a local focus. They only have businesses in the Småland area. The other reason which is limiting both Svensson’s and Axelsson’s, we believe, are their language capabilities. These two companies were interviewed in Swedish and we think that the fact that they are uncomfortable speaking English may be limiting their goals.

7.1.2 Professionalization

Professionalization of the firm is our next macro dimension of strategy we discuss. It is evident in the case studies that the micro-process have hindered the development of professionalism in these family firms. All our cases seem to have a similar view on this topic. They can all see the benefits of being more structured. However, these boards are viewed more as a formality rather than a useful forum for strategy-making. Perhaps this lack of usage (of the board) points to a fear of loss of decision-making capacity. The growth of the firm is the main reason for the need to be more professional. Having external investors in the business or being a public company has
forced Nilsson’s, Svensson’s and Axelsson’s to formalize the way they work. They have become more structured and hold formal meetings with their investors. Without these investors, Svensson’s states that they would have been more informal. All our cases tend to discuss and prepare, and decide their strategies prior to board meetings and go in and formalize them at the meeting.

Viktorsson’s has realized that due to their size they have to be more formal as there is so much going on in their firm. They have a number of forums within the firm where issues are discussed and brought together. In the structure of the firm, the four owners sit above the board and hence the external members work primarily as advisors, providing suggestions, but the family is the final decision maker. Within the family, the eldest son has the most experience and also the respect of his siblings and so he tends to make the final decisions. He states that there are no secrets and that almost all informal meetings are announced and the minutes are available for the siblings who do not take part.

A similar structure is seen in Zamuelsson’s where they have two external members on the board. However, they only have been allowed to make one decision which was not supported by the CEO and that was to purchase a property. They went ahead and bought the building. However, the CEO made a decision not much later that it should be sold. In Andersson’s, the CEO is external and their two working boards have external members. However, the top board for the company only consist of family members where the eldest daughter has the most influence. She will however, consider other people’s ideas but is rather selective in who she talks to regarding certain issues. In that strategic way, Charlotte obtains the feedback and suggestions that she wants and bases her decisions on those. None of the firms seem to view this professionalization as a positive but rather a necessary step to take. They have accepted that they need to formalize their work however their use of the structure is very limited. This is much to do with their attachment to control and that a professionalized structure takes away part of their personal identity in the firm.

7.1.3 Succession

Succession was found to be an issue in four of our six cases. In the other two case studies this was not found to be an issue as the company was bought by two brothers as an investment (Svensson’s) and the family was not involved in the running of the business (Axelsson’s). An interesting finding was that three of those four firms had gone through two different types of succession – one generation and one between siblings. The fourth company (Zamuelsson’s) has not yet gone through a succession but is currently planning for this to take place in the next couple of years. We have found that the components of identity have a significant influence on generational succession. These components of identity are generally more enabling with regards to the generational succession. Especially in Zamuelsson’s where the father is aware of that he needs to take a complete step out of the business in order for his son to be able to take over and be respected as the leader in the firm. Scott says that in order for Jackson to be able to be the leader, his (Scott’s) voice cannot be heard in the company. Milton (2008) states that family members may continue to view the individuals’ in their past roles. Being aware of this has led to the decision to make a complete cut. It appears that Zamuelsson’s will follow the process suggested by Cadieux (2007) where the father will act as a supervisor during the take-over process, he will then act as a teacher. It was also suggested that both parties must be committed to the firm and competent. Jackson is currently working hard to prove to his father that he deserves the role as CEO. He is definitely committed to the firm, which he has proved by basing his life decisions on the firm. Milton (2008) suggests that it may be difficult to leave the firm as it over the years becomes a large part
of the individual’s identity. In this case Scott is aware of this and has already got plans for the future. These include running another business.

Scott further says that it is time for new energy to enter the driver seat. The company is in an expansion phase and his son is better equipped for that development, he feels that he has done what he can for the firm and he will teach Jackson everything about leading the firm before he leaves. In the other firms however, the reason for the succession has not been that well planned or with that strategic view in mind. In both Andersson’s and Viktorsson’s the fathers were of retiring age and in Viktorsson’s an incident with a customer led him to realize that it was time to take a step back. The son had worked as the CEO unofficially for many years and this just became the point where he officially obtained the title. The fact that the predecessors in these cases intended to take a complete step out of the firm has enabled the successors to take over the role as CEOs. The succession processes were more or less successful. In Andersson’s the father and daughter fell out and she gave him an ultimatum and he left prior to her introduction to the role being completed. In Nilsson’s the succession process was unexpected and therefore unplanned.

