

Annika Hall

Strategising in the context of genuine relations

An interpretative study of strategic renewal
through family interactions



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It is with mixed feelings of relief and gratitude that I realise that the writing journey has come to an end. Writing the thesis has been challenging. It has occupied my mind for several years. It has taken time and energy away from other important things in life such as friends and family. It is thus with relief that I end the book.

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Abstract

This thesis deals with strategising in the context of genuine relations. Focus is on every-day interactions, and their related strategic outcomes for family business.

The relational, inter-active aspects of strategising are emphasised. An interactive approach to strategising generates an interest in interactions, and their character. *Genuine relations* are highlighted, for two reasons. The first emanates from my personal interest in family business. The other is that interactions based on genuine relations are not explicitly taken into account in strategy research. Genuine relations refer to close relations with particular well known others, such as friends or family members. The thesis focuses on interactions based on genuine relations between family members. Family relations are assumed to be among the most genuine. In addition, the family is considered a central institution for the regulation of human interaction. The family has certain functions central to the well being of the individual. Besides primary socialisation, the family should provide the individual with a healthy balance between the basic human needs of separation and belonging. In the literature, the balancing of these needs is conceptualised as *the paradox of identity*. The interplay of the needs of separation and belonging ascribes *two extended meanings to the family business, business as a means of individuation* (the need for separation), *and business as an extension of the family and its core values* (the need for belonging). The interplay of these meanings gives rise to interdependent and mutually reinforcing implications for the individual and the organisation. These implications, conceptualised as *concern-based individuation*, and *focused strategic renewal*, promote an understanding of strategising in the family businesses studied.

To sustain focused strategic renewal over time, the family business is required to meet the inherent challenges of role transition, i.e. the exit and entry of roles. For family members, the enactment of top management role in the family business seems to be an important means of fulfilment of the needs of separation and belonging. Unless this is recognised and taken into consideration, role transition is likely to be more difficult, and even shunned. As a consequence, strategic renewal might be impeded. The thesis emphasises the inherent social character of role transition processes, and puts forward role clarification as a central means of facilitating role exit and role entry. Understanding the interactive dimension of strategising in the context of genuine relations requires an in-depth understanding of the interplay between the individual, the group, i.e. the family, and the organisation.

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1. Introducing strategising in the context of genuine relations

This thesis is concerned with strategy in a family business context; more precisely, with the influence of family relations on strategy. In this introductory chapter the main arguments of the thesis are outlined along with a presentation of its overall purpose and structure.

Strategy: An inherently complex phenomenon

One of the most distinguishing characteristics of strategy is its inherent complexity, (Regnér, 2001; Melin, 1998) an illustration of which is perhaps the disagreements on its key issues that “run so deep that even a common definition of the term strategy is illusive” (de Wit and Meyer, 1998:3). Broadly speaking, strategy deals with the manners in which an organisation relates itself to the uncertain environment, manifested in the long-term direction and the scope of activities it uses in order to achieve some kind of advantage in relation to competitors (Johnson and Scholes, 1997; Sjöstrand, 1997; de Wit and Meyer, 1998). Part of the complexity of strategy has to do with the potential variation and integration of the manners and activities through which strategy is realised. Any strategy comprises a number of problems, issues and aspects that tend to be highly interrelated and that cannot be fruitfully singled out for separate treatment (de Wit and Meyer, 1998), but have to be handled through a variety of more or less formal means. This complexity means that precise conceptualisations could never make justice to strategy. Hence, rather than defining what strategy *is* in terms of specific manners or activities, it might be more fruitful to refer to what strategy *is about* (in the acknowledgement of a wide variations of means of conduct). In this respect, I find the suggestion by Melin (1998) useful.

“The core of the strategy process is ... the movement of the organisation from its history into the future. Strategy implies, by definition, a challenging of the present business idea, position and strategies by actors whose strategic way of thinking often has been shaped by the history and dominant values of the organisation. The inherent dynamic of the strategy process is, to a large extent, about the “struggle” between that what exists, i.e. what is historically produced, and the possibilities of the future; in other words between preserving,

confirming and defending what exists, while challenging, re-thinking and creating what is novel”.

(Melin, 1998: 61)

The inherent complexity of strategy has been all the more acknowledged, and over time an increasing number of manner in which strategy come about have been recognised. At the outset, strategy was mainly normatively appreciated as top managers’ rational planning and goal fulfillment. With a well-defined goal, and an a rather stable environment possible to overlook given the proper analysing tools, strategy was thought of as a rather straightforward undertaking by managers, whose relations, emotions, values and traditions were generally not acknowledged. Over time this view has been supplemented by processual approaches highlighting strategy as accomplished by socially and contextually situated, inter-acting individuals. Thereby, additional features of strategy, such as cognition, learning, power, politics and culture have come to be recognised (for an overview see Mintzberg, et al., 1998). Further, and perhaps more importantly, different ways of synthesizing these features have been made (Mintzberg et al., 1998, Melin, 1987) in order to “highlight the complexity and range of variation in the development of strategy” (Melin, 1998:65).

