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The Family Ownership Logic: Core Characteristics of Family-Controlled Businesses

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ABSTRACT

This paper sets out to identify the core characteristics of family ownership logic. Based on 20 in-depth conversations with family business owners representing different generations, life-cycles, sizes, and industries, listed or privately held, we suggest a family ownership logic indicating seven core characteristics. This logic is characterized by a stable and persistent ownership with few owners and a relative stable strategic development for which tradition and emotional ties are important. This paper concludes that in order to better understand family ownership logic we need to turn to alternative views on corporate governance and theories on psychological ownership. The implications of the family ownership logic are manifold. Related to agency theory and stewardship theory our empirical material raises several questions of relevance for the debate on governance in family-controlled firms.

Keywords: Ownership; Strategy; Family-controlled businesses; Family ownership logic; Psychological ownership; Emotional bonding

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INTRODUCTION

In most countries, business ownership is relatively exclusive, i.e. it is common for business firms to have one controlling owner group (La Porta, Lopez-de-Silanes and Shleifer, 1999). In many European countries, including France, Germany, Italy, Spain, and Sweden, families are the controlling owners of more than 45 % of the companies listed on the stock market. In the USA families are controlling owners in one-third of S&P 500 companies, accounting for 18 percent of outstanding equity, and exercising a substantial influence (Anderson and Reeb, 2003). Among privately held firms family ownership have total dominance worldwide. Even though research has shown ownership to be of importance for the strategic development and long-term survival of organizations (Astrachan, 1988; Zahra, 1996; 2003; Anderson and Reeb, 2003; Nordqvist 2005), our knowledge about controlling owners, especially controlling owner families, and how they reason about and conduct their ownership is surprisingly limited. A search for the word "ownership" in titles or keywords in the Family Business Review 1990-2005, returns only 12 articles. In these articles family ownership is often the defining or explaining variable but few of these deal with the characteristics of family ownership per se. Further, while significant research efforts have been devoted to succession in management of family firms, succession in ownership has received less attention (Thomas, 2002). Taking all this into account there is an interest from an academic point of view to increase our knowledge about ownership in family-controlled businesses as well as a societal interest to create a more balanced image of family ownership. *The purpose* of this article is to contribute with such knowledge by exploring the meaning of ownership in family-controlled businesses and conceptualizing this type of ownership through the introduction of the construct of "family ownership logic". In addition we aim to provide illustrations from the empirical evidence we have of such logic. With family ownership logic[1] we refer to a relatively coherent reasoning by family owners about their business ownership based on their values, beliefs, and norms about the role, function, and goal of ownership.

Our first argument for exploring the characteristics of ownership in family-controlled businesses is the mixed results revealed by research directed toward comparative studies of family and non-family firms (Sharma, 2004). Some researchers strongly argue that family businesses are different, while others hold such differences to be due to demographic differences rather than "real" differences (Westhead and Cowling, 1996a; 1996b; Jorissen, Laveren, Martens and Reheul, 2005). Due to the aversion of family businesses to financial risk and debt (Gallo, Tàpies and Cappuyns, 2004; Sharma, 2004), many researchers, however, argue that family businesses represent a different financial logic from the one of widely held firms. From the perspective of classical financial theory this logic stands out as "peculiar" (Gallo et al., 2004). As indicated by Astrachan (2003) when discussing the use of agency theory within the family business field, this financial logic might nevertheless be rational in relation to other not as easily quantifiable goals of family business ownership. Our proposal is that the "peculiar" financial logic exhibited by family businesses could be understood as part of a comprehensive logic alternative to the predominant shareholder value view (for discussions regarding the shareholder view, see for example Letza, Sun and Kirkbride, 2004 or Zingales, 2000).

[1] It is not within the scope of this article to go into detail of the theoretical meaning of logic. It is sufficient for the purpose of this study to refer to logic as a line of reasoning with a set of criteria based on deeply held beliefs, values, and norms. This means that logic here is used metaphorically (see Morgan, 1997) rather than being a precise concept rooted in a specific theory.

This proposal is also based on our second argument for exploring the ownership logic of family controlled businesses. During the last decade, family businesses received increased attention from researchers and practitioners, including the group of enterprising families themselves. We witness a growing interest in forming family business associations, family business networks, and in participating in family business seminars and education activities. In such networks, family business owners help to institutionalize the expectation of being different regarding their role in society and how they achieve their business results. Through the same family business networks and connected associations, family business owners also meet calls to professionalize their way of governing and organizing their businesses. This behavior is in line with the predominant call from researchers in the field to increase formal governance and control arrangements, seen as part of healthy family business professionalization (e.g. Barry, 1989; Dyer, 1989; Cromie, Stephenson and Monteithe, 1995; Gersick, Davis, Hampton and Landsberg 1997; Neubauer and Lank, 1998; Filbeck and Lee, 2000; Schulze, Lubatkin, Dino and Buchholtz, 2001). Our ambition in this paper is not to question these expectations and calls[2], as an important rationale for our study is that we in fact witness an institutionalization of the family business form and the way ownership and management are conducted in family businesses (Melin, 2001).

Some in-depth studies strongly indicate that even though family firms are influenced, more or less, by the general ideas and norms of corporate governance for listed companies, still ownership and governance in many family-controlled businesses is strongly influenced by their specific character of having few, identifiable, and powerful owners (Melin, 2001; Florin Samuelsson, 2002; Hall, 2003). Our empirical findings in this paper demonstrate that family ownership is a complex phenomenon. It constitutes a set of dimensions also beyond the legal and formal aspects of ownership, such as psychological and social as well as action and power aspects of ownership (Pierce, Rubenfeld and Morgan, 1991; Nordqvist, 2005).

The rest of the article is structured in the following way: First we conceptually ground our empirical work in a discussion of ownership both in general and in family businesses. Then we describe our methodological approach and the way we conducted the field study. In the following section we present our empirical findings organized as seven identified ownership themes. These themes are cornerstones in the family ownership logic that was expressed by the owners in this study. In the discussion section we summarize the family ownership logic and relate this logic to theories on psychological ownership. The paper ends with conclusions and implications for future research.

OWNERSHIP AND FAMILY BUSINESSES

Previous research on ownership in the family business field

Ownership is normally given a legal or financial connotation. In recognizing the importance of the two connotations, Ward and Dolan (1998) argue for a definition based on voting shares or voting power before relative economic interest since voting power directly controls the direction of a firm. Astrachan, Klein and Smyrnois (2002) draw on the same line of reasoning when they operationalize ownership in the F-PEC Scale of Family Influence[3] as do researchers conducting comparative research on

[2] However there is a need for critical examination of the taken-for-grantedness of implementing in family businesses the type of governance and control arrangements that have proved to be successful in business firms with other types of ownership.

[3] The important point made by Astrachan et al. (2002), however, is that family power is defined not only by ownership (i.e. voting power) but also by family participation in boards and management.

family and non-family ownership (Westhead, Cowling and Howorth, 2001; Jorissen et al., 2005).

Previous research on family ownership has often paid attention to problems connected with this type of ownership. A common concern in comparative studies is that owners of family firms seem to be reluctant to sell equity to outsiders or even involve outsider expertise, which may hold back business growth and survival (Corbetta and Montemerlo, 1999; Gallo et al., 2004; Westhead et al., 2001). Habbershon and Pistrui (2002) express similar concerns and argue that a "family-in-business mind-set" with little emphasis on performance outcomes related to shareholder return has a negative effect on family business growth and performance in contrast to their recommended "family-as-investor mind-set".

A second type of problem identified in studies of family ownership is related to communication problems and divergent levels of aspiration among owners. As argued by Thomas (2002), a common family inheritance can be a strong tie for some owners and of less importance to others. When stock is difficult to liquidate this can put severe pressure on relations between current owners (Corbetta and Montemerlo, 1999; Thomas, 2002). Relations between current, past, and future owners can be equally complicated (McCollom, 1992). McCollom's study describes how, by transferring ownership to a trust, a founder retained control of the business, also long after the founder's death. When conditions for business development and ownership changed, this became problematic.

The focus on problems related to ownership in the family business field is understandable for a number of reasons. Research should critically examine empirical phenomena. Further, there is a diagnostic and normative ambition in many of the articles mentioned above. Recent empirical work on family-controlled ownership, however, indicates that there are not only problems but also strong possibilities in family ownership (Anderson and Reeeb, 2003; Zahra, 2003; Nordqvist, 2005). Next, we will investigate the concept of ownership further.

Dimensions of ownership

As mentioned above, ownership normally has a juridical (and financial) connotation. This interpretation has been paid much attention in traditional principle-agent theorizing as well as in capital market theory. Thus, for instance when the three family business systems (Aronoff and Ward, 1995) of ownership, management, and board of directors interact, the legal form of ownership is in focus. However, ownership can also be understood from the perspective of personal/psychological and social dimensions (Pierce, Kostova and Dirks, 2001; Nordqvist, 2005) as well as an action/influence dimension (Mattila and Ikävalko, 2003). The personal/psychological dimension includes "goals, ambition, motivation, commitment, responsibilities, and other things in the mind of an owner that link him [*or her* (authors' remark)] to the target of owning" (Mattila and Ikävalko, 2003, p. 3). Nordqvist introduces socio-symbolic ownership as processes of social and symbolic interactions having other attributes than legal and structural ownership and in which meaning is central. These notions are thus emotionally and motivationally linked to ownership. 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). Psychological ownership is closely connected with

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Furthermore, the degree of family influence and involvement is not only defined by power, but also by family experience (ownership generation, generation active in management, generation active on the board and number of contributing family members) and culture (overlap between family values and business values, and family business commitment).

possessive feelings for tangible or intangible objects; for formal or informal ownership. Van Dyne and Pierce (2004) argue that people have feelings of ownership towards what they establish or invent. Investing energy and emotions into a creation process develops feelings of possession which eventually form and become part of the identity of the individual.

Social ownership takes place in social interaction, includes negotiations regarding ownership and results in mutual agreements about ownership. The action/influence dimension adds by including power elements. The juridical aspect of ownership is thus not necessarily a prerequisite for being involved in the other three notions of ownership. When referring to family-controlled businesses it is most often taken for granted that ownership is merely legally founded by referring to the control of the majority of the shares. But ownership entails the other three dimensions as well, and they are not necessarily connected with the legal dimension of ownership. We claim that all four dimensions have a bearing on family business ownership. Empirically, this paper focuses on the majority owner of the family-controlled business. Therefore we will take a closer look at the individual level of ownership, i.e. the psychological ownership dimension, supplementing the mere legal ownership. Few empirical studies exist about psychological ownership, and we argue that the psychological ownership perspective can increase our understanding, adding a crucial dimension to the ownership logic of family-controlled businesses.