The other type of succession that has taken place in these three companies after the generational takeover is one between siblings and in Nilsson’s between friends. This appears to have had less impact at the firm-level. However, it has enabled the individual predecessors to remain in control without working in the role as the CEO. Therefore, they are allowed to take on a role which is more focused on their interest but still run the firm without the day to day administrative tasks. This has limited the way the successors can lead the company. In Andersson’s and Viktorsson’s the successors strongly feel that their older siblings still have a stronger voice and are in control of the firm. The current CEO in Andersson’s has a lot of ideas and is more risk taking than her sister who still is able to stop her from making more risk taking decisions. Carolyn in Viktorsson’s, does not seem to be bothered about her lack of control, rather she is satisfied with her position in the firm. Her brother is the driving force and the entrepreneur and he is behind her if she should need help with the everyday running of the firm. These two firms also went through this process so that the predecessors could focus on other areas in the firm and have a private life. In Nilsson’s however, the succession took place as the CEO did not feel that he was the right person for the role when the company went public. He wanted to focus on being a good owner instead, and let a good friend who also had been working in the firm, to take over. The predecessor had faith in his friend and did not control the firm in the way experienced by other firms. This is where it clearly shows which individuals have a high level of need to control and have a more egoistic view of their role in their firms. The individuals placed at the top of the pyramids are in Andersson’s, Viktorsson’s and Zamuelsson’s. Among these firms Zamuelsson’s seems to have the healthiest outlook and being realistic about their roles and influences in the company. It is evident that the micro-processes can be both enabling and limiting with regards to the succession process. We view this as a “protective” mechanism that some of these individuals feel. This protective behavior stems from their strong feelings of psychological ownership and overall level of attachment that they feel towards their business.

7.1.4 Asset retention/expansion

It is apparent that feelings of psychological ownership, which becomes part of an individual’s identity impacts on both asset retention and expansion. This influence can be either enable or limit the firms’ development. In Andersson’s and to a certain extent Nilsson’s, they are holding on to assets which may not necessarily be of any value to the firm. Their feelings of psychological ownership impact on their macro-dimensions of strategy. In Andersson’s, they are limited by their strong feelings about the office building which they are in today and this is limiting the
growth of the firm. Lollo would like to see an expansion however her sister and mother are attached to the building where it all started. It is suggested in Brunninge, (2009) that not only events but also locations and artifacts stay in the memory and may therefore affect development. Pierce et al. (2001) suggest that people may develop psychological ownership over places in order to have a “home”. This point is also relevant in the case of Nilsson’s, further discussed below. How we interpret the past has an effect on how we see our present situation, and this can either have a driving force or promote stability (Brunninge, 2009). Charlotte may feel stronger about this physical asset because their business not producing anything and, this is the only physical aspect of the business. Lollo is less attached to the business in general and was not intending to work there, however she felt that she could not say no to her sister when she asked.

Brunninge (2009) further says that the past paths can lead to success. However, they can over time turn into sources of strategic inertia which may lead to failure. It is unclear whether it is the limitations of the office size which is leading to the reluctance to develop the firm. Or if the reluctance to expand the firm geographically and in terms of product selection has meant they have not moved to a larger property. Either way, it has been found that the older sister is very risk averse and the younger sister is willing to try new things however she has not got the power to do that and it is the micro-process of attachment, that is influencing their strategic decision making relating to asset retention/expansion. Nilsson’s also has properties which have been used for business purposes since the founding of the company and which in the current situation do not add any economical value to the firm. However, the daughter probably feels strongly about the site in Hälsingland as it was her father’s firm and she associates it with his identity. Irene has been more flexible than Charlotte however, in terms of realizing what is best for the firm and has moved the head office to Jönköping, which is more central, and has adapted to the needs of the business. Charlotte and Irene are also very affected by the past decision and their fathers. This shows how important history is as a micro-process in the future strategic decision-making of the family firm.

This compares to Viktorsson’s and Zamuelsson’s, who hold on to history less and are therefore more able to make strategic decisions beneficial to their businesses. They are both production companies and very involved in the development of their firms on a daily basis. For both Charlie and Scott a large part of their identity is their ownership of the family firm. For Charlie this means that he is heavily involved in the design process of products as well as the international expansion. For Scott this linkage of his identity and the family firm means that his competitive nature plays a significant role in driving the firm forward. In both these cases they are constantly expanding their production properties and have documented the different stages of this expansion in their offices. This continuous expansion of the company is also an expansion of their identities. Fortunately for these two case studies this is an enabling factor with regards to expansion.

7.1.5 General direction of firm

We have recognized that the micro-processes impact on the general direction of the firm in several ways. This impact is enabling and limiting and many factors are involved with regards to an individual’s identity. “Strategies are both plans for the future and patterns from the past” (Mintzberg et al. 2003, p. 142). We look at the companies general direction and base much of the analysis on the individuals’ risk behavior. We believe that the individuals’ behavior is a result of their birth order and past experiences, which have helped form their identities. The firms can be divided into groups according to their level of risk taking and drive to develop. Clearly being risk averse is going to have a limiting impact on the firm. This does not mean that they are not suc-
cessful as they have set their visions and goals according to their willingness to take risks. Our results show three logical groups.