This thesis is positioned within the process tradition. Some of the most important contributions made by processual approaches are due to the application of social construction and socio-cognitive perspectives through which human action has been acknowledged as a prime driving and counteracting force for change (Johnson et al., 2003). Through these approaches, the “black box” of the organization has been opened up and the strategy arena has been filled with individuals (Pettigrew et al., 2001; Johnson et al., 2003). The conceptualisation of strategy as a process implies that strategy can only be understood through a concern for what is actually happening in the business. Thereby, realised actions are put in focus as the constituents of strategy. Accordingly, Mintzberg’s rather well cited definition of strategy as “a pattern in a stream of action” (1991:13) is applicable here. To Mintzberg, the pattern perspective on strategy implies consistency; it is only when the action patterns of individuals are sustained over time that they will be consistent enough to form a strategy. The pattern perspective on strategy is, however, indifferent to the degree of deliberateness by the acting individuals. Accordingly, “strategy is consistency in behaviour, whether or not intended” (p.13).

In referring to actions, Minzberg does not explicitly deal with the inter-active side of strategy formation. However, as human actions never take place in isolation from other individuals, all actions might, in essence, be understood as inter-actions.

Individual action occurs in the implicit or explicit presence of others. To some extent, actions are always related to other individuals.

“The word action should therefore be read and understood as a duality, as (*inter*) *action*. In their own actions, individuals take into account the actions of others, those already experienced and those expected, those that are present, and those that are not”

(Sjöstrand, 1997:20)

From this perspective an understanding of human inter-action lies at the heart of an understanding of strategy. Although inter-actions to some extent have been acknowledged by the strategy literature, the extent to which this has been done is insufficient with respect to their centrality for strategy formation. Moreover, the understanding of the influence of inter-actions on strategy is not only delimited by a lack of explicit focus, but also by the way in which certain modes, or character, of inter-actions have not been sufficiently taken into account relative to others (Ericson, 2000; Pettigrew et al., 2001; Sjöstrand, 1993, 1997). In line with this argument, the thesis is based on an inter-actionist perspective on strategy (Ericson, 2000). Influenced among other things by the processual, descriptive schools of strategy (Mintzberg et al., 1998) the inter-actionist perspective highlight strategy as rooted in the interactions of socio-culturally situated individuals. The inter-actionist perspective holds strategy to be dependent on the context in which the individuals are situated, and on their roles, traditions, cognitions, values and emotions etc. In turn, this means that an understanding of strategy is likely to begin at the micro level, with every-day practices and inter-actions. With this notion, the thesis is positioned within the strategising perspective.

Social interaction as strategising

The concept of strategising has rather recently begun to make its way into the field of strategy¹. Strategising implies a focus on organisational processes, practices and (modes of) inter-individual interactions occurring at different levels in different organisational contexts, and the related strategic outcomes (Johnson et al., 2003).

While building on the strengths of the processual approaches, the strategising perspective has been suggested as an answer to their shortcomings (Johnson et al., 2003). Although processual approaches have made substantial progress in acknowledging the complexity of strategy, there are still areas, aspects and issues to which relatively little, or too superficial attention has been paid. For instance, processual approaches are still largely dominated by macro-perspectives on strategy, which, in themselves, are insufficient for moving the

¹ The meaning of strategising as elaborated in the thesis represents a rather recent interpretation of the concept. The concept as such is however not as novel. With a more pejorative connotation Williamson (1991) refers to strategising as “efforts to deter and defeat rivals with clever ploys and positioning” (p.75).

field further: “while they have opened the black box of organizations, the process researchers haven’t dug far within it” (Johnson et al., 2003: 11). Instead, the vast part of research has “trapped itself into a cul-de-sac of high abstractions, broad categories, and lifeless concepts” (p. 6). Further, the processual approaches have not been successful in doing away with the considerably sharp dichotomising of process and content, implying that process research tends to lack an explicit link to outcome. A final shortcoming is the tendency of process research not to go beyond the particularities, implying that process research has not contributed very much to theorizing. To overcome these limitations the authors request that instead of focusing on the organization as a whole, emphasis should be put on “the activities of individuals, groups and networks of people” (p. 14). In essence, the strategising perspective asks for “a theory of social action within the strategy context” (p.11).

In line with this, strategising tends to be equated with strategy, or activity “as practice” (Jarzabkowski, 2003; Melin et al., 2003 call for paper; Whittington, 2002). Strategy as practice embraces both the underlying, “invisible” aspects of strategy, such as “the interactions and interpretations from which strategy emerges over time” (Jarzabkowski, 2003:24) and the character of these interactions (Melin et al., 2003), as well as the more “visible” means of real time activities such as strategy tools and concepts, i.e. the practices (Jarzabkowski, 2003; Whittington, 2002, 2003). The practice perspective implies both an interest in underlying factors of strategising, such as the culturally, historically and institutionally underpinnings of interpretations, modes of interactions, and strategy tools and concepts, as well as the expressions and use of these in the daily activities within the organisation. In the thesis, emphasis is put on the constituencies of strategising, manifested in institutionally, culturally and historically shaped modes of interactions. The interest is not so much the practices of strategising as their underlying rationales. Thus defined, strategising concerns the “substantial part of the strategising agenda (that) is about understanding tacit, deeply embedded, and therefore hard-to-get-at phenomena” (Balogun et al., 2003: 199).