Logics of ownership

In market economies all over the world we can see a dominant line of reasoning about business ownership, logic of ownership, based on the traditional connotation of legal and financial ownership in order to create wealth for the shareholders. This logic, here labeled *shareholder value logic* (Zingales, 2000; Melin, 2001; Letza et al., 2004) is quite predominant in media in general, and particularly in newspapers and business magazines when reporting on the development of business firms.

The shareholder value logic is typically represented by corporations listed on the stock exchange, by stock market analysts, and by actors buying and selling on the stock market. This logic implies a short-term perspective on the development of the value of the shares. The specific rules of the game inherent in this logic imply that the business firm is on the hunt to show profits in each quarterly report to satisfy shareholders and their agents, i.e. stock market analysts and business journalists. Shifts in power happen quite often in companies driven by this logic, in terms of changing dominant coalitions in both ownership and top management. This often leads to a relatively jerky development with intermittent strategic reorientations; not necessarily as an adaptation to changing environmental conditions but because of new dominant business recipes and strategic ways of thinking of new owners, boards, and top managers (Hellgren and Melin, 1991). This stock market driven logic also implies the drive for grandeur through mergers and acquisitions. Such development has been questioned on theoretical grounds but is a predominant view in this logic. Mergers and acquisitions are an inherent part of the shareholder value logic, more or less taken for granted as a means to build value.

The great majority of family businesses are privately held and therefore less influenced by stock market preferences. The assumption is that they do *not* follow the shareholder value logic (Samuelsson, 1999; Gallo et al., 2004). In fact the reason why some family-controlled businesses continue in this form is that the ruling family depreciates the shareholder value logic. Krister Ahlstrom, the former president of the Finnish Ahlstrom Group, suggests that “family firms have a slightly different role in society” (Murray, 2001). It is argued that family firms “are usually not driven by greed, like some start-up firms may be, but are driven by the will to achieve endurance" (Murray, 2001). John Ward notes that family businesses in general recognize good performance, but he also calls attention to the fact that they are more concerned with *how* these results are achieved. "Strategy is different for family firms", he explains (Ward, 2001).

Based on the above, we propose that ownership in the family business context represents a specific type of logic that is different from the shareholder value logic, i.e. the *family ownership logic*. At the same time it is important to note that such a proposition is based on the characterization of these two logics as a dichotomy, i.e. as two separate ideal types. In reality there may be many business firms that are in the gray zone in between them, i.e. hybrids of these pure logics. In the findings section we will explore the logic of family ownership and characterize the meaning of this logic based on empirical evidence from our field study. However, first we give a brief description of our methodological approach.

METHODOLOGY – AN INTERPRETIVE APPROACH

This paper is based on a research project on ownership, strategy, accountability, and emotions in family-controlled firms. The whole project is grounded in the interpretive research tradition (Denzin and Lincoln, 2000; Silverman, 2001), and the fieldwork is carried out through an ethnographically oriented research design. A basic assumption of the interpretive approach is that reality is not fixed but an ongoing social construction and enactment (Berger and Luckmann, 1966; Weick, 1979). The aim of our interpretive approach is to create dialogues in which we can reach a mutual understanding with the family business owners we meet in order to offer new perspectives and/or expand existing ones. We thus start from the general level taking our point of departure in existing theories on ownership, move on to the micro level with our field conversations and then turn back to a more general or rather abstract level, offering an expanding theory, thus following a 'hermeneutic spiral' (Alvesson and Sköldberg, 2000; Brundin, 2006).

The main empirical accounts in this article are comprised of in-depth conversations with leading owners in family-controlled businesses. The selection of family businesses to be included in the sample was made with the aim of mirroring the heterogeneity of the family business population, which means including different industries, sizes, generations, and stages of life cycles, keeping family control of ownership as the common characteristic. Attempts were also made to include businesses with various degrees of growth orientation, market orientation, and awareness of the family business image. Three of the firms are listed companies controlled by family owners while the rest of them are privately held. See Table 1 for a description of our sample of family-controlled businesses. In this study we use the definition that the family business is a business in which one family group controls the company through a majority of the ordinary voting shares, this family is represented in the management team and/or an active board, and the leading representatives of the family perceive the business to be a family firm (Westhead and Cowling, 1996b; Hall, 2003).

- Insert Table 1 about here

For this study we have met with 20 family business owners, primarily the dominating owner of each firm, often also being the CEO or chairman of the board. See Table 2 for information about the interviewees.

- Insert Table 2 about here –

We have met the majority of the interviewees on-site of their businesses, while two of the interviews took place in their residential homes and three at our business school. The in-depth conversations ranged from 2 to 4 hours in length and concentrated on issues such as the role and meaning of ownership, the ownership structure in former, present, and future generations, ownership values of the specific firm, relationships between the owners, and succession issues. Other focus areas were the differentiation between ownership and management roles, the character of family gatherings and annual general meetings, the strategic goals of ownership, strengths and weaknesses with regard to ownership issues, and how concentrated ownership affects and is affected by family members who are not owners of the business in a legal sense, employees, customers, suppliers, the local community, and society at large. Each conversation was recorded and transcribed into full text. In addition to the conversations we used company-specific sources of information, such as annual reports, web pages, and internal documents.

Based on the interpretive analysis of the transcribed interviews and relevant documents, we initially searched for common characteristics of ownership expressed by the 20 family business owners. Each transcribed interview has been rigorously interpreted independently by two of the authors in order to search for characteristics and patterns in each respondent's expressed view on his/her ownership. In the next step of the analysis we categorized these characteristics and patterns into seven themes about ownership resulting in the emergence of a specific logic of ownership in the family-controlled business. The categorization was also informed by existing literature on similar aspects of family businesses. The seven themes thus illustrate core characteristics of ownership originating from our empirical observations; at the same time our pre-understanding of ownership characteristics from existing literature supported our coding to identify possible categorizations. Eventually the seven themes together form a coherent and holistic logic of ownership in family-controlled businesses, supported by the fact that our empirical findings mean that all interviewed family owners represent the logic to a very high degree. To illustrate this, in the next section introducing our findings we will for each theme present a large number of quotes from our interviews.

EMPIRICAL FINDINGS AND ILLLUSTRATIONS

The seven themes building up the family ownership logic represent different aspects of ownership in family-controlled businesses. Below, each theme is presented with a description of the meaning of the theme, a grounded illustration of this meaning by a set of quotations from the conversations, and a concluding comment relating the theme to the connected literature. Even if some themes may be overlapping to a certain degree, the overall picture from all seven themes strongly supports our attempt to conceptualize the family business logic.

Theme 1: Active and visible ownership

The theme 'active and visible ownership' means that ownership involves an *active* commitment of a *visible* owner. As an example, half of the companies studied publish information about the owner of the company on their company web pages, presenting the individual person(s) and/or the family owning the company. About half of the home pages include the history of the business, often with a focus on the founder of the family business, and on more than a third of the home pages there is a picture of the owner(s).

Active and visible ownership often involves a clear willingness to communicate family values connected with the business and this means an evident presence in management and/or boards. The visibility of ownership is often part of the company image, and some of the companies also carry the family name of the owners. All owners interviewed saw it as important to make it possible for different stakeholders to identify the responsible owner[4] in their business. Most owners argued that their visible and active ownership was considered important both by the employees and by various other stakeholders.

Few of the owners considered active ownership to be the same thing as working in the company on an operational level. Owners who used to work operationally in the business, but did so no longer, pointed out that they were sometimes assumed to take a more operational role than they actually did. For instance, one owner explained that some employees and former partners had tended to contact him rather than the present CEO regarding issues that the owner considered clearly operational and therefore better handled by the CEO. However, in almost all cases studied visibility meant that representatives of the owner family were present more or less daily in the activities of the business. In Table 3 we have put together a number of quotations that illustrate the theme and its specific meanings.

- Insert Table 3 about here -

Previous research has shown that the degree of family involvement in family businesses differs between as well as within countries, industrial districts, and industries (Corbetta and Montemerlo, 1999; Astrachan et al., 2002; Wigren, 2003). Furthermore, research reveals mixed results on whether family involvement in operations is mainly a source of strength (Zahra, 2003; Miller and Le Breton-Miller, 2006) or rather contributes to problems such as destructive nepotism or difficulties to separate between ownership roles and management roles within the business (Schulze et al., 2001; Habbershon and Pistrui, 2002). What seems indisputable based on previous research (Blombäck, 2006) and the empirical observations in this study is that many family business owners make deliberate decisions to communicate active and visible ownership to their various stakeholders. How this is perceived and interpreted by the different groups of stakeholders has, however, not been investigated in previous research.

Theme 2: Stability in ownership and power

Most of the family-controlled companies in this study show a high degree of continuity in ownership[5] and top management. Stability is a notion that the owners interviewed clearly relate to their ownership. Stability in ownership is in several cases expressed as an objective in itself. However, stability in ownership and power can be viewed in different ways. On the one hand, some owners view this stability as fulfilled when ownership is stable over one generation or transferred to the next generation. When family business owners communicate the strategy of their business, they emphasize core values, one of which is remaining as a family business. According to a couple of respondents the wish to remain as a family business has, however, not always been fully shared across generations.

On the other hand, stability in ownership and power also involves a continuity of the CEO position and/or other management positions held by a family member. The statements of the family business owners in this study clearly point to long CEO

[4] 'Owner' in this section refers to the owner in a legal sense.
[5] Ownership in this theme refers to ownership in a legal sense.

tenures, also when business conditions fluctuate and in turbulent times. Table 4 illustrates the theme of stability in ownership and power.