- The risk averse leaders, who are content with what they have achieved and just want continued success.
- The in-between leaders, who are not risk takers, however they will explore opportunities.
- The very driven leaders, who have growth and market dominance as their goal and will develop their firm in a more pro-active way.

Beginning with the risk averse individuals in Andersson’s and Svensson’s, they have themselves expressed their reluctance to take risks. In Andersson’s; Charlotte is happy with the firm as it is. She wants it to be successful but that does not mean that it needs to expand. She also wants to remain in control of the firm and the size has to be manageable. This is to an extent limiting the growth of the firm. This was the main reason for her father to exit the company before she was fully trained as the CEO. He was more risk taking and they did not get along and, this made it difficult for her to take the leader role as her supervisor wanted different things to what she was intending to do. It has to be pointed out however, that this company has an external CEO and that Charlotte currently does not sit in a top management position as her sister has taken over her role. The CEO in Svensson’s also said that he is careful with money and does not want to take any risk economically. When they expand they will reinvest money they already have and they take small steps. He is also feels that a manageable size is important and can already see the difference from when they purchased the firm. He has had to delegate a number of tasks and says that the loss of control bothers him to some extent.

Jesper also believes that they could have had a much higher turnover. However, they have prioritized a long-term profit instead. They are not driven by the money and their goal is not necessarily to be the largest firm on the market. This, in his view, is an effect of the culture of the Småländska mentality and the Jante law which he has been raised in. History also plays a part here as they are viewing their business as an investment rather than a tool to show success. This is due much to their father having the same view of firms when they were growing up. These two leaders feel that they have control over their firms and they feel strong ownership of the companies. Their personality is what limits these firms to take more risks and enter new markets.

The second group with the in-between individuals consists of Nilsson’s, Viktorsson’s and Axelsson’s. In Nilsson’s they have an external CEO; however the only original family member involved sits on the board and her husband is also involved in the decision making and worked as the CEO for a number of years prior to the company going public. The firm is partly owned by an investment company, however their ownership agreement means the family remains in control. Viktorsson’s is one of two firms where the person in the highest position at the firm is not in control. Carolyn has taken over the role as CEO from her brother but seems to have very little say. She works like the CEO in Nilsson’s, more like an operational manager than the leader. They have a more administrative job description than most CEOs. In Axelsson’s, the CEO is not part of the family and is a minority owner with very small voting rights. However, he has a strong psychological ownership in the firm and he is allowed to make decisions. The major strategic decisions are made on the board but as he is the one working in the firm and running it he has a lot of say in the day to day running and his opinion is well respected by the family. The in-betweeners are seen as individuals who want the best for the firm, they will take advantage of opportunities. However they are not very forceful and proactive in terms of trying new things. They are rather market driven. The two leaders in Nilsson’s and Axelsson’s enable the company to de-
velop and in Viktorsson’s the leadership does not have any effect on the strategy which implies that the CEO does not automatically have a significant influence at the firm-level.

Moving on to the last group of driven individuals one can say that these individuals are more risk taking, however still do not try very radical strategies. It is interesting to note that the Lollo in Andersson’s is willing to introduce new products to their range, and to try new things. She has only been in this role for a very short while, however, as her sister has not been working as the CEO for four years now, and she is still very much in control, suggests that it will be difficult for Lollo to take over this role and the control from her sister. In Viktorsson’s and Zamuelsson’s the driving forces behind the companies are in complete control. In Viktorsson’s, the leader is not in the role as CEO anymore, however, he has a lot of respect from his siblings and employees and he is the innovative, driver of the firm despite being the second generation. In Zamuelsson’s the CEO is the founder and he has a strong vision and high goals for the firm. He is realistic and realizes what power he has in the firm and has therefore decided that he will completely leave the firm when his son takes over as opposed to Charlie who seems to be in denial of the power he has and does not see any issues with the leadership of the firm. A conclusion we can make here is that more risk-taking personality does not necessarily impact on the macro level strategies of the family firm if these people do not have control. This means that the micro-processes influence the dimensions of macro-process in different ways dependent on WHO the person is and IF they hold the POWER.

7.2 Why do the components of identity influence the strategy?

These three components of identity; identity, psychological ownership, and attachment all contribute to the “who” in the micro-process. Furthermore, factors within psychological ownership and attachment can affect an individual’s identity, thus labeled components of identity.

As discussed in section 4.2, psychological ownership is the feeling of possessiveness and of being psychologically tied to a “target”. This target then becomes part of an individual’s identity. Pierce et al. (2001) suggest that people use ownership for the purpose of defining themselves, expressing their self-identity to others, and ensuring the continuity of the self across time. Feelings of psychological ownership over objects may provide a foundation from which the individual can identify themselves as being unique, thus contributing to their personal identities. Attachment to role is also a factor of identity because people identify themselves in various roles in life. This means that individuals have numerous roles that are integrated to form a “whole” self. These numerous roles are also prioritized at different times, and integration can be difficult which is why sometimes transition into new roles is often a challenging undertaking.