As indicated by the verb-form “-ing”, the concept emphasizes the continuousness of strategy formation (Johnson, et al. 2002, Whittington et al., 1999, Bengtsson and Nygaard, 2001). Far from being occasionally invented by rational top managers, strategising means that strategy evolves in the continuous flow of practices, processes, and interactions constituting every-day organizational life. Accordingly, time is a crucial issue to strategising. Further, as these practices, processes and interactions vary between organizations, strategising connotes sensitivity to context. Bengtsson and Nygaard (2002) define strategizing as “the continuous, contextually anchored interplay within, outside of, and between enterprises” (p.14). Strategising as a concept does not presuppose strategy formation to take place at any particular organisational level. Indeed, everyday practices and processes leading to strategic outcomes

might occur at levels traditionally not taken into account in strategy research. This suggests that the strategising concept is indifferent to the degree to which strategy formation is deliberate or emergent (Eden and Ackermann, 1998), as well as to whether strategy is formed through formal or informal means (Maitls and Lawrence, 2003).

An important aspect of the strategising perspective is a micro focus, i.e. a focus on organisational levels, issues and activities not taken into account by the macro-perspectives on strategy formation. A shift of the research agenda towards micro strategising implies that, instead of focusing on the organisation as a whole, emphasis should be put on “the activities of individuals, groups, and networks of people upon which these key processes and practices depend” (Johnson et al., 2003:10). A micro focus is central since they might have a significant impact on the formation of strategy over time, in that they underpin and constitute organisational macro phenomena, such as for instance diversification and structure (Johnson et al., 2003). From a micro perspective, no actions, however small, and wherever in the organisation they take place can be dismissed as irrelevant to strategy. Further, strategising signifies a view of process and content as intertwined; “content ... is regarded as an inherent and indissoluble part of ongoing process” (Johnson et al., 2003: 12). While most strategy research has tended to focus on content, thereby mainly interested in knowing “what”, the strategising perspective aims at supplementing this knowing with “who”, “how”, “when”, and “where” (Balogun et al., 2003; Whittington, 2002, 2003).

In sum, the concept of strategising seems useful for going further inside the organisation, with the ambition to understand the constituencies of strategy formation through a focus on everyday processes, practices and interactions. As has been elaborated this could include not only various intra-organisational levels, but external relationships as well. Formal and informal, as well as deliberate and emergent aspects might be relevant. The approach to strategising taken in this paper is close to the one suggested by Eden and Ackermann (1998), conceptualised as “emergent strategising”.

“By emergent strategising we refer to a process, a stream of actions that are not random but form a pattern – a pattern which, as Mintzberg points out, usually becomes evident as such after the event rather than before. It is this detectable patterns in a stream of actions in the continuing cycle of sustaining relationships which those who have a stake in the organisation, adapting and reacting to the environment, negotiating ways of doing this, and being opportunistic, that can be called emergent strategising”

(Eden and Ackermann, 1998:22).

As pointed out by the authors, emergent strategising, although not planned, should not be understood as random. Embedded in the culture of the organisation and in the cognitive structures of the managers, the strategising activities are guided by “an implicit understanding of an appropriate direction

for the organisation” (p.22). Hence, “emergent strategising” is receptive to context, and to the potentially informal and unconscious aspects of strategy formation. The relative difficulty of tracing these aspects empirically has been put forward as one of the reasons why strategising ought to be researched from the formal side (Whittington, 1999). The research presented in the thesis is the outcome of an attempt to do just the opposite. Even though less “evident”, the more tacit, or “hidden”, aspects of strategising should be no less important. On the contrary they might be even more so. Since they are often simultaneously heavily influential and - because they tend to be unconsciously held (as for instance values) or enacted (as for instance interaction patterns) - difficult to challenge. An ambition to “detect” these aspects might add considerably to the understanding of strategising. In the thesis aspects such as these are elaborated through a focus on the influence of enduring family interactions on strategising.

References to strategising in the thesis especially refer to the pattern of continuous inter-actions through which strategic outcome is continuously (re)formed. Bengtsson and Nygaard (2003) explicitly highlight interactions as central to strategising, by the way in which he refers to the concept as “co-operation between individuals who, through their decisions, represent their own interests as well as the interests of social groups, organisations, institutions, or other interests of the society of which they are members” (2002:7). With this approach to strategising an understanding of the acting individuals is essential. Nygaard (2003) goes on to argue that the strategising perspective implies “a micro-sociological analysis of the complex co-operation between the individuals constituting organisations, social groups, institutions, societies – including even their own identity” (p.7). In the thesis such an analysis is undertaken through a focus on the interplay between inter-acting family members held together by *genuine relations*, and the related strategic outcomes on the family business. Genuine relations are elaborated for two reasons. One of these is my overall interest in family business, especially the family’s influence on the business. The other is that genuine relations have not been explicitly taken into account in strategy research.