– Insert Table 4 about here –

The mere fact that almost all the family businesses in this study involve second and following generations illustrates the inherent belief in stability in ownership in family firms. From previous studies we also know that CEOs in family firms tend to have substantially longer tenure than CEOs in non-family firms (Samuelsson, 1999; Nutek, 2005; Jorissen et al., 2005). From a study of 73 family businesses matched with 73 non-family businesses, Westhead et al. (2001) conclude significant differences; family firms employ external CEOs to a lesser degree and when this is the case, the average position period for a family CEO is almost twice as long as the average position period for a non-family CEO in a family business (15.7 years compared to 8 years). Furthermore, Westhead et al. (2001) found that family businesses are less inclined to employ non-executive directors than are non family businesses. All these findings support our theme that stability in ownership and power is important to the family business owner.

Theme 3: An industrial and long-term focus

All owners in this study demonstrate an in-depth knowledge of and often hands-on experience from the industries in which their firms operate. Most of them feel strongly about the products or services they deliver and they are proud of their quality and the value added. The owners are interested in strategic issues and typically identify themselves with the long-term strategic development of the firm. To many of them it is not problematic to wait for a relatively long period of time for an investment to yield a return. Strategic decisions taken are recognized as having an effect for many years to come.

Many of the family business owners explicitly put their own actions in contrast to the short-term perspective that in their view characterizes many actors on the stock exchange market. It is recognized by the interviewees that the financial focus as such not necessarily brings about a short-term perspective but that unstable and passive ownership in combination with a strong financial focus can have such consequences. Table 5 provides illustrations where both the industrial focus and a long-term perspective are articulated.

- Insert Table 5 about here –

An industrial focus refers to an industry- (i.e. customer- and product-) driven allocation of resources, knowledge, and experience to the core business of the company including a pronounced strategic direction (Golden and Powell, 2000). Industry leadership tends to differ between family and non-family businesses, possibly because family businesses have stronger corporate networks and therefore have access to more information (Gudmundson, Hartman and Tower, 1999). Family businesses also seem to be more interested in face-to-face long-term relationships with suppliers, customers, and competitors. According to Mustakallio Autio and Zahra (2002), traditions, strong relationships, and loyalty towards the core business as such direct the use of resources in family firms which would then favor an industrial focus as well as a long-term perspective. The long-term management tenure that is advocated in many of the illustrations seems to play an important role as well for a long-term perspective. People who have lived their whole lives closely involved with and alongside the business obtains a very solid knowledge about the business (characterized by Nordqvist, 2005, as strategic proximity) and they probably become more committed to the business than a CEO holding a position for a shorter period of time. They get deeply involved in the business (Miller and Le Breton-Miller, 2005) and are interested in strategic control, using largely subjective and strategically relevant long-term criteria (Baysinger and Hoskisson, 1990; Mustakallio et al., 2002). Such a person is likely to build on long experience and can tell that a /new/ product or service will need some years to prosper but definitely has a future and is a necessity for the company. Previous findings thus support our theme that an industrial and long-term focus is crucial to family business owners.

Theme 4: Multiple ownership goals

The respondents of our study confess to a logic that is characterized by a wider set of goals than pure financial goals. Their profound knowledge of and experience from the industry put operational achievements in focus also when they discuss objectives and goals. Most of the owners interviewed also emphasize their responsibility towards the employees and the members of the local community. Many of the owners interviewed live where the business is situated. They are known in town and are often involved in a set of local activities. It is not uncommon for the family business to contribute generously to such activities. Besides that, many mention the development and relations within the owner group including responsibilities for past and future generations when discussing the goals of their ownership. In Table 6, the multiplicity and diversity of ownership goals are illustrated.

- Insert Table 6 about here -

The theme "multiple ownership goals" is not used to question the importance of financial aspects in family business decision-making. Nevertheless, also previous research shows that family business representatives, when compared with non-family business mangers, are more likely to stress non-financial objectives besides the financial objectives (Davis and Stern, 1988; Littunen and Hyrsky, 2000; Riordan and Riordan, 1993, Samuelsson, 1999; Sharma, Chrisman and Chua, 1997). As an example, it has been argued that the prime objective of family firms is to maintain the lifestyle of the owners and to provide employment for family members (Westhead and Cowling, 1996a; 1996b). As another example, concepts such as "family-in-business mind-set" (Habbershon and Pistrui, 2002) and a "peculiar financial logic" (Gallo et al., 2004) have been used to explain a focus on other aspects than growth and increased performance in family businesses studied. Also the idea of family ownership as related to a strong feeling of responsibility towards the local community has been described in previous studies. Some studies include critical notes regarding the limited interest of family businesses in getting engaged in the general betterment of society on a global level to the same extent as, for example, many listed firms do in the name of corporate social responsibility (Gallo, 2004; Uhlaner, van Goor-Balk and Masurel, 2004). Nevertheless, these studies also reveal that owner-managed firms typically make an important contribution to their closer community (Uhlander et al., 2004; Jorissen et al., 2005). In the words of Gallo (2004) "family businesses are sensitive to erosions to their most immediate environments" which could be explained by their integration in the local environment (Jorissen et al., 2005). Previous research thus supports the understanding of family business owners as having multiple ownership goals.

Theme 5: Weak connection to capital markets

Most interviewees have relied on the business to generate financial resources in combination with a limited amount of long-term loans. The dominant ideal for funding among the owners interviewed is thus own earnings. Besides that the attitudes to funding in general and external funding in particular were mixed. Access to capital is often described as limited for the family-controlled business, and the interviewees recognize that family businesses often have difficulties finding suitable financing. However, two of them suggested that it might have more to do with the timing of when owners realize that they need external capital rather than being a "real" financial problem, i.e. they argue that some of their colleagues have approached financial backers when they have acute cash flow problems rather than working with investors in a long-term perspective. Others point out and emphasize the importance of not being dependent on external funding. Many owners point out that harmonious relations with their bank are essential to them and they tend to look after this relationship carefully. Others, however, were somewhat critical towards banks in general and argued that it was important not to be dependent on the "benevolence" of banks. In the cases when owners felt their predecessors had been treated badly by the bank this was used as an argument for not relying on the bank for financing the business. As an example, in the boardroom of Company N there was a miniature model of the house and furniture once mortgaged by the founders as a reminder to the generations presently in control of the business. For the two companies listed on the stock market, funding was not the main reason to turn to the stock market. They explained that it was a way for owners to get financial return. Furthermore, being listed gives the company status and attention in the media. Nevertheless, the owners with experience from stock listing as well as most other owners interviewed were skeptical towards stock listing, some with reference to the demands for quarterly profit, others with reference to the extensive demands on financial reporting and bureaucracy in governance. Table 7 illustrates the family business owners' weak connection to capital markets.

- Insert Table 7 about here -

The skepticism of many family business owners towards external funding is supported by previous research (Corbetta and Montemerlo, 1999; Gallo et al., 2004; Westhead et al., 2001). While some researchers see this as problematic in relation to growth and increased performance, the present study indicates that the owners interviewed did not share this view and they saw their particular approach to finance as part of their wider ownership logic.

Theme 6: Organic flexibility in governance structures

Rapid decision making is something that is stressed as an advantage by the family business owners in contrast to organizations with more hierarchal and unwieldy structures. The family business owners argue that the close relationship with the firm makes them speed up the decision processes. The role of the board differs among companies studied and does not always agree with that of companies with widely held ownership. Not all owners interviewed are convinced of the advantages of the formal role of the board but are aware that an unclear role of the board might cause problems. Whereas some of them see it as their prerogative to bypass the formal decision structures of the firm, some of them consider it important to try to follow these. The organic flexibility in governance structures that we refer to here thus varies between the family businesses of this study, but few of them follow the strictly hierarchical governance structure advocated in codes of conduct that regulate the governance of listed companies in many countries.

Many of the family business owners hold formalized discussions about ownership issues among family members. About half of the businesses studied set up family councils often prescribed by family business associations. Some of these family councils have meetings that are divided into two parts, one part exclusively for owners with issues only related to the business and one part for all family members.

Insert Table 8 about here

The governance structure includes the relationship between boards and top management teams where boards are supposed to serve as a protection against mismanagement (Baysinger and Hoskisson, 1990) on behalf of the owners. In family businesses, ownership and management most often overlap and therefore the agency perspective is not applicable (Zahra, 2003; Miller and Le Breton-Miller, 2006). In such companies researchers have argued for a focus on formal as well as informal rules of the governance model (Gubitta and Gianecchini, 2002). The industrial and long-term focus, illustrated in Theme 2, makes family business owners prone to act directly and fast (Miller and Le Breton-Miller, 2006), and personal involvement tends to result in single-handed strategic decisions since the owners see it as their right to make them (David, Schoorman and Donaldson, 1997; Miller and Le Breton-Miller, 2006). Such acting on one's own is also explained by the fear of losing control (Gubitta and Gianecchini, 2002). The family business owner is thus flexible, i.e. has "the capacity to adapt" (Golden and Powell, 2000). Similarly, Gubitta and Gianecchini (2002) suggest flexibility in governance models, where flexibility stands for the possibility of a company "to rearrange its basic elements over time, space, and connections and to refine characteristics to increase the performance level" (2002:284). The argumentation above supports our theme that the family business owner advocates flexibility in the governance structure.

Theme 7: Identification

All our family business owners express total commitment to the business. The overwhelming majority were raised 'into the business' and tell anecdotes from their upbringing. They also pass down stories from previous generations. They bear witness to a strong emotional attachment to the business, and all of them agree that the business is part of their identity. They are willing to put a great deal of effort into the business and, in most cases, cannot imagine selling the firm. There are many privations, they say, but what they value most is the pleasure and pride it gives them to be 'in charge' and a 'caretaker' of a business built on traditions. Even if the commitment is obvious in many of the quotations above, it is even clearer in the illustrations that are listed below in Table 9.

- Insert Table 9 about here –

Relationships within a family business are often very dense, genuine, and unique (Hall, 2003). An upbringing in such a setting often creates a special bonding and feelings of being 'one' with the business forming part of the identity (Pierce et al., 2001). Emotions towards the family business are typically characterized as the 'glue' (Collins, 2004) in the business, and they may range from joy, commitment, and pride to frustration and dependence. A wish to be in control is also expressed as is the difficulty to 'let go' at times of succession. Family businesses are thus governed by a deep and special attachment (Miller and Breton-Miller, 2006). All this supports our theme of identification with the firm.