This part of the analysis continues to look at the effects on the strategy as a result of the influence the components of identity has on the micro-processes. But here we explore the reason “why” the components of identity influence the strategy:

The answer to this question is: because of control.

Individual personalities and interests show as well as the control the individuals have within the firm, is the reason why components of identity influence dimensions of strategy. The individuals without control will not influence the strategy and their personalities will therefore not limit or enable the firms’ development either.

As could be seen in the first stage of our analysis the individuals were found at various positions in the Pyramids of need. One can say that the higher up in the pyramid they are found, the more egotistical are their goals and behavior. The individuals found at the top have a clear need for
control – Charlotte, Charlie, Scott, Jackson and Steve. These are the people who have a major influence in the companies. Therefore, we have labeled these families ‘authoritarian families’ (Sharma & Manikutty, 2005). According to Sharma and Manikutty (2005) the siblings’ relationships may range from being indifferent to hostile. We experienced that most siblings in our study had a rather indifferent relationship, they did not express that they were very close to their siblings but they did not either state that they argue very much. Andersson’s may be the exception where the sisters said that they have different opinions about a lot of things. However, in line with Sharma and Manikutty (2005) who argue that decision-making processes in authoritarian families is rather easy as either the current or future leader makes the decision him/herself, or in case of disagreements the senior generation’s word prevail. In this case Charlotte as the elder sister has the last word. The individuals found at lower levels seem to have less interest in controlling the firm. Carl for example, has very little input, however he is content at the level he is and feels that he can do a rather independent job. What is crucial to look at is where the power base in the firm is. We cannot assume that because the eldest son is in the role of the CEO he is the one running the firm. His father may be sitting on the board and still be making all decisions. In our research, the generational successions have led to the complete exit of the previous generation which has enabled the next generation to take over. The issue seems to occur when succession between siblings has occurred and the previous CEO is still working in the firm.

In these two cases (Andersson’s and Viktorsson’s) the current CEOs do not have any control in the firm. Their predecessors still have their respect and have a commanding position within the firm, which means that they are still influencing the strategic decisions. In these two cases, the younger sisters are rather different in the way that one is very driven and wants to make a difference, however she is constantly told that she is not experienced enough compared to her elder sister and this is frustrating for her. In Viktorsson’s however, the sister seems to be rather comfortable in the role as a more silent CEO doing the administrative work her brother did not want to do. Both these sisters have taken on this role as a favor to their siblings who wanted to be able to work more hands-on in the firm. In Nilsson’s there is only one family member left and she is involved in some parts of the business. Both Irene and her husband wanted to focus on being good owners and they included choosing a good leader in that task. They allowed for an external CEO to come in and run the business for them as they are not interested in that role. However, Irene feels strongly about the firm and perhaps stronger than she would have had the takeover been less dramatic.

In the three other firms, the CEOs are the people in control and their personalities influence whether they are enabling the firm to be what it can be or if they are limiting the development of the business. In Svensson’s the CEO has stated that they have prioritized profit over turnover, which supports the long-term view of family firms.

Based on the above analysis on how the components of identity influence the strategy we have developed a model illustrating the power base within the firms.
As can be seen in the above figure, two of the CEO’s personalities have no effect on the strategy. However, all three family members who are not in a top management position in the firm have an effect on the firm’s strategy.

Our findings show in the analysis that it is clear that the power is not always where it should be. The individuals who are in decision-making positions within the firm do not always have the power to be in control. This is a significant factor that should be taken into consideration when doing research. Accessing the CEO of a family firm may not necessarily provide academics with the opinions of the “true” leader who hold the power in the family firm. Since we view the “power base” as an important finding we have chosen to extend this discussion further in the next section.

7.3 Discussion

Throughout our analysis in both step 1 and 2 we have increasingly seen the link between power and its influence on the components of identity and firm level outcomes. Our findings have also shown that power is not always where it should be.

We have also recognized that the power does not necessarily lie where it is expected, for example with the CEO position or the chairman of the board. Rather, we have noticed that the power resides within the person, and we have therefore called these people ‘transposers of power’ because they transpose power. The people’s ability to transpose their power from one role to another means that their power does not lie with a certain position within the firm, rather it lies with the individual. This means that they do not have attachment to role because their source of power is not in that role, rather they have an attachment to control. This is attachment to control rather than the role itself contributing to the individual’s sense of identity. Maintaining this power base is their safety net because it can confirm and increase their sense of identity. Therefore, the
power is attached to the individual who shifts their power according to their changing roles in the firm.

This attachment to control can increase ones’ sense of self, and gives family business owners their sense of identity, which is why succession for example is so difficult: because it is not just a business decision but also an existential one. Does this mean then, that these transposers of power take their power with them when they “officially” exit the family firm? Or does this imply that the power remains with these transposers because of the other family members’ perception of where this power base resides?