A focus on genuine relations

The inter-active strategising perspective implies not only an interest in the inter-actions as such, but also in the character of the relations of the interacting individuals (Johnson et al., 2003, Ericson, 2000, Melin et al., 2003). According to Sjöstrand (1993, 1997) human interactions are based on four basic kinds of relationships²: the calculative, the ideational, the coercive and the genuine, filling different purposes and reproducing various contents. Calculative

² Although these basic kinds of relationships represent the more fundamental categories, Sjöstrand (1997) explicitly points out that this categorisation does not make any claims of covering all possible kinds of inter-actions.

relationships refer to situations with rather anonymous, fragmented and occasional relations of short duration. In such situations the inter-actions of individuals are supposed to resemble those of the “economic man”, i.e. the inter-acting parties are objective, future-directed and socially independent, the inter-actions are based on information such as prices and the characteristics of the products. The overall purpose of calculative inter-actions is the exchange as such, i.e. to make an as good as possible deal from the economic point of view. By and large assumptions of calculative relationships are underlying “rationalistic” (Johnson, 1986) approaches to strategy, which tended to dominate early strategy research.

Coercive relationships are based on the use of physical force or violence. As the calculative, these forms of inter-actions take economic man, i.e. instrumental, self-interested agents, as a point of departure. However, here the inter-actions do not rely on information of prices, but are determined by the physical resources of the agents. Although Sjöstrand holds this mode of interaction to be uncommon in the business context in its manifested form (such as kidnapping) he points out that “in their more latent forms coercive relationships are probably fairly frequent in organisations, for instance as threats, blackmail, and safeguards” (1997:26). Coercive relations are built on suppression, and their main purpose is to preserve order. Sjöstrand explicitly refers to physical force or violence as the base of coercive relationships. Even psychological violence (such as mobbing) or the use of symbolic resources (such as a higher ranking in the hierarchy of the organisation) has the potential of coercive relationships. Like the use of physical violence, these forces could entail suppression and the preserving of order. With respect to this extended interpretation, coercive relations are fairly well represented in the strategy literature through the concepts of power and politics (see for instance Melin and Hellgren, 1994; Mintzberg et al., 1998; and Pettigrew 1985). Sometimes, power is referred to in rather non-violent terms such as “bargaining and compromise among conflicting individuals, groups and coalitions” (Mintzberg et al., 1998). However other definitions touch upon the suppressing aspect, by exemplifying power with agenda control, withholding of information, behind-the-scenes coalition formation, and cooption (Melin and Hellgren, 1994).

Calculative and coercive relations build on rather distant relations. However, there are many situations in which the inter-actions are not as anonymous and occasional, indicating greater complexity.

“In the course of more lasting relationships with known others, exchange acts will have meanings that extend beyond the actual objects involved in the particular transaction. Hence, the significance of an exchange is (also) determined by its context: doing something together may involve more than just exchange in the narrow utilitarian sense. Other ingredients are frequently just as important”

(Sjöstrand, 1997: 24).

When this is the case, the relationship is likely to be either idealistic, or genuine. Idealistic relationships are characterised by the sharing of ideals and values. Inter-actions are based on the search for normative understandings of what is right, possible etc., showing a relative stability in the individual's orientation to the world. Through their inter-actions individuals redistribute the ideals and values with the ultimate purpose of (re)producing a cultural identity. In essence then, idealistic relationships are based on the notion of "religious man" (Sjöstrand, 1993:68). Although the values and beliefs influencing organisational inter-actions are not always deeply enough held to be considered truly ideational, the sharing of values and beliefs, i.e. organisational culture is widely recognised as a source of strategy formation (see for instance, Pettigrew 1985, Mintzberg et al., 1998, Schoenenberger 1997, Weick, 1985).

The influence of inter-actions based on calculative and ideational, and, with my extended interpretation, also coercive relations are explicitly recognised in the strategy literature. Genuine relations seem, however, not as present. Assumptions of genuine relations are based on the notion that individuals are throughout social beings. Genuine relations "refer to close relation with particular well known others, such as friends or family members" (Sjöstrand, 1997:25). Genuine relations involve individuals that are particular to each other; in themselves, the relationships are unique, and the interacting individuals are not easily replaceable. In addition, inter-actions based on genuine relations tend to be both frequently reoccurring and durable. Further, genuine relations are emotional, and they seek the establishment, or preservation of confidence and trust. Inter-actions based on genuine relations are built on reciprocity, through which genuinely related individuals benefit from the inter-actions as part of a well-defined group, ultimately shaping the identity of the individual.

Although genuine relations to some extent are recognised within the strategy literature, there is no understanding of their influence on strategy. Perhaps this is a reflection of Ericson's (1991) argument that so far too little attention has been devoted to the character of inter-individual relations. Taking this criticism further, Pettigrew et al. (2001) hold this to be caused by the "lack of reflexivity" prevailing in the field of strategy, among other things expressed in the unwillingness of scholars to "challenge the core beliefs and assumptions of the field, whether they are about the concept of knowledge, rules of evidence, level of analysis, or *mode of human action*" (p.11, italics added). Considering this criticism, and taking into account Sjöstrand's claim that "genuine relations are ... significant in the structuring of the human inter-actions and exchanges ..." (1997:25), a focus on genuine relations should have a potential of contributing to the understanding of strategising.