DISCUSSION - DIMENSIONS OF FAMILY OWNERSHIP LOGIC

In this paper we set out to investigate ownership and its role in the family-controlled business. The results indicate that there is a strong notion of ownership that cannot be explained by legal or formal ownership only. We have found a pattern of ownership in the population studied that can also be connected to informal or even 'emotional' ownership. We label this coherent pattern *family ownership logic* with the following seven core characteristics:

Active and visible ownership
Stability in ownership and power
An industrial and long-term focus
Multiple ownership goals
Weak connection to capital markets
Organic flexibility in governance structures
Identification

This logic has a high degree of consistency despite differences in industry, size, generations, and stages of life cycles among the family firms studied. We argue that the family ownership logic has a predominant and common character, i.e. it is an ownership logic in which psychological ownership adds a dimension to the family ownership logic that is prevalent along all dimensions above. In order to make our case we will relate the family ownership logic, and thereby our empirical findings, to the dimension of psychological ownership. The ambition is to bring in a dimension that can add to our understanding about the special dynamics that seems to encompass ownership held by family members.

In our material we sense a very strong tie between the owner and the owned – the family business. This is explicit in almost all quotations regardless of the theme. Ownership makes the individual regard the owned object as his or hers as much as his/her thoughts, words, and emotions (Marx, 1978; James, 1980/1890). Pierce et al. (2001) suggest in a similar way that ownership can include both affective and cognitive dimensions, such as in the expression "this is MY business". Thoughts, including a series of personal appraisals and judgments expressed in the quotations, are thereby part of the psychological ownership dimensions in family ownership logic.

The strong feeling of being 'one' with the family business indicates a strong relationship between owning and one's identity, much like Sartre's (1969, p. 591) belief that "I am what I have". Therefore it seems as if the family firm is an extension of one's self (Belk, 1988) and the owner's identity (Pierce et al., 2001). To be owner of and thereby part of the family firm defines meaning in life and contributes to and reflects a person's identity (Belk, 1988). In our study, where each respondent is also the owner in a legal sense, formal ownership is probably part of a prerequisite for the family owner to "seek, express, confirm, and ascertain a sense of being through what they have" (Belk, 1988, p. 146). Even if the legal aspect of ownership is not necessarily a condition for psychological ownership, a set of studies have highlighted the importance of a formal ownership system as positively related to psychological ownership (see Pierce et al., 1991). As time passes, formal ownership is probably merely a manifestation of 'doing' and 'being' and is rather expressed or mirrored in possessions. It can render the family owner or family member a symbolic value of who s/he is and how s/he wants to be defined. In the empirical illustrations family business owners explicitly express that the business is closely connected to the individual's personality. Thus we have included the characteristic of *identification* in the family ownership logic.

To start one's business is probably one of the most powerful examples of investing oneself into a target, gaining control, and getting to know the target well, which are the three prime explanatory factors of psychological ownership (Sartre, 1969; Pierce et al., 2001). They are all part of the extended self and are well illustrated in our quotations and expressed in the family ownership logic, when the respondents witness about a lifelong investment in the family firm, and in many cases several generations of hard work and sacrifice. Such massive investment calls for a continuation of the firm also after the owner's death. Giving away or transferring ownership to someone else, such as children, is part of this process since it includes the receiver in the extended self (Sartre, 1969). Judging from our quotations, there are reasons to believe that these processes of extending oneself are mainly conscious and intentional as argued by Belk (1988). The extended self does not necessarily work merely on the individual level but also on the group level, where the family, a circle of friends and long-term employees, and various cultural groups such as family business networks meet the needs to control, to get to know and to create. From our empirical quotations we mainly witness the closest circle of family members. For the reasons above we conclude that it is hard to separate oneself from the family business and therefore family business owners tend to stay long in the business. Therefore we include *stability in ownership and power* in family business logic. We have several quotes confirming that the power of being the majority owner facilitates for the family business owner to be – and remain – in control, which is here manifested in *active and visible ownership* as well as stability in formal ownership and thereby voting power.

According to Isaacs (1933) and Lewis (1993; 1998), feelings of a need to be in control ('this is mine!') are developed during childhood and continue into adulthood. When the child in a family business grows up, he or she might experience to be 'in control' even if the business is not his/hers. This feeling might be a result of the child being channeled into the family culture and values. S/he might be told over and over again that the business will once be his/hers or is raised into ownership from childhood. The feeling of being in control leads to feelings of efficacy, pleasure, and extrinsic satisfaction (Pierce et al., 2001), to which the joy, energy, and entrepreneurial spirit expressed in our quotations bear witness. These quotations can be summarized into the strong identification with the business that we have included in the family ownership logic.

The individual's need for having some space and a sense of belonging – a home (Pierce et al., 2001), or in our case a family business, seems to be decisive for his/her well-being and, again, identification. The business can also be a psychological occurrence (Heidegger, 1967) and gives a connotation of warmth, comfort, and security, much like "When we inhabit something, it is no longer an object for us, but becomes part of us" (Pierce et al., 2001, p. 300, quoted in Dreyfus, 1991, p. 45). Pierce et al. (2001) suggest that the need to be in control, the identification, and the need for a place facilitate psychological ownership, but are not necessarily the cause of feelings of possession (Pierce et al., 2001). In our cases, having talked to the formal business owners, there seems to be a strong relationship between the psychological and the actual status of being the legal owner. The outcome is a positive attitude towards the business, an increased self-reliance and accountability (Van Dyne and Pierce, 2004, p. 443). There is no doubt that being involved in a family business entails perceived responsibilities and rights, which is suggested to be the case of psychological ownership (Pierce et al., 2001; Mattila and Ikävalko, 2003).

Responsibility is expressed in a set of quotations where emotions such as being protective, caring, nurturing, and being prepared to make sacrifices and to channel one's full energy and time into the family business are evident. We have summarized them into, among others, the core characteristic of *multiple ownership goals*. However, they are also sensed in the long-term strategic direction where the owner is responsible to his/her business rather than for showing satisfactory quarterly reports with an outright financial focus. Stewardship and citizenship behaviors are here easily connected with the responsibility concept of psychological ownership (Pierce at al., 2001). The benefits of stability in ownership together with *a weak connection with capital markets* also ease the possibility to work in a long-term strategic direction, according to the owners.

The rights may be of various kinds, such as the right to possess some financial share of the family business, the right to exercise influence, and the right to get information about the family business. In general there is a positive relationship between feelings of possession and the family business (cf. Van Dyne and Pierce, 2004). In practice this is expressed in various ways such as in *organic flexibility in governance structures,* where the family business owner sees his/her right to make decisions and take actions regardless of board decisions and/or regardless of hierarchical chains of commands mainly for the sake of promptness and having the best of the firm in mind – or, as expressed in a quote, for the sake of demonstrating independence.

Emotions are strongly connected with the family business and are salient in most of the statements. Emotionally, to start and to build up a business is included in the extended self (Sartre, 1969). In agreement with the reasoning of Ashforth and Humphrey (1993) as well as that of Parkinson (1995) and Fineman (1996) about the construction of emotions as identity claims, psychological ownership, as illustrated among the family business owners, gives rise to identity claims and results in certain feelings of pride, happiness, satisfaction, and the like. Furthermore, in studies on emotions in family business settings it has been concluded that communicated emotions constitute strong driving forces in order to achieve intended goals (Brundin, 2002). It is quite obvious among the family business owners in this study that they develop a specific attachment to the business, a sense of belonging between the members of the family, and strong feelings of satisfaction. Being actively involved in a family firm seems to create emotional energy (Collins, 1990; 2004) – a result of long-term emotions.

As a natural consequence of psychological ownership and its connotation of meaning in life, identity creation, and part of one's self, there are also a couple of quotes that illustrate that hard times or a loss of the family business have a major impact on the self and might lessen it (Belk, 1988). This may have consequences such as mourning and feelings of losing control. It is reasonable to argue that the more effort and time the person has invested in the business and the more s/he has got to know the business, the harder the mourning process will be, or as Fromm (1976, p. 76, in Belk, 1988, p. 146) puts it, "If I am what I have and if what I have is lost, who then am I?" The identification with the family business can be developed into a trap, which was expressed by the owner who said that he had inherited something that he was very proud of, yet it is now a burden he wants to get rid of.

From the discussion above it is evident that belonging to a family business implies special and strong ties to the family firm and is a manifest component of the family ownership logic. We describe this strong glue of the family business logic as *emotional bonding* with the family business and suggest that emotional bonding be added as the eighth characteristic of the family ownership logic.

In the argumentation in this paper we have mainly excluded social dimensions of ownership, theories of social identity and social membership, and theories of organizational commitment, organizational identity, and internalization, which are closely connected with psychological ownership (Pierce et al., 2001), and thereby with emotional bonding. This is mainly due to the fact that we have so far only approached the majority owner (in a juridical sense) of the family business.

CONCLUSIONS AND IMPLICATIONS FOR FURTHER RESEARCH

Based on this study it is possible to draw two general conclusions: First, family business owners represent and mobilize an identifiable family ownership logic. Second, this family ownership logic is characterized by active and visible ownership, stability in ownership and power, an industrial and long-term focus, multiple ownership goals, weak connection to capital markets, organic flexibility in governance structures, identification, and an overall emotional bonding. However, the family ownership logic does not imply that family-controlled businesses are less profitability-oriented; they rather add other dimensions to their goals. The financial situation is prioritized for example in order to fulfill obligations to future generations. Maybe one can say that financial outcome is described as a means rather than an end

Findings by Miller and Le Breton-Miller (2005; 2006) strengthen the conclusions of our study. Miller and Le Breton-Miller argue and give evidence that family-controlled businesses, successful over long periods, have characteristics that are in line with our family ownership logic. Together the two studies show that family-controlled businesses represent a potential and highly dynamic type of ownership logic in which the formal aspect of ownership is tightly intertwined with the psychological aspect of ownership, which thereby has a special bearing on the family business. However, all the four dimensions of ownership discussed by Mattila and Ikävalko (2003) and Nordqvist (2005) need to be included in future research on family ownership. . Below we will discuss and point at some theoretical and practical implications of the family business logic.

This paper is a first exploratory step in framing and conceptualizing family ownership logic. We have brought out and established a set of predominant beliefs and values that constitute a family ownership logic. This logic has potential as part of departure for further investigations regarding firms with concentrated ownership. However, the family business logic described needs to be tested and further refined. For instance, each core characteristic of the family ownership logic can be elaborated further and may be supplemented through qualitative case studies. Furthermore, the family ownership logic should be tested through quantitative surveys. Other areas open for future research with family ownership logic as a basis are the rationale for strategic choices, interpretations of daily operations, similarities and differences in relation to ownership, patterns of action, reasons for family conflicts, contradictive aims of ownership, the possible lock-in effect of psychological ownership, and the like.