The ability of these transposers of power to switch roles throughout the family business whilst still retaining their control, implies that once a certain dynamic is played out within the family business arena, this could be challenging to change. This dynamic is also often a mirror of the family dynamic, and a mirror of the individual’s role within the family superimposed on their business. When an individual inherits a business and moves into the so called “position of power” (such as the CEO role) the individual receives their power because it should rest in the role. However because of their relationship with their family business the power resides instead, in their relationship with the perceived original source of power – for example the “father figure”. Therefore being the inheritor or somehow postiong the relationship with the original power holder confers more gravitas or more status so that while the inheritor in the family business may in fact become the new CEO it is suggested that their power is in addition to that role.

Furthermore, it could be suggested that the individual’s sense of attachment to their role is more malleable or flexible, whereas their attachment to the relationship within the family dynamic and thus the family business dynamic is more powerful.

This has ramifications for next generation family members who take over the business, or for other siblings moving into new roles. The need to develop their own sense of identity within the family firm, and the need to negotiate their own path is crucial in order to have a successful and fulfilling tenure in the family firm. If this “own sense of identity” is not achieved, then the family member will not be able to claim their own power and separate themselves from the original transposer of power and become a transposer in their own right

Finding ones identity as power broker within the family business is fraught with emotional issues simply because it is a family business. This does not mean that it is a question of commitment for family business owners, but about finding a role that suits them and plays to their own strengths. This is much about the personality types of the individual family business owners. If the next generation is trying to fit the mould of the owner and their personalities differ, there will be discrepancies between the founder’s strengths and weaknesses and theirs. This could have lasting impacts on a successor’s ability to lead the family firm and negotiate it towards a path of success.

A key concept for family business owners is to gain the ability to be able to reflect upon the impact that they, as individuals have on the business, and how this influences strategic decisions one way or another. Perhaps only then, will family business owners be able to consciously understand whether or not they are making strategic decisions based on “what was” or “that’s how we have always done it”. Or whether they are able to reflect upon past decisions without their sense of attachment to control hindering future choices. This breakthrough in acknowledging this impact of individual level influences on firm level outcomes could perhaps significantly alter the well known statistical failure of family business ability to carrying on past the second generation. This juncture between understanding psychological issues and sound business practices is the direction for future research.
8 Conclusions

This chapter concludes this thesis, stating our contributions to various areas within the family business research field, demonstrating a link to our purpose and initial research questions. Our final model combining aspects of our findings is presented as well as recommendations for future research, limitations of this study. We also state out limitations.

In the previous analysis sections and through our model building we have clearly demonstrated our accomplishment with regards to the aims as set out in this thesis. Our purpose was to contribute to the theoretical body of knowledge within family business strategy, and to create a model in aid of understanding. The two-fold purpose was achieved through the below two research questions. (1) How and why do the components of identity influence the micro-processes of strategy in the family firm? (2) How and why do the micro-processes of strategy influence firm-level outcomes?

8.1 Contribution to theoretical body of knowledge within family business strategy processes.

This purpose has been fulfilled in three different elements:

(1) In terms of influences:

- We have identified additional influential factors through our case studies on the micro-process. These three factors were not found as correlations with components of identity within the literature prior to our empirical investigation.
  - Circumstances surrounding the persons entry into the firm
  - Length of tenure
  - Involvement in other type of control roles

(2) In terms of the components of identity and micro-processes:

- We have found links between the influential factors found in the literature such as history, birth order, dyad relationship, and priority of identity and the components of identity.

- We have contributed to the literature field of micro-process of strategy in terms of the focusing on the “who”. Focusing on this micro-level of one component only has not been studied before.

- This study has enabled us to link all components of identity as factors that influence strategy formation in the family business research area.
(3) In terms of firm-level outcomes:

- We have made a significant contribution towards understanding the strategies behind firm level outcomes by focusing on the individual level influences. This was done through focusing on the “who” within the micro-processes by means of studying the components of identity.

The impact of these findings aids family business owners. Previously, strategic research has mainly focused on the resource based view. However, in order for companies to have a real competitive advantage they need more socially complex resources which are more difficult to imitate and therefore, looking at identity has become increasingly interesting (Stimpert et al. 1998). An awareness of these influences contributes towards family business owners by enabling them to make more informed and conscious decision regarding the future direction of their firm and also potentially add to their competitive advantage. The ability of these business owners to reflect upon their own “power” and “control” as individuals, and their influence on the firm will contribute towards not only a healthier and more successful business dynamic but also affect their own family relationships in a positive manner. Furthermore, this awareness could enable family businesses to succeed past the third generation. Currently it is estimated that only 14% of all family businesses internationally survive past the third generation (Venter et al. 2005, p. 284).