Following Sjöstrand's definition, such a focus could imply relations based in family membership, friendship and/or love. Here, attention will be given to genuine relations based on family membership. Building on Kelly et al. (1983), Sjöstrand argues that "in many ways, the family is the most fundamental of

relationships in a person's existence, and in many ways, it functions as a kind of prototype for other relationships" (1993:68). In line with this, the family is often described as a central institutional force for the regulation of human interaction (Berger and Luckmann, 1966; Powell and DiMaggio, 1991; Friedland and Alford, 1991). With an interest in genuine relations, the family seems to be a relevant social setting. However, this thesis is not concerned with the family inter-actions as such, but with their influence on strategising. Accordingly, a business context is needed in which genuine, family relations are likely to have a notable influence.

Family business as the empirical context

"One of the special characteristics of the family firm is that within the context of the business environment, relationships among family members will differ from those among non family members. This does not mean that they will be better or worse, just more complex. A family's longer-term relationships and history, extending beyond the work environment serve to intensify emotions and may burden them with previous baggage. In addition, people in the firm may fill multiple roles with respect to each other. Multiple role relationships can be confusing but also enriching and very gratifying"

(Whiteside and Brown, 1991:387).

A common way of conceptualising family businesses is probably to refer to them as an integration of two different systems, the family and the business. Understanding the workings of the family business means recognising that decision and actions of (some of the) key individuals of the business are actions and decisions of members of the owner-family. The interrelationship between family and business leads to dynamics, which gives rise to the characteristics and special issues facing these organisations (for an overview see Hall, 2001). The reason for this is that, even though deeply interconnected, the family and the business operate by different logics that are not always compatible (Handler and Kram, 1988; Miller and Rice, 1988; Rosenblatt et al., 1985; Sharma et al., 1997). "Family and firm exist in society for fundamentally different reasons" (Hollander and Elman, 1988:157), implying incompatible logics (Kets de Vries, 1993). Families are often described as non-competitive, relation-based, and thus, emotional and caring systems, whereas a business, through its existence in a highly competitive context, is seen as more performance-based and task focused (Whiteside and Brown, 1991).

The dichotomising of family and firm as radically different systems with incompatible logics might be a drawback to the understanding of family businesses (Dyer and Sanchez, 1998; Kepner, 1991; Whiteside and Brown, 1991). Even though an understanding of the different systems as such might be a prerequisite for understanding the family business, such "dual system

approach” is not sufficient. It is acknowledging that “the dual system approach” has made important contributions. Whiteside and Brown (1991) argue, however, that it has serious drawbacks to the understanding of family business as a single entity. “Too narrow focus on the contribution of subsystems leads to a stereotyping of subsystem functioning, inconsistent and inadequate analysis of interpersonal dynamics, exaggerated notions of subsystem boundaries, and an under analysis of whole system characteristics” (Whiteside and Brown, 1991:383).

To understand the family business as a single entity an integrated approach is needed. This entails perception that is both emotionally and task oriented (Whiteside and Brown, 1991). The outcome of two tightly interwoven systems is not merely a system overlay, but rather a synthesised system with its own dynamic and logic. Understanding the family business means acknowledging the interplay and mutual influence of family and business.

On the one hand family relations, manifested in certain values, traditions, emotions and ways of thinking might have a strong impact on the business manifested for instance in its long-term perspective, commitment, and strong cultures. The influence of the family on the business is a frequent topic in research on family businesses, not the least in studies on succession and culture. Research conducted on family business strategy highlight the importance of family relations (Holland and Boulton, 1984; Dyer, 1994; Kahn and Henderson, 1992). Sharma et al. (1997) conclude that the main characteristic of family business strategy the influence on it by values, goals and relations of a family. Since relatively little in-depth research has been conducted on the family’s influence on strategy (Harris et al., 1994; Sharma et al., 1997) the present understanding is, however, rather limited.

Although the literature has tended to focus on the impact of the family on the business (Kepner, 1991), there are studies highlighting the impact of the business on the owner-family (Kepner, 1991; Kets de Vries, 1996). Most of these emphasise the psychological influences of the business on the individual and the family.

“There are certain influences the firm will have on the family dynamics, because the firm is a part of the psychological if not the actual environment of the family. It is always a ‘third party’ that is carried around in the minds of the people in the family system

(Kepner, 1991:454).

Belonging to a family in business could heavily influence the developmental process of individual family members (Kets de Vries, 1996; Minuchin, in Lansberg, 1992). One important step for an individual is to acquire a sense of separateness, i.e. a feeling of having a distinct identity. However, this might be difficult to obtain if the individuals refrain from facing the “outside world” by hanging on to the relative safe and caring surrounding a family business might provide. On the other hand, working in the family business can, indeed,

provide individual family members with substantial challenges. Kets de Vries (1996) refers to this as one of the paradoxes of the family business. "It offers enormous opportunity for taking up responsibility at an early age, at the same time, it can become a block to further personal development" (p.40). The personal development of family members might be circumscribed by feelings of obligation toward the business. Family members might be expected to always act in the interest of the family and the business, even though this might mean giving up more compelling alternatives of life. Related to this is also the potential difficulty to leave the family business, as such a decision might be viewed as a treachery. "Succession in another walk of life is frequently taken to mean that if only those who have succeeded had been less selfish, they could have made a valuable contribution to what is essential in life, the family and the business" (Miller and Rice, 1988:196). In addition to this, the family business might be infected by feelings of envy, jealousy and vindictiveness both among siblings and between siblings and parents (Kepner, 1991; Kets de Vries, 1996). Moreover, family members not related to the business through employment or ownership, such as in-laws, might suffer from an outsider feeling, although they might be rather important, fulfilling both supportive and advisory roles to family members connected to the business (Danco, 1981; Salanicoff, 1990).