Although further investigations are needed, the general conclusions regarding the family business logic presented above have several implications in the current debate in the family business field. First, the long ongoing debate whether family businesses are 'irrational' or should be more 'rational' can be rejected by the results of this study as an irrelevant dichotomization. Murray (2002) refers to the dichotomization as 'an uneasy marriage of emotionality and rationality'. With the family ownership logic at hand we would say that there seems to be a satisfactory marriage of emotionality and rationality. This study does not rule out the existence of problems in family ownership but indicates that there are at least as many possibilities as potential problems. By realizing that there is such a thing as family ownership logic it is easier to understand the combination of emotions and rationalities in the family-controlled business and turn it into a characteristic that should be taken as a foundation for researchers, business analysts, and other professionals who judge and comment upon the management of a family-controlled business.

Second, our tentative results might have at least two consequences for comparative studies. To begin with, some observed differences between family and non-family firms are interpreted in a conflicting way. While some writers suggest that family businesses benefit from a long-term perspective (James, 1999; Zahra, 2003), others understand their weaker commitment to growth as indicating that they lack a long-term perspective (Gallo et al., 2004). Our suggestion is that the characteristics of family businesses are to be interpreted not only in relation to the dominant shareholder value perspective but also to the family ownership logic described in this article. Another issue of importance to comparative research projects is that the identification of family business logic might also have consequences for the definition of family businesses. As suggested by Astrachan et al. (2002), comparative work in the family business field is better served by a continuum framework than either/or definitions. In terms of the set of values that a family business logic communicates, it represents yet another perspective of culture that in different combinations might construct diverse types of family-controlled businesses. As indicated by the findings by Thomas (2002), the commitment to the family business logic might vary between different actors and, as suggested by the comparative work on family firms in Italy and the USA by Corbetta and Montemerlo (1999), the family business logic might vary with cultural differences. Further, there could also be differences in this respect between firms within the "same" national culture. Some firms might recognize that they correspond to most definitions of family businesses, without giving this much consideration. For other firms, family ownership and control are not only a source of pride but something that is frequently communicated to different stakeholders. For example, family business representatives in family business associations work hard to defend and create acceptance for "the family business form".

Third, besides being an interesting focus for further studies, the idea of actors defending a family business logic also raises questions in line with Habbershon and Pistruie's (2002) article. Before arguing for a "family-as-investor mind-set", they pose the question of how research in the family business domain influences family business practice. From their perspective, the field puts too much focus on issues not related to financial performance and growth, which they fear locks "families into a theoretical projectory that may not allow them to be enterprising" (Habbershon and Pistruies, 2002, p. 224). Other researchers might take other perspectives and attitudes towards goals and aspirations not so easily translated into financial return however the question is nevertheless worth paying attention to. What does the family business form mean in different contexts? What are the driving forces and actors behind the institutionalization of the family business form? What are the consequences of the institutionalization process?

Fourth, regarding the debate on whether to apply the agency perspective or stewardship theory to family business contexts, our results seem to speak in favor of the latter even if the family ownership logic goes beyond also stewardship theory. The statements made by our family business owners are more in line with the stewardship assumptions of people being collectivists, pro-organizational, and trustworthy than the agency assumptions of people being individualistic, opportunistic, and self-serving (Davis et al., 1997). Even though the espoused values here often correspond to stewardship assumptions, we cannot draw the conclusion that family business owners are either collectivists or individualists. It can however be argued that attributes of

major importance in family businesses are less likely to receive attention when applying a theory developed mainly for analyzing formal agreements and contracts used in a principal-agent relationship. Furthermore, this study provides reasons for questioning not only the normal agency-theoretical assumptions regarding the agent, but also the assumptions regarding the goals, objectives, and motivations of the principal. However, a related question in need of further research is the issue of responsibility and accountability. Much in line with the stewardship theory the owners, board members, and managers in focus here espouse a high degree of responsibility, such as a responsibility to past and future generations, to the local community, to specific family members, and to an industrial focus. As a consequence of these responsibilities there is room for questions regarding accountability. With an interpretive perspective, accountability is about *obligations* to account, as well as *abilities* to explain, justify, and account for one's actions (Munro, 1996; Roberts and Scapens, 1985). With this perspective, accountability has been studied as an important ingredient in competence (Jönsson, 1998). To be recognized as competent and trustworthy, a person needs to be able to account for what happens in a way recognized as meaningful and suitable. Our respondents have not directly elaborated on what their responsibility stands for, in what sense they are accountable and to whom they are accountable. So the questions remain - to whom are different types of family business owners accountable and for what? We have seen that their financial logic is sometimes seen as irrational and peculiar – under what circumstances are they understood as competent and trustworthy? It is interesting to note that family ownership is frequently described as in need of professionalization while at the same time modern
management tools (such as EVA™) are marketed towards other organizations as a tool to enhance "the feel of ownership", "making managers into owners", where "pride in one's work, sensible risk taking, and above all accepting responsibility for the success of failure of the enterprise are among the attitudes that separate owners from mere hired hands" (Stewart, 1991, p. 223, discussed in Mouritsen, 1998).

As a final proposition for further research we return to the question of how to define ownership. In the family ownership logic we have included formal as well as socio-psychological dimensions of ownership. In this particular study in which we have turned to the majority shareholder owner, we have taken an interest in formal ownership as the underlying prerequisite for psychological ownership. From research on employee stock ownership plans it has been suggested that there is a link between formal and psychological ownership and that formal ownership is positively and causally related to psychological ownership (Pierce et al., 1991). However, in the family business context, psychological ownership can be related also to family members not being the owners in a legal sense. So is often the case in a family-controlled business where one or both parents own the family business and their children are more or less psychologically bonded to the family firm. Thus the aspect of psychological ownership that is related to non-formal ownership interrelates with formal ownership in a way that definitely makes it a topic for future research. In total, all the dimensions of ownership including formal, psychological as well as socio-psychological, and power elements trigger the demand for further qualitative, preferably longitudinal studies.

To conclude, we want to emphasize that even if the family ownership logic, as defined in this paper, may be valid for most family-controlled businesses (something that we envision), we should still remember that there are many other distinctive differences in the broad family business population. Our findings do not support the recent and ongoing institutionalization of the family firm as a specific form of organization, implying that the family firm population makes up a homogeneous group of firms with, for example, a similar governance structure and practices (Melin and Nordqvist, 2007). Rather our findings hypothesize that despite the many differences between different types of family firms, regarding e.g. their market context, specific ownership structures, size, and generation in power – such as a big listed family-controlled corporation in a global industry vs. a small, totally privately held family business working on a local market – they share a common value base and core characteristics, the family ownership logic.

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Table 1. Firm characteristics

Firm	Size	Gene-ration	Industry[6]	Growth orientation	Listed	Family business image	Local/ Global orien-tation
A	Medium	3rd & 4th	Manufacture of food products and beverage	Medium	No	Strong	Global
B	Large	1st	Software consultancy and supply	Strong	No	Strong	Global
C	Large	2nd and 3rd	Manufacture of food products and beverage	Medium	No, Re-purchase	Strong	Glocal
D	Medium	3rd and 4th	Manufacture of food products and beverage	Weak	No	Strong	Local
E	Small	3rd	Manufacture of transport equipment	Weak	No	Medium	Local
F	Large	1st	Manufacture of machinery and equipment	Strong	Yes	Weak	Global
G	Medium	1st and 2nd	Manufacture of machinery and equipment	Strong	No	Medium	Local
H	Large	2nd and 3rd	Wholesale and retail trade	Strong	No	Strong	Local
I	Large	1st and 2nd	Manufacture of chemicals	Strong	No	Medium	Global
J	Large	1st, 2nd and 3rd	Manufacture of transport equipment	Strong	Yes	Strong	Nordic
K	Large	1st and 2nd	Manufacturing (Holding company)	Strong	No	Strong	Global
L	Large	3rd and 4th	Transport; Real estate (Holding company)	Strong	Yes	Strong	Global
M	Medium	2nd and 3rd	Retail sale of motor vehicles	Medium	No	Medium	Local
N	Large	4th and 5th	Publishing of journals and periodicals	Weak	No	Strong	Nordic
O	Large	2nd and 3rd	Manufacture of builders' carpentry and joinery of metal	Strong	No	Strong	Nordic
P	Medium	2nd and 3rd	Retail sale of motor vehicles	Weak	No	Strong	Local
Q	Large	1st	Retail sale of furniture	Strong	No	Medium	Global
R	Medium	5th and 6th	Manufacture of footwear	Strong	No	Strong	Global
S	Large	1st	Mining and quarrying of energy producing materials	Strong	Yes	Weak	Global
T	Medium	2nd	Publishing of books	Medium	No	Medium	Nordic

[6] SNI Swedish Standard Industrial Classification 2002

Table 2. Interviewee characteristics

Firm	Generation	Ownership	Management position	Board membership	Gender
A	4th	< Majority	None	Chairperson	Male
B	1st	Majority	CEO	Member	Male
C	2nd	Foundation	CEO	Member	Male
D_I	4th	< Majority	Technical Manager	Member	Male
D_{II}	4th	< Majority	PR and Design Manager		Female
E	3rd	Majority	None	Chairperson	Male
F	1st	Majority	None	Chairperson	Male
G	1st	Majority	None	Member	Male
H	2nd	Majority	Project Manager	Deputy Chairperson	Female
I_I	1st	Majority	None	Chairperson	Male
I_{II}	2nd	Minority	Controller	Member	Male
J	1st	Majority	None	Member	Male
K	1st	Majority	None	Chairperson	Male
L	3rd	Majority	CEO	Member	Male
M	2nd	Majority	CEO	Member	Male
N	5th	< Majority	General Manager (one of four)	Member	Female
O	2nd	Majority	CEO	Member	Female
P	2nd	Majority	None	Chairperson	Male
Q	1st	Majority	Director	Member	Male
R	5th	Majority	CEO	Member	Male
S	1st	Majority	CEO	Member	Male
T	2nd (two)	Majority	Directors	Members	Females