These findings also provide a starting point for academics for further research into the field of individual level influences and their impact on both micro and macro levels of the firm. As discussed thoroughly throughout this thesis there is an important need for investigative studies on the micro-processes of strategy. “Advocates for this emerging research perspective have argued for the need to pay more attention to the micro-processes and detailed activities of strategymaking, for instance, to focus more on what people actually do when strategizing, who they are, where they do it, how they do it and why they do it” Johnson et al. (2003: p. 3).

Investigative studies such as these will enable academics and practitioners alike to better understand the impact that psychological influences have on everyday business interactions. This study also contributes towards the “definitional dilemma” by indicating some additional factors that must be taken into consideration when focusing on family firms. Lumpkin et al. (2008) found factors such as intention, involvement and vision are keys to defining a family business. Therefore, in order to enable research in the family business area, a deeper analysis of these micro-processes is required. Further recommendations are stated in section 8.5.

8.2 Additional Contributions

In addition to fulfilling our original purpose and research questions we were also fortunate enough to discover some additional and quite significant findings. These findings are also related to the firm level outcomes as a result of focusing on the individual.

- We have identified that the importance of discovering where the power-base lies in the family firm as a relevant starting point to investigate influential factors on firm-level outcomes of the family business. We labeled these individuals holding this power as “transposers of power”.

- Depending on the identity of the individual who holds the power, the strategy will be more risk taking or more risk averse. People who are not in control seem to have very little influence on the strategy regardless of their identity in terms of risk taking.
Conclusions

- We have identified some contradictory evidence from Dumas’ study within the Father-daughter dyad relationship from one of our cases. In our example the daughter asserted herself in her new role as family business owner as soon as she took over from her father. This is at odds with Dumas (1989) where daughters were viewed more as being in the “helping out” role. It is acknowledged that this needs to be further investigated with a much larger sample size in order to provide more substantial evidence. This could also perhaps be an indication that daughters’ roles within the family business in top management positions are now more acceptable than in 1989. We also suggest that this dyad is a factor not only between parent child but also perhaps between older and younger sibling.

8.3 We designed a model to aid understanding

This model exemplifies the distinctive influences that we have found both via the literature review as well as the interview process on the components of identity. The left side of the model depicts the differing factors and the arrows signify influence upon the components of identity. The red boxes signify that these factors were found as influences in the literature prior to beginning the interview process. The green boxes show that these factors we discovered through the interview process as influencing the components of identity. The right side of the model depicts the influence the components of identity have on the firm level outcomes. This model was designed as a starting point for further research on the micro-processes of strategy. It was also designed as a clear illustration demonstrating a complete combination of our literature and empirical findings.

Influential Factors | Components of identity | Dimensions of Macro-Process of Strategy
--- | --- | ---
Birth Order | IDENTITY | Professionalization of Business
Dyad Relationship | PSYCHOLOGICAL OWNERSHIP | Asset Retention
Circumstances Surrounded Firm Entry | ATTACHMENT | Succession Process
Length of Tenure | | Internationalization of Business
History | | Risk taking behavior
Priority of Identities | | |
Involvement in other “control” type roles | |

Figure 8.1 Model of Influences
• Red boxes denote factors were found within the literature
• Red arrows denote linkage of the influential factors within the literature
• Green boxes denote factors were found through the interview process
• Green arrows denote linkage of the influential factors through the interview process

8.4 Limitations of Study

Our lack of experience in interviewing may have limited the results. However, we felt that we improved immensely throughout the process and we had enough time to go back to the first cases and ask additional questions if we felt that was needed. We also have limited experience in analyzing qualitative data, and therefore we also had to ensure that we had sufficient time to do this properly and be able to go back to the data a number of times. We do feel that this research project has taught us a lot and our research and analytical skills have improved.

The geographical area limited the results in a way which we did not consider prior to the results. It became clear that the Småländska mentality has had an influence on the individuals and in turn their strategies. Therefore, it would be valuable to do a wider exploration in Sweden and also internationally as the influences may vary geographically.

As stated in the method section there were various limitations with the method chosen. However, the method is deemed to have enabled us to do this project better than we could have with other methods considering the other limitations. The open structure of the interviews definitely added value and provided us with valuable data.

Another limitation was that it is difficult to study dyad relationships in isolation. This is because there are other relationships within the family that therefore impact on the dyad.

An additional limitation is perhaps the level of knowledge in the frame of reference with regards to components of identity subjects. Naturally prior knowledge in subjects such as personality testing would have led us towards more in-depth interview subject with regards to psychological issues. This limitation however has also allowed us to enjoy an extremely open mind with regards to our findings within our components of identity.

8.5 Implications for Future Research

The aim of this exploratory study was to provide a basis for future research. This paper provides reasons behind the strategies in family businesses. In the future it is recommended that to what extent the components of identity affects are explored as well as, how they differs in various generations, industries, geographical areas, internationally, and perhaps if there is a link to gender.