The thesis aims at understanding the influence of family relations on strategising in the family business. This means that influences going also in the other direction, i.e. from business to family, must be taken into account. The mutual influence of family and business, rendering the family business its special dynamics, are highlighted throughout the thesis, and elaborated with respect to their impact on strategising.

With an interest in the influence of genuine relations on strategising, family businesses are assumed to be a relevant empirical context. From the point of view that family businesses make up the dominant form of organisations (Aronoff et al., 2003 Emling, 2000), they have traditionally received relatively little attention in strategy research, although a sensitivity to (novel) contexts are explicitly being referred to as a means of enriching the field (Melin and Hellgren, 1994; Mintzberg and Waters, 1985, Pettigrew et al., 2001). However, in the light of the strategising, inter-active approach to strategy, family businesses might be highly interesting. As family interactions are likely to be among the most genuine (Sjöstrand, 1997) a focus on family businesses enables the supplementation of the calculative, coercive and idealistic modes of inter-action present in strategy literature. Even though genuine relations most likely exist in other forms of organisations, through friendship for instance, they are likely to be relatively strong and apparent in family businesses (Sjöstrand, 1997). Besides, it might be relatively easy and non-controversial for managers, who are simultaneously family members, to talk about their genuine relations in connection to business issues. Hence, family businesses should have the potential to provide a distinct empirical base to understand the influence of genuine relations on strategising.

The purpose and structure of the thesis

This introductory chapter has made a number of core arguments, summarised as follows. Although the inherent complexity of strategy has been increasingly recognised over time, it is not yet sufficiently explored. The strategising perspective, focusing on micro day-to-day processes, practices and interactions offers an interesting point of departure for further exploring this complexity. Here, individual inter-actions based on genuine relations, are highlighted. Previous research on strategy does take inter-actions into account, albeit in a rather insufficient and superficial manner. In addition, certain modes of inter-action are privileged at the expense of others. So are, for instance, genuine relations not explicitly taken into account. Yet, there is no reason to believe this mode of inter-action to be less influential than any other. As family relations are among the most genuine, the family business constitutes a relevant context for understanding the influence of genuine relations on strategising. *The overall purpose of the thesis is to contribute with an understanding of the influence of genuine relations on strategising in the family business context.* In view of this purpose, the research has the potential of contributing to both the field of strategy and that of family business.

Chapter one introduced the reader to core arguments and the purpose of the thesis. The thesis has been positioned within the interactionist perspective on strategy. The purpose of the thesis is to contribute with an understanding of the influence of genuine relations on strategising. The genuine character of interactions has not been explicitly elaborated in the strategy context. As genuine relations characterise families, the family business was put forward as a relevant empirical context.

Chapter two elaborates some of the ways in which interactions have been acknowledged and conceptualised by strategy literature. Whereas classical approaches to strategy tend to pay no explicit regards to interactions, the processual approaches bring with them an increased, although not very explicit, recognition of the role of interactions for strategy. Lately, interactions based in relations seemingly similar to genuine have started to be acknowledged as valuable to organisations. For this reason, these forms of interactions are elaborated at some length.

Chapter three further elaborates the family and the family business. A general understanding of the family, and its functions is central to the understanding of the family business, as well as to the interpretations and conclusions made throughout the thesis. Chapter three also introduces the family business in further detail.

Chapter four deals with methodology. The thesis is inspired by reflexive and interpretive approaches. The reflexive approach represent a dynamic way of thinking about research as conversation, where conclusions drawn are arguments for making a case for a particular way of understanding reality. Chapter four sets out to further elaborate this approach, and the practical

implications of it on the thesis. The chapter is divided into four sections. In the first, the ontological and epistemological foundations of the thesis are outlined. The second section consists of a discussion of the meaning of understanding and interpreting, including their relation to theory. Section three deals with the practical side of how the empirical material has been constructed and interpreted. Finally, the last section is concerned with issues of evaluation of interpretative research.

Chapters five, six, and seven contain the strategic biographies of three second-generation family businesses - ACTAB, Atlet, and Indiska. These biographies are written as historical exposés of the families and the businesses, covering their overall development from the time of foundation to the turn of the 20th century. In many respects these businesses are rather heterogeneous. They differ with respect to industry, size, location, and the number of family members found on strategic positions. However, in spite of these differences they share many similarities, which could be understood with reference to their connection to a family. The exposés are fairly rich in quotations to enable the reader to arrive at an understanding of the family businesses not just through me, but also through the views and ways of expression of the individuals kind enough to contribute to the thesis by sharing their experience.