Table 3. Illustrations of active and visible ownership

Interviewee	Illustration	Comments
A	An important aspect of our strong brand is the family character of our business. Because most [other businesses within the industry] are owned by big publicly listed multinational corporations, we try to give prominence to our visible ownership and point out that we in the owner family are available to our customers**.** Irrespective of what happens, our family will remain behind the firm.	This quote illustrates that active and visible ownership is a carefully planned and considered part of company branding.
D	We usually say that we are a family making products for other families and that we make sure that we are in close contact with our customers or consumers rather. That is also why we have built this 'visitors' café and shop' on the premises.	This quote illustrates that active and visible ownership is a carefully planned and considered part of company branding.
G	Even though I have been outside the daily business for five years now – in his world, I am still the one in charge.	This owner has resigned as CEO, however and even so, some of the employees and former partners regard him as still involved in operational decision making.
I	There are so many advantages of active ownership, for the business. […] Furthermore, to give ownership a face is very important; it is much easier to open doors. […] My most important role as owner is to infuse entrepreneurship and let it prosper in the organization. Then I am the external ambassador. I am also active in strategizing, which I can manage through my role as chairman of the board	This quote illustrates the owner's reasoning regarding the importance of visible ownership within the organization as well as towards external stakeholders.
J	I do not think that family business owners constitute a homogeneous group of people. But they have no choice but to take a stand for who they are. They do not have the advantage of being accountable to someone else regarding, for example, how they behave towards their staff. They might behave well or they might behave badly but it is like you know what you get. There will not be any new directions that no one actually understands or can defend. This is what I think. And we have let the old owner managers [of the businesses acquired] continue doing their thing.	This quote illustrates that active and visible ownership may have different consequences depending on context and the individuals involved.
The web page of company J	The story of [Company J] equals the story of the founder [Interviewee J], the man behind the first [Company J product] as well as their other revolutionary innovations which today are part of the [Company J-standard].	This quote illustrates that active and visible ownership is part of company branding.
L	Active, local ownership is important for getting maximum efficiency out of the system [i.e. the business].	This quote illustrates the owner's idea of the impact and responsibility he/she has in the organization.
M	I know that I should not interfere and run riot, our external CEOs have enormous freedom… however, I have total control.	Also this owner has resigned as CEO, nevertheless he is prepared to make operational decisions when considered necessary.
S	Ownership has a face. You know who to blame! When there is a lot going on… I had a period like that recently when we had a lot to do and I stepped in and helped out when the CEO was struggling. […] You know when they are working like that, I can not work 9 to 5 but will have to do my 15 hours as well.	These quotes illustrate the owner's idea of the impact and responsibility he has in the organization.

Table 4. Illustrations of stability in ownership and power

Interviewee	Illustration	Comments
A	In our family we talk with our children about long-term ownership issues, about the next step and when the next generation [the fourth] is ready. […] We talk about the long-term ownership issues, what the next step might be; whether we are to broaden the ownership within the next generation is for them to decide. [The overall value of running this business as a family business] is the continuity. So that there are no new terms of reference and so that everyone who works in the company knows very well where the company is heading.	This quote illustrates that long-term issues are a continuous subject of discussion. Continuity is very important not only for the owners but for all employees.
C	[Company Z] has had fifteen CEOs during the time that I have been the CEO [of this company]. And they have had three or four owners during the time that I have been the owner and CEO of this company. Therefore they have had the turbulence that I am pointing at. And we have had the long-term direction.	This owner suggests that a long CEO tenure renders more stability.
D	One of our four core values is to remain a family business – this is the core of our operations. We, family [X], have owned, managed, and created the brand for generations.	To this owner remaining a family business is an objective per se, and to own and manage the company over generations has also created a brand.
I	We consider this to be a family business and we want to demonstrate that it is a family business with values.	This owner sees family ownership as a vital part of the business.
N	And then there are A shares and they can only be sold within the family … our board decides who may buy and sell [A shares] and at what price… Shares cannot be sold outside the family. [The goal of our ownership] is to transfer [the ownership] to the sixth, seventh, eighth and ninth generations. […] There is strength [in the ownership] in being able to cope when business is bad. In the seventies the question of selling was a burning issue, however my father and my cousin's father believed in the business and decided that 'we will cope, we'll have to cope' and they did, and today we are very well off.	The owner of this company verifies that the power and ownership is intended to remain within the family for many generations to come.
O	My son thinks this business is interesting, so I have promised to raise him to become a good owner.	This parent and owner takes it as her responsibility to train the next generation in ownership, thereby indicating that the stability in ownership and power is important.
P	Actually, I have an almost religious conviction that concentrated ownership in family businesses is crucial. And I perceived a much bigger difference within myself from the time that I owned this company together with my brother to the day I bought my brother out. […] I believe that there is an advantage in stability, such a thing is good. Family business ownership has clear advantages in this	This owner believes in concentrated ownership and that sole ownership in a family business is more motivating than shared ownership.

	respect.	
T	I think, with our dad there were a lot of unspoken thoughts. I think he actually wanted us to be interested, but that he did not want to ask us or train us systematically in order not to be disappointed if we would say that this was the most stupid and boring thing we had ever heard of. I think he wanted us to take over. Even so, he could say that you might as well sell it [when he was gone] but do not rush into things, the company will run itself for some years, and by no means sell the property. Finally, I told him, come on, if we do not know anything about the business we do not have any choice but to sell. Some time passed and then one day he suddenly came to me and said – you are on the board. Of course it is some kind of loyalty [that we kept the company when our father died]. However, I can also say that if we were to sell – would then the new owners understand the logic of this business? Or will it become just like any other business in this industry? Because this started out as being different from all other businesses… One works with what one has, there is no intrinsic value in cashing in the money now.	From the quotation we can see that the wish to keep stability in ownership over generations is not always a straightforward issue, rather an unspoken wish. For this owner it is essential to keep the logic of the business alive and for this reason it is important for her to keep the inherited business.

Table 5. Illustrations of an industrial and long-term focus

Interviewee	Illustration	Comments
A	[Continuity] is important for the company and the role of the owners, so to speak. This long-term view makes it possible to take care of and look after the brand so that it develops all the time in a planned way… I think, and this is probably true for all other family firms, that you make things simple and have a focus on what is important for the company. If you change management, if you change in order to be aggressive here and there, then [the brand] will eventually be so blurred that almost no one recognizes it.	A long-term focus and continuity of management make the company brand stronger.
B	We have an extreme long-term perspective in our industrial thinking. It takes 7-8 years before a new area or segment yields a return on the investment.	This quotation illustrates that a short-term/quarterly profit is not of primary importance in the business.
C	[To run a family business] is especially positive from the point of view that we have the same direction all the time. I mean we take on a very long-range perspective. There are no sudden changes. There are no new owners who appoint a new CEO with new strategies. Our actions are very long term. People can feel secure. There aren't new brooms that suddenly sweep clean – it is rather the same broom all the time, and that, I believe, creates security. I believe that if you are the CEO of a large listed company which needs to show short-term returns and make sure to satisfy the expectations of the stock market there is a risk that you take bigger risks… As we usually say – I am not a capitalist, I am an industrialist. And there is more capitalist thinking in that short-term financial focus. But I have the freedom to concentrate on the industrial side. It does not mean that our company should be less profitable. We do not only work with an industrial process. It also involves knowledge regarding the specific product. And it is important to bring that knowledge further. You can not dither, making [the product] a little bit like this and then a little bit like this. There has to be a line of thought in what you are doing; to give it a profile of its own. And that profile – it is only the people that can represent this line.	This owner claims that the family business offers the possibility to act with a long-term perspective and concentrate on the core business. He also separates industrial thinking from capitalist thinking and is clearly advocating the former since it gives the company the possibility to act more freely. Further, knowledge about the core business is as important as the industrial focus.
N	I know that our employees appreciate that it is family managed… they say that it brings them security. With family governance, they say, strategy is more long term. […] Our employees know that we wouldn't throw ourselves into something that could turn out completely crazy. [...] And to be able to discuss anything with us and get our advice also gives our employees security. They can have us as their sparring partner.	This owner argues that being a family business gives employees a sense of long-term focus and thereby security.
Q	I had two bankers on the board at that time and both of them argued a lot for joining the stock	This owner has made a careful consideration and come

	exchange. I was very, very skeptical since it counteracted the long-term view according to my standards. So it is correct to claim that a long-term view became an important word for me. And therefore, when I realized how the stock exchange operates I had to cross out that possibility.	to the conclusion that a listing on the stock exchange is in conflict with the long-term focus and independence of the firm.
R	If you sit down and really reflect on this [the role of ownership] then it is not that damned easy. You must think, not only think right, but you must think a, b, c and 10, 20 years ahead. […] [The goal of the ownership] is to have a long-term survival structure and to look ahead. We may never, never ever, we may never go to rest in our ambition to develop the company. Because if we start to wait and see we will be dead meat. Then some devil will come and eat us alive. I have been thinking about being listed on the stock exchange market a thousand times, and no, I do not intend to be listed; rather I have been thinking why I believe this company should not be listed on the stock exchange. If we do we will need to do other things than those we are good at, our core business. And I do not want to do something else because I know what we are good at and it is what we are doing today. […] No, I do not want to sell the company because why should I? Absolutely no one knows this business better than I do. No one knows this market better than I do.	Industrial thinking, putting the core business at heart and a long-term focus are the main prerequisites for survival and a possible listing on the stock exchange would distract the company from that.
S	Stability in ownership is very important whereas irregularity [of strategy] is not. The reason why I made this CEO redundant was because he has changed the strategy every year. And then he praises himself for it but cannot keep it up, so stability in ownership is very important. You need to be very careful about changing the strategy.	A short-term focus may lead to a split in management between family and nonfamily management.
T	[Our deceased father] had total control… He had worked in this industry since he was a student, all his life. Our father worked with a lot of new technologies all the time. I think [the main driving force behind the company's strong position] is the long-term focus in the ownership and in our strategies. Because we do not let anyone or anything knock us down. If we believe in a thing we give it a fair amount of time and resources before we give in or let go. It is not that we do not believe in good quarterly or six-month-results We rather look ahead for some years or a couple of years and that it is not that profitable but we believe in something. Then, of course, we also prioritize profitability. Profitability is more important than expansion. But if we have committed ourselves to something we think it is worth it.	The founder of the firm had knowledge of the industry dating back to the start-up of the business. The present owners think that this is one of the reasons for their long-term focus today. They also believe that it is more important to stick to an idea than to receive an immediate return.