It is further recommended that the family is explored in more depth. Cross generational studies as the one case we looked at where two generations proved to be very interesting. It may be valuable to investigate to what extent the dyadic relationships are more gender focused rather than parent – child focused as our data shows that a sister may look at her brother in the same way as the literature describes a father daughter relationship. This may also be linked to the birth order which could also be looked into further. Another research question is: How do family members who are not involved in the business but are owners view the business, and how much influence do they feel that they have over the strategies?
An important continuation of this study is to look further at the positive and negative effects the identity has on the strategies. Perhaps a comparison with nonfamily businesses could be carried out to see if the family identities aid or limit the firm development.

Additional, based on our finding regarding transposition of power it is recommended that this issue is further explored as it seems crucial to the firms to be aware of this and not believe that they have consensus and a professional and objective decision-making structure only because they have official governance mechanisms within the firm.
References


Mullis, R., Brailsford, J. and Mullis, A. (2003) Relations Between Identity Formation and Family Characteristics Among Young Adults; *Journal of Family Issues*; 24(8): 966-980


References


Appendices

A. Interview Questions

Note that a selection of these questions were sent and depending on our previous knowledge of the firm questions may have been focused more specifically on some firms. These were sent prior to the interview in order to give the interviewees an idea about what we were interested in. These questions may not individually have been answered during the interview as the interviews were rather improvised in order to really get their story.

1. Please discuss your current role within the company.
2. What were your previous roles in the company? How did you transition into your current role?
3. Are other family members involved? In what capacity?
4. Do you interact with these family members on a day-to-day basis regarding business decisions? How formal or informal are these interactions? Can you give examples?
5. How equal is the decision-making process between you and these other family members?
6. Could you please tell me a little bit about your early relationships with your siblings and parents. How have these personal, familial relationships shaped your business relationships with each other? To what extent have these familial/emotional relationships impacted your strategic decision-making?
7. Can you give examples where your family values have had a major strategic impact on your business decisions, either positively or negatively?
8. What value is placed on tradition in your family? Do you think this has impacted on the business? In what way?
9. What was the impact of the family business on your childhood? To what extent has the story of your family’s business and your sense of attachment to this story impacted you now as an owner? CEO? Board member?
10. How has your sense of identity as a CEO been shaped by the family values or family story surrounding the inception of your family business? To what extent do you believe that you have a sense of ownership—in the emotional or psychological sense—to your family’s business, its values and its business story?
11. Tell me about the circumstances surrounding you becoming involved in the family business?
12. Were there any other factors involved?
13. Did you feel that you could say no? (Question if they felt compelled to join or sense of responsibility)

14. Has your attachment towards the business or your sense of emotional or psychological ownership ever been threatened because of any family situations or because of any personal relationships within the family?

15. How did you deal with this?

16. In what way did this impact on the business? Examples?

17. How active/visible are you as an owner? Please describe your working relationship with your CEO? How does this impact on the business?

18. Is the company strongly affected by family culture now? In what way?

19. What influence have the previous generations’ “visions” contributed to today’s strategic map? To what extent do you feel a personal and perhaps strong alignment with this vision?

20. Because our research is focusing on strategic change within family businesses, I would now like to probe further with you about several major strategic changes that have occurred historically, in your family business, over time. I am investigating if there are any connections between how a previous generation may have handled a strategic change (say, for example, succession) and how you might currently be managing this process.

21. What was the change and who was involved in the decision-making process?

22. What was the role of the CEO at the time or what was your role, in this process, as the current CEO?

23. What emotions did this process evoke in you or in the CEO involved? How did that CEO’s emotional responses or your emotional responses impact her/his or your decision-making?

24. To what extent did the reality of family relationships and family considerations affect the decision-making around this strategic change?

25. How smooth or difficult was the transition in making this strategic change? To what extent was the fact that you are a family business a positive or negative factor in making this change? If this change was made more difficult or more easy because you are a family business, please elaborate. In hindsight, is there anything that should have or could have improved the outcome? Please explain. In hindsight, would you in your role as family member have done anything differently during the strategic change? In hindsight, would
you in your role as CEO/board member have done anything differently during the strategic change?

26. How have these strategic changes impacted on the business today?

27. To what extent can you identify links historically between how you have handled this process of strategic change and how perhaps such a process was modeled for you by previous family CEOs?

28. How difficult is it to have family members and non-family members in decision-making roles together? To what extent is this combination either detrimental or beneficial to your process of managing and implementing successful strategic change?

29. How has your attachment to your family business been influenced by the style of leadership of previous family CEOs?

30. When employing an external CEO what do you consider the most important – their personal values, experience, education?

31. How critical is the match between your own and their values? Or is it OK for them to just respect your values but not completely share them?

**External CEO**

1. Why did the family business employ you?

2. What state was the business in when you began?

3. How large a factor was trust in hiring you?

4. How large a factor was trust in your acceptance of the position?

5. How difficult is it to have family members and non-family members in decision-making roles together? Please give some specific examples of how well or badly this combination works.