In chapter eight, the three strategic biographies are interpreted by the application of perspectives highlighted by both the strategy and the family literature, as well as by the biographies: role, value, emotion and rationality. Initially, the chapter provides a general introduction of each of the perspectives, which are then elaborated in line with the given interpretations. To keep close to the family businesses extracts from the quotations used in chapters five to seven are included in the text. The chapter concludes that the integration of family and business derives ascribes certain meanings to the business. Two meanings are proposed: *business as individuation*, and *business as an extension of the family and its core values*.

Chapter nine takes these conclusions further. The meanings of the business (elaborated in chapter 8) are suggested to have corresponding implications on the individual and the organisational (strategic) level, conceptualized as concern-based individuation and focused strategic renewal. Sustained focused strategic renewal requires the family business to meet the inherent challenges of role transition.

Chapter ten discusses the conclusion and contributions made, and their potential implications. It also provides some reflections on the means and process through which the thesis has been accomplished.

2. Interactions in the strategy context

Chapter one positioned the thesis within an interactionist perspective on strategy. This chapter elaborates some of the ways in which interactions have been acknowledged and conceptualised in the context of strategy. Interaction is not a new phenomenon to strategy. Over time, the recognition of the influence and importance of interactions on strategy has been increasingly recognised by strategy literature. Whereas classical approaches to strategy do not pay very much explicit attention to interaction, the awareness and interest has increased with the emergence of processual approaches. Recent research emphasise interactions as potentially valuable to organisations.

Interactions in classical strategy literature

Early strategy literature was not very attentive to the interactive, relational side of strategy. When strategy was born as a field of research it was rooted in a rational planning paradigm (Volberda and Elfring, 2001), depicting it as a top management rational undertaking. Traditionally, strategy has been viewed as a sequential activity of analysis, formulation, and implementation, aiming at reaching the organization's overriding goal: return on investment. Strategy has typically been portrayed as a plan, a rational search for the most efficient way of responding to environmental demands in order to reach this goal. This notion of strategy is conceptualised as the "classical" (Whittington, 1993), "rationalistic" (Johnson, 1986), "functional" (Ericson, 2000). It is also included in the prescriptive schools on strategy formation: design, planning, and positioning (Mintzberg et al., 1998). These approaches to strategy are rather straightforward, in the sense that social relations and interactions, and the related values, emotions and traditions, are not supposed to make a difference to strategy. Classical approaches tend to take the accomplishment of the intended strategy for granted (Whittington, 1993; Mintzberg et al., 1998), and to ignore the processes behind the realised strategy, and the context in which it takes place. Classical approaches are, thus, not very receptive to interactions.

This is not to say that these approaches lack interactions. Interactions are a prerequisite for any organizational activity, including top management analysis and planning. What they do lack is, however, explicit recognition of interactions as potentially influencing strategy. This might be explained with reference to the assumed calculative Sjöstrand (1993, 1997) character of the

classical strategic actors, i.e. the assumption that they are throughout objective, future-directed and socially interdependent. With such a character, there is not much need to pay attention to interactions as a dimension of strategy. By not taking context, processes and interactions explicitly into account the classical approaches turn strategy into a relatively non-complex phenomenon. This picture of strategy is, however, challenged by processual approaches.

Interactions in strategy process literature

Processual approaches to strategy are unified in their belief that socio-contextual aspects, such as emotions, cognitions, power, values, traditions and meaning, played out and transferred through interactions, are integral to strategy. Conceptualised as incremental (Johnson, 1985), adaptive (Chaffee, 1985), or interactive (Ericson, 2000), these approaches started to make their way into the field of strategy through the writings on “logical incrementalism” (Quinn, 1980). According to incremental approaches, strategy making is not a unidirectional analysis, choice, and implementation process. Instead, these steps are intertwined, can occur in any order, and are not necessarily as integrated as assumed by their rationalistic counterparts. Moreover, the incremental approaches hold the external environment to be less controllable. Instead of assuming that the organization can “force” its well-calculated plans on the environment, the strategic challenge is to find a suitable “fit” between the organization and its environment (Chaffee, 1985; Johnson 1986). Strategists cannot foresee and plan a best “grand” strategy. Instead, strategies take shape by a step-by-step, incremental, learning process. This view of strategy highlights actions as the basic source of strategy formation, and is conceptualised as the *consensus* strategy (Mintzberg and Waters, 1985), and the *incremental* type (Melin and Hellgren, 1994). According to the consensus strategy, actors converge on patterns that become pervasive in the absence of both central and common intentions, as well as of any central direction and control. Through mutual adjustment, the actors learn from each other and from their various responses to the environment, eventually implying the crystallization of a common pattern of action. The incremental type holds the complexity of strategic issues to make planning rather useless as a means of strategy making. Instead, organizational actors have to use a bounded rationality (Simon, 1955) approach to cope with such issues, implying that actions are taken in small steps in order to maintain strategic flexibility. Eventually, these small steps turn into realized patterns of action.