Table 6. Illustrations of multiple ownership goals

Interviewee	Illustration	Comments
C	I feel very proud of our company and that I have contributed to building it up. I really am. It has not been easy; we have had to fight a lot. But being able to sit here after 35 years having a job is a nice and strong feeling in itself. […] Another good feeling is to work with something that the children want to commit themselves to. It is a really strong feeling. And the third feeling is the feeling of knowing that I do what my grandfather and father worked with. The fourth feeling is that I work with something I like. Both my brother and I grew up in [the small community] where the mining industry was dominant. Fifteen years ago it was shut down […] And sure, when you can see that our little [business], small in comparison, gradually took over and became the only business left when the mine disappeared. That the community could survive, not as big as before, but still surviving. We kept a belief in the future also in the new [community], after the mine was gone. My brother and I have definitely contributed to keeping that spirit. And of course that makes me feel responsible. I would not feel good if I one day had to shut down the [production] there, so to say. It is deeply rooted. I would not dare to say that loud enough for them to hear it outside. The union representative [from a production facility in another community] is waiting outside. But of course he knows that; that our hearts are in [the community] where we grew up.	These quotes illustrate the owners' multiple ownership goals, including their focus on family relations as well as their sense of responsibility towards the community in which operations were founded.
E	A couple of years ago they made a survey [in this community] regarding the development of businesses with local and external ownership. Companies with an external ownership were more successful than those with local ownership. However, the staff enjoy much more working in companies with local ownership. […] And what one forgets is that we have so much more, we have the culture and we have sport clubs and various associations which an internationally owned business, or nationally owned business also, does not give a damn about. They don't give a damn if the local Red Cross or football clubs need money. But if you have local ownership then you are also interested in the place where you live and its development. All this is about to be impoverished since all clubs are dependent on support. As a local owner you can relate to your children being – or having been – in the club – or yourself – and you sympathize with them	This quote illustrates the owner elaborating on the difference between businesses owned by individuals living in the community where operations are situated and businesses which are parts of company groups.
G	The most important thing for me is of course that the company develops in a positive direction. That we succeed in increasing our export and lower the degree to which we are dependent on the Swedish market. But also to get this opportunity, that the business could be the possibility for our family to make this journey together. To me that is very… exciting. And of course a prerequisite for that is for the business to grow. It is a side-effect that seems very exciting. It may sound as if we've had bad [relations within the family]… It is just that there is another <u>meaning</u> to the family relation which feels good. I do not think that one should be blind to the possibility to move the production to [countries with lower costs of production]. Our ambition is of course that we shall have the business here and call it the head office since the family is here and some of our colleagues. But if we are forced by rational reasons to move the production or buy components, then we	These quotes illustrate the owner's multiple ownership goals, including his commitment to improving business operations as well as the business as a means for developing the relations within the family and their commitment to the community in which operations were founded.

	shall of course do so.	
H	…it has been really interesting because I feel, kind of, proud that my children will never be out of work. I think that is fantastic. Well, they are still young but if they would like to - which I do not know if they will – we could offer them an occupation. And for me, it is also a security, a possible financial security. Furthermore, I feel that I am part of building something. I experience that as a strength and I feel like a prime mover.	This quote illustrates the owner’s multiple ownership goals including financial return and future occupation for her children.
J	Realistic would be to get up to 8 % profit of sales, but then it all depends on needs for investments and the like. Of course you should not mix the two too much but, well, 5 % could also be OK in my view. It depends on the kind of obligations you have towards your employees for example. You need profit to create a secure place of work. My argument is that the profit should stay with the business and that you should fill the barn because you do not need to doubt that bad times and years will come. By then you need to have money, you should not be too heavily mortgaged, you need a decent level of leverage to make sure that you do not need to… that everything does not collapse.	This quote illustrates how the owner describes profit as important but also as a means of fulfilling other goals and obligations.
K	There are two things that hold us back sometimes. We are the biggest employer in many of the small communities where we have ongoing operations and this means too much to us. The results would have been better if we had not put so much heart into this but been a bit tougher. However, when we have afforded it, our heart has ruled.	This quote illustrates the owner’s views on the company’s responsibility towards the communities in which it operates.
M	The main ambition for me is to transfer knowledge, values, and ways to run a business to my children, it is not important that they run the business as such but that they have knowledge enough to own it [i.e. to be active and competent owners].	This quote illustrates the importance that the owner attaches to transferring the business and the knowledge needed for future generations to run the business.
S	Well, that [my children would serve on the board or in the group management] is my dream. But I mean, my son works here now but I tend to agree with what Ingvar Kamprad said – The best man or woman should be offered the job. And you have also seen what has happened in the case of Kamprad? Now he says that the last thing he hopes for is for any of his children to be the president of the group. It is terribly hard work. I understand their position. My relation with my kids is good and I am not sure that what I wish for their future is to be the president of a company group and work 16 hours a day.	This quote illustrates the owner’s mixed feelings regarding the goal of keeping the business within the family.

Table 7. Illustrations of weak connection to capital markets

Interviewee	Illustration	Comments
A	No, we have not [considered to be listed on the stock exchange]. We have been able to generate the capital we have needed even if it was tough when we had to buy out a third of the owners.	This quote illustrates retained profit being the preferred way of funding.
C	Well, the reason we were on the stock exchange market was only a way to finance the company in a very expansive phase. If it had not been for that financing we would not have been able to make this journey. We would not have been able to finance it ourselves. Then we would not have been a family business today. The alternative would have been to sell the company. But in that case, I do not think we would have been sitting here today, definitely not me. And I do not think there would have been a [business carrying the name of the owners of Company C] […] We do not have to satisfy this stock exchange market that wants 20 % return per year on average, but we can make sure that… We can act a bit cooler. And I think that if you own the company – or own it through a foundation as in our case – then you get the long-term view and do not take unnecessary risks.	This quote illustrates the owner's mixed feelings towards stock listing.
F	Actually we did not quote the company to raise money for the business. There was a little element of that but it was only marginally to raise money for the business. It was to get money privately, to repay the mortgage on the house and the like; and to get a value on the business. To be considered a bit more serious since we planned to continue to acquire other businesses. Sure, we raised some money but doorkeepers also started to open doors for us in a way they did not do before. You get this small mark of being serious. And we got some… or it turned the shares into liquid assets.	This quote illustrates the owner elaborating on the different reasons for their stock listing, including private solvency and legitimacy.
G	I don't mind, I even think I would argue for looking for an external owner of, say 25 %, if we were going for a real expansion; in order to raise capital and to protect the financial situation of our family as well as to bring competence to the company. And I have seen that in businesses around us which I think have acted… When the business is running at its best, they still have been wise enough to invite others to join them as owners. And I have seen those who should have done that, but who did not and probably would have done much better if they had done that. When everything is going really well, it easily happens that they say 'No, there is no reason to let someone in'. That's what I think.	This quote illustrates the importance of timing that some owners relate to funding problems.
J	We have never needed to turn to the owners for funding. Neither have we mortgaged the business too heavily. And in 1990 the market peaked. Between '89 and '90 more than 13 000 [products] of various brands were sold in Sweden. Three years later the figure was 2 300. Everything went down. And many [competitors] faced difficult times but we had saved our money and actually liquidity was alright even though we had like 800 [products] in stock when we entered this period. And this money was of great value to us because I started to work with development of both production and new models during this time. When everything went down and all suffered we invested like 25 million SEK in development. […] The downside of the stock listing that I might feel is all these papers. But what you might feel as a disadvantage is actually a benefit. It is a good thing for you as well. Definitely. To get everything in order in a different way and to be officially scrutinized. Nothing wrong in that. […] With all these new rules, a family business should not actually be listed. […] The new rules do not work with the idea of training the next generation after the	This quote illustrates the importance that this owner attaches to not being dependent on external funding. The latter part of the quote illustrates his mixed feelings towards stock listing.

	other in order to build continuity. It does not work with the new rules.	
M	I know what it is like [to be on the stock exchange market] and I am very determined – this is nothing we should be involved in. We want to decide for ourselves.	This quote illustrates the owner's skepticism towards stock listing.
Q	The creation of the foundation had very little to do with financial reasons; rather, the issue was independence, a long-term view and independence, those were the guiding stars. It was then it became clear that the stock exchange was not suitable.	This quote illustrates the owner's skepticism towards stock listing.
S	It was scary to see how the banks behaved [when the business was founded]. And they are just as rotten today. And you may quote me on that. It scares me to see how the banks behave. […] Today we are not actually mortgaged at all with owners' equity estimated at 2 billion SEK only in our Swedish units. And the big bank turned us down when we applied for a loan. […] It might be that they found us uninteresting as customers because we were too strong financially because then they would not be able to charge as much. You know, the worse the financial position is, the more the bank may charge. […] I decided to become a wealthy man. Because that is the only way you can get the bank to listen to you. – That they have a partner who actually does not need to borrow any money.	This quote illustrates the importance that this owner attaches to not being dependent on external funding in general and bank lending in particular.