6. What was your relationship with the family prior to you joining the company?

7. Are you close to the family, would you spend time out of work socializing with them, or is it strictly professional?

8. How much influence have the family values got when you make decisions?

9. Do you share the family culture/company culture?

10. How much autonomy do you have in the decision making process?
B. Strategy Schools

The design school was the original perspective from Selznick (1957) followed by Chandler (1962) and defined further by Andrews (in Learned et al., 1965) – sees strategy formation as achieving the essential fit between internal strengths and weaknesses and external threats and opportunities. Senior management formulates clear, simple, and unique strategies in a deliberate process of conscious thought – which is neither formally analytical nor informally intuitive – so that everyone can implement the strategies.

The planning school grew in parallel with the design school, in sheer volume of publication, the planning school predominated by the mid-1970s, faltered in the 1980s, yet continues to be an important branch of literature today. The assumptions that used in the planning school are mostly a reflection of the design school excepts for one crucial point: that the process is not just cerebral but formal, decomposable into distinct steps, delineated by checklists, and supported by techniques (especially with regards to objectives, budgets, programs, and operating plans).

The positioning school was the dominant view of strategy formation in the 1980s: It was given impetus by Michael Porter in 1980 following earlier work on strategic positioning in academe and in consulting by the Boston Consulting Group. In this view, strategy reduces to generic positions selected through formalized analyses of industry situations. Hence the planners become analysts (Mintzberg et al., 2003 pg 23, 24).

The entrepreneurial school centered on the process of the chief executive (similar to the design school), but unlike the design school and opposite from the planning school, it discussed process within idea of intuition. That shifted strategies from precise designs, plan, or positions to vague visions or broad perspectives, to be seen, often through a metaphor. This focused the process on particular contexts – start-up, niche, or private ownership, as well as turnaround by a forceful leader. Within the cognitive school, which can be described as a mental process: the origin of strategies generated considerable interest. If strategies developed in people’s minds as frames, models, maps, concepts, or schemas, what could be understood about those mental processes? Research today has continued today and research has grown steadily on cognitive biases in strategy making and on cognition as information processing, knowledge structure mapping, and concept attainment.

The learning school as an emergent process from the descriptive school dates back to Lindblom’s early work on disjointed incrementalism and running through Quinn’s (1980) logical incrementalism, Bower (1970) and Burgelman’s notions of venturing, Mintzberg et al.’s ideas about emergent strategy and Weick’s (1979) notion of retrospective sense making, a model of strategy making as learning developed that differed from the earlier schools. In this view, strategies are emergent, strategists can be found throughout the organization, and so-called formulation and implementation intertwine.

The power school is a thin but different stream of literature, which has been focused on strategy making based on power. Two separate orientations seem to exist. Micro power sees the development of strategies within the organization as essentially political – a process involving bargaining, persuasion, and confrontation among actors who divide the power. Macro power views the organization as an entity that uses its power over others and among its partners in alliances, joint ventures, and other network relationships to negotiate “collective” strategies in its interest.

The cultural school is the opposite to the power school of thought. Where the power school focuses on self-interest and fragmentation, the cultural school focuses on common interest and integration strategy formation as a social process rooted in culture. This is also a thin stream of litera-
ture focused primarily on the influence of culture in discouraging significant strategic change. Interesting research developed in Sweden in the 1970’s as culture a central although hardly exclusive theme stimulated by the early work of Rhenman and Normann, and further contributed to by Hedberg and Jonsson.

The environmental school, which is categorized as a reactive process, where the “contingency theory” is included; which considers what responses, is expected of organizations facing particular environmental conditions.

The configuration school is based on more extensive and integrative literature and practice. One side of this school, more academic and descriptive, sees organization as configuration – coherent clusters of characteristics and behaviors – and integrates the claims from the other schools – each configuration, in effect, in its own place. The other side of literature and practice of transformation – more prescriptive and practitioner orientated (and consultant promoted) – developed (Mintzberg et al., 2003: pg. 25, 26).

C. Jante law

The Jante law was described by Aksel Sandemose in En flykting krysser sitt spor in 1933 (translated into Swedish in 1968). The story is based on a typical village in Denmark where nobody is anonymous. There are 10 rules in the law (p. 13):

1. Don’t think that you are special
2. Don’t think that you are of the same standing as us
3. Don’t think that you are smarter than us
4. Don’t fancy yourself as being better than us
5. Don’t think that you know more than us
6. Don’t think that you are more important than us
7. Don’t think that you are good at anything
8. Don’t laugh at us
9. Don’t think that anyone of us cares about you
10. Don’t think that you can teach us anything

An 11th rule was later added:

11. Don’t think that there is something we don’t know about you

Breaking this law means that you are going against the communal desire which, is to preserve social stability and uniformity (Sandemose, 1968).