Table 8. Illustrations of organic flexibility in governance structures

Interviewee	Illustration	Comments
A	We have an agenda for the meetings [when all family members meet]. …once a year we include wives and husbands and then social activities are on the agenda. We make an account of the financial year. And then we arrange a golf tournament and some other arrangements on Saturday and Sunday. […] Family business councils are different from these meetings. Then only owners attend, three times a year. […] At these meetings we bring up contractual issues at the same time as we make an account of the operations and sometimes we decide on training regarding ownership.	In this company the whole family meets once a year and family business owners three times a year. There is a distinct difference between the two types of meetings.
B	We have 2-3 external members of the board. They are very competent but more of an advisory board. I listen carefully and the discussions are real deep.	In this family business the owner has created a board that serves the owner-manager rather than controls him.
C	Even if it is the wrong decision, you will manage to change and correct it before your [nonfamily-owned] competitor has the time to react. I think that the role of the board is equally important regardless of who the owner is. I usually tell people who have 30 employees and who are small business managers that they should benefit from a professional board.	Even if this family firm has a professional board, the decision-making process can be quick and it can also be changed if necessary.
E	We still have rapid decision-making processes. I can compare with those of our customers – it can take such a long time for them compared with here… if it comes to us and we need a quick decision here it will be done. No, of course I cannot oppose the whole board and tell them that this is what we are going to do. Our CEO was a bit irritated with me at some point and he thinks that we do not work that much through the board and that in the end I have the say. Well, that's a pity if that's true. […] And of course, I can agree that the role of the board cannot be taken for granted here. Everyone knows that I can – even if I try not to – and I do believe I do not – that I do as I wish in the end and that can be a bit hampering.	Even if the family business has a board it can create confusion about who is in charge
G	We have decided to have an external chairman of the board, but we will work more informally during the first six months and meet more often; the board is to be a sounding board – rather than to run it in a formal way, which we might later on decide to do.	To establish a professional board does not necessarily mean that it is the board that makes the main decisions.
H	We have managers, middle managers in other cities, and managers in general, who used to be employed by other companies in our industry. They all say that what they find to be a major strength of [Company H] is our short decision processes And we think that it gives us some benefits, for example in relation to our suppliers. […] We are always closer to a 'yes'! Professionalism is of course important. But I think that the chemistry between actors is almost as important in our board, and I could imagine that this might not be the case in the board of a nonfamily-	This owner is stressing the flexibility of concentrated ownership since it provides rapid decision making. Further, the quote illustrates that it is not only to have a board member per se that is important but rather the person who is on the board is seemingly as important.

	owned business.	
J	Well the board… board meetings are more a way to verify what you already agreed on during the time that passed… well, of course if you take the longer perspective there might be some decisions that have been made there. But these decisions, before you arrived at these decisions there have been a bunch of small decisions. That is, all the time it is like 'well if that does not work we will do like this instead' and you agree on that.	In this family business the board seems to have an affirmative role.
L	Yes there is a difference [if the company would be introduced on the stock exchange]. To be [on the stock exchange] is more democratic. It is like one of my co-workers said about me:'Now he is making this suggestion and now we are going to discuss it seriously; it is a very serious decision. And in the end we all know that it is he that makes the decision, but before he does we are to tell him if he is going to be ruined or not.' That was rather down to the point. If you are on the stock exchange you represent all owners. But when it is me then they somehow see what I want and then they make a judgment whether it is wise or not. And even if I am the CEO and not the chairman of the board it is so to say my opinion that counts carries the greatest weight. So there is a difference. We are very rapid [in our decision making]. Hierarchical – I do not like that word; it is rather that there are so many safety levels in listed companies that slow down things. We may be hierarchical but our chain is faster so to say.	This owner thinks he is entitled to make all decisions regardless of the board. He also sees the advantage in rapidity in decision making in his own company compared with that of boards in listed companies.
O	If we disagree on an issue in the top management team I may use my ownership power as a final argument, just saying 97.3 %.	The majority ownership may be used in the day-to-day business; 97.3 is the ownership share of this owner-manager
P	It is extremely important that the family ownership is dynamic, i.e. that you as the owner have a responsibility that the company develops and then you need to be very open to new ideas, And it is here that the issue of external board members fits in as an important part and also that it might be important to change organizational members now and then in the company	This owner suggests that formal governance structures need to be considered in order to develop the firm.
Q	And it is right to say that I poke my nose into almost everything. I do not know if I do it well, but, well, I feel a very close relationship with the people on the floor. To discuss with people in sales and in stocks is the best school of all. What I want to say is that I learn much more by doing this than in the boardroom and the like. In a way, you may call me a concept controller; that would be a suitable label.	This owner does not regard the board as the prime discussion and meeting point. By being a concept controller the owner thinks he is entitled to make decisions at any level in the organization.
R	Well, we sit at the kitchen table so to speak and discuss. My children are very keen on talking business. We do not talk that much about ownership but we discuss business; well, good heavens, [son] lives in Stockholm and three days a week at my place. During these days he works till 8 or 9 in the evening and then he comes home and he does not even have time to close the door until he starts discussing	In a family business there are a set of different arenas for strategy discussions and formal arenas for decision making are not always prioritized.

	something and then we discuss till after midnight. There is a certain amount of freedom [in running one's own business]. I have seen boards where analytically correct decision processes had led to making the wrong decision. You know the decision is wrong and you know that it is not good for the company. But I do not have to bother about such things because I can intuitively feel that this is not for us.	
T	But [if we were to be listed] we would become public. We would be more known but it would also be more bureaucratic and less flexible and so on. And I think we are actually very much like our father in this sense. It is a good feeling to be one's own master. It is nice and easy. It is necessary that we have an open dialogue and help each other. On the one hand there is no rush, we can wait; on the other hand we can just say, let's go and do it. It is two extremes – the flexibility and the long-term view.	To keep away from the stock exchange market gives total flexibility in governance structures, from the perspective of this owner.

Table 9: Illustrations of identification

Interviewee	Illustration	Comments
B	The most important thing to me is to have neutralized ownership – to run and develop the company and its people – no one can tell me how to do it! It is fun now. There is no one who decides over me which is the most important part. I have been part of one Klondike and maybe I will have time to be part of another one. I have proven to myself and others that I have succeeded.	Ownership gives satisfaction and control.
C	Well, you saw it coming when I talked about my father and it is the feeling of being a generation that has been working with the same thing. And I do think it means something. It does mean something. It is a driving force. Another driving force is that the children are in the business today, the next generation is in and that is real fun, that the children have the same interest. Not all families are as privileged to have this feeling and work with the same thing. Well, a daughter can be a dentist like her mom and have something in common with her, but here, here we, the whole family, have something in common. And that adds an extra dimension. You own something – or the foundation does – but what you own you care for in a better way than if you do not own it. And it is something that you are tied down by and you are more committed as well. I mean, it is not a religious belief but something close to that. We are tied to the company – we are tied to the mast, more or less like [the poet] Evert Taube wrote. So when we are in the storm, we're going down with the ship. And of course, with that connection to the company, so to say, it is obvious that you struggle much more than any employed CEO would do, without that connection.	The family is tied together by the fact that they own something together and to own is to care. These feelings are so strong that no matter what happens you stay by the company.
D	Since I am – and have always been – involved in this business, it is hard to imagine being without it. It is all so natural to me, it's who I am, it's in my blood… I am a bit proud of this company. I think it is a piece of jewellery.	To grow up in a family business is to grow up with both family and business and it becomes a part of the individual identity.
E	In a way I am very proud of our history. Our company is really part of the community here […] But now I feel pretty unintentionally tied to it. I have something in my lap that I cannot get rid of. That's a feeling I have right now. It is difficult … I am and I have been worried. It has been real hard on us, real hard. And I am the person who can really work and take on a lot, but this has been really tough and not many companies have been through what we have been through. I have been forced to practice witchcraft.	Not every owner feels satisfaction with the family business. This owner feels that it has become a burden , a trap almost, and yet he has stayed with it.
F	I think [ownership] has to do with energy. Ownership creates and liberates energy – if I talk from my	Ownership sets free a lot of energy, this owner argues.

	own experience.	
G	I think most owners in the region are strongly attached to their companies… Over the years I have felt very grateful that the company was not sold. One loses one's identity and I have seen that among colleagues who have lost their companies in one way or the other. It is a dimension in their existence that gets lost and this is the toughest one. I think I am very typical of how owners feel: I am very strongly attached to the company – also emotionally. […] I have seen many company owners here that have grown up in the company since childhood, taken over it and then it has gone bankrupt. The consequences of the telecom collapse are an example. That is enormously tough on them.	Ownership is important for one's identity.
K	It is not time to talk about a change of generations – I am just a bit over seventy… it is not an urgent issue.	This owner seems to have a hard time releasing control of the company.
L	Of course [because emotions are involved] I have worked so hard so that is the danger. The danger is that you identify so much with the company that you start to believe that the company is a part of yourself.	To invest a lot of work in the business may give feelings of being one with the business.
M	I [run the business] with my children – it's so fun and if I would die today I can do so in the full assurance of having three well trained and capable children.	That the next generation is prepared to take over is important for this owner.
N	In the capacity of owner in the fifth generation, this is not only a job like any other job; it is a heritage, a pride, something you feel compelled to continue; that is probably why you are filled with more fervor for this job than in any other place where you might move on to another job after a couple of years. The reason to stay in the firm is traditions. If no one wants to take over it would be terrible, I mean I think it is something that is in the blood. Every Christmas, birthday and dinner we talk about the business. […] It is a pride as well to carry the business through so many generations and that we have become bigger; that is something we are proud of.	Feelings of traditions and responsibilities are woven together and lead to something to be proud of.
P	There are a lot of emotions involved. There is much joy, there is much worry, especially when I was younger. My wife used to say on Sunday evenings that I had this "Sunday worry". I felt a certain frustration and worry for the coming week and what would happen and how I would be able to tackle it, a constant challenge in a way, a very strong commitment to the task of being in charge. […] In a way running this company is a huge part of my identity. If the firm is going badly then it is a threat to my identity … there is a very strong emotional attachment. [The goal of the ownership] is partly a financial goal, i.e. this company is financially well off, however it is also freedom, it is me who decides and much of the goal is also the satisfaction of developing things and having the possibility to do so.	A set of mixed feelings come with ownership where it is impossible to distinguish the firm from one's own identity.

R	There is also a risk [to be the owner] but I can bear that risk. I think there is a certain excitement in being the owner and a freedom, the freedom of control. No one can ever tell me what I shall do with my damn capital. [Ownership] is much more metaphysical, much more an idea. I have difficulties explaining it; I have no need to sit and to look at my shares – that is totally uninteresting. To me, the thing that makes me most excited is the balance sheet; the size of the balance sheet is not interesting in itself, but it is the development of the capital that makes it interesting, that you build something up. […] It is rather the process of developing the company that is exciting, not the amount that it is worth when you chop it into small lumps of sugar – into the twelve months they call an annual report – that is rather unimportant and this is nothing that we invented. It is the flow that is interesting and that is why the balance sheet is more interesting.	Feelings of freedom and control come with ownership and are important to this owner. Nor is it a given that traditional financial indicators are regarded as the best way to measure the development of the firm.
T	The reason we want to keep [company T] is partly because our dad built this up, I have strong feelings for it emotionally, I have really been raised with this business and its people. That is one part of it. And the other part is, I mean if we were to sell and receive a lot of money, well then we would have to hold that money in trust and then we would have to get acquainted with some new industry or business. We might as well keep this business because it is a business we know.	The alternative to 'get rid' of' the company is really no alternative.

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