Incrementalism also lies at the heart of the learning school (Mintzberg et al, 1998), according to which “strategies emerge as people, sometimes acting individually, but more often so collectively, come to learn about a situation as well as their organisation’s capability of dealing with it” (p. 176). With the learning school, the conceptualisation of strategy as the outcome of a realised

pattern in a stream of actions (Mintzberg), was recognised. Moreover, the learning perspective also brought with it the important notion that even actions and decisions that might in themselves not be regarded as strategic, could very well have strategic consequences. "Taken together over time, these small changes often produced major shifts in direction" (Mintzberg et al., 1998). Thus, the learning school also considers history as essential for the understanding of strategy (see also Pettigrew et al., 2002). In this regard, strategy cannot be understood by merely studying intentions in the form of future-directed plans; rather it has to be understood in retrospect.

The incremental approaches brought with them an increased interest in the strategy process, and questions were raised concerning issues self-evident to the rationalistic approaches such as who the strategist/s is/are, where in the organisation strategies form, and the degree to which deliberation actually proceeds implementation. Thereby, individual (inter)actions, potentially taking place on informal strategic arenas became acknowledged, along with the view of strategy as potentially emergent. Further, the incremental approaches to strategy have led to an awareness of strategists as interacting individuals located in, and accordingly influenced by, specific social/historic contexts (Chaffee, 1985), and aspects such as power, politics, conflict, judgment and past experience became relevant issues for strategy researchers (Johnson, 1986). These aspects are highlighted by the power and cognitive schools (Mintzberg et al., 1998).

The power school, deeply influenced by the works of Pettigrew (1977, 1985) "characterises strategy formation as an overt process of influence, emphasizing the use of power and politics¹ to negotiate strategies favorable to particular interests" (p.234). Power refers to "the extent to which individuals or groups are able to persuade, induce, or coerce others into following certain course of action (Johnson and Scholes, 1999:221). As implicit in the definition, and as highlighted by Sjöstrand's (1993) coercive mode of interaction (introduced in chapter one), power is a throughout interactive phenomenon. The power school is divided into two branches. Power that is used by the organization in order to defend its self-interest in relation to external actors is referred to as macro power. In contrast micro power refers to politicking inside the organization, focusing on conflicts between colleagues basing their actions on self-interest. From this perspective, strategy is a process of "bargaining and compromise among conflicting individuals, groups, and coalitions" (Pettigrew, 1985:236). The micro politicking and conflicting side of strategy is further emphasized by a pattern of strategy formation called the *politicking* type (Melin and Hellgren, 1994). Here, strategy formation is characterized by the "internal jostling for power between different internal interest groups" (p. 261) incorporating activities such as agenda control,

¹ The power school conceptualises "power" as the "exercise of influence beyond the purely economic". Similarly, "politics" is referred to as the "exploitation of power in other than purely economic ways". (Mintzberg et al., 1998:234)

withholding of information, behind-the-scenes coalition formation, and cooption.

Strategy processes characterised by power and politics might be dysfunctional to the business. They might be damaging, consuming energy and time that could have been put into more efficient use. In extreme cases, politicking might even go as far as putting the organization in a situation of standstill. Such a situation is conceptualized by Melin and Hellgren (1994:262) as the paralytic type, meaning “a vacuum in terms of strategic action: nothing happens”. Whilst the negative implications of politicking are rather well highlighted, its potential advantages are less so. Although employing the use of illegitimate means, politicking might lead to outcomes beneficial to the business. As pointed out by Mintzberg et al. (1998), politicking could mean that an issue is highlighted from various perspectives due to individuals fighting for their point of view. Likewise, politicking might lead to a challenging of the “taken-for-grantedness” of the organization, which tends not to be questioned by the legitimate power systems of the business, such as its culture, expertise, or formal authority. Hereby, politics can make way for revitalizing change.

The recognition of strategy as an inherently interactive phenomenon – introduced by incrementalism – is also a key characteristic of interpretive approaches (Chaffe, 1985, Johnson, 1986), which see strategy as “the product of sensemaking of managers” (Johnson, 1986:38). From this perspective, strategy is not an objective response to environmental stimuli; rather the world is made sense of, and consequently acted upon, through the ideologies and cognitive maps of the strategists. This means that the environment is not acted upon but enacted, i.e. socially constructed, by the meanings subscribed to it by interacting individuals. The ideologies and cognitive maps of individuals reduce the complexity of the world, and make it manageable (Huff, 1990; Weick, 1995). “Strategy in the interpretative model might be defined as orienting metaphors or frames of references that allow the organisation and its environment to be understood by organisational stakeholders” (Chaffee, 1985:93). Emphasizing different aspects, the cognitive and cultural schools (Mintzberg et al., 1998), both mirror the interpretative approach.

As a concept cognition is concerned with how individuals interpret and make sense of the world (Sjöstrand, 1997). Researchers belonging to the cognitive school argue that experience is the main source of strategy. People base their actions on mental maps, or schemas, consisting of sediments of past experience. According to the cognitive school, strategy is an outcome of the, over time shaped, mental structure of the strategist. Whilst agreeing so far, researchers tend to diverge when it comes to the nature of the experiences. To some, the experiences, and the subsequent actions, mirror an objective the reality “as it is”. In contrast to this, others argue that these experiences can never be anything but subjective, reflecting the strategist’s interpretation of the world. Accordingly, “cognition creates the world” (Mintzberg et al., 1998:151). This view on cognition is further discussed below in relation to cultural perspectives

on strategy. Cognition is not an exclusively intra-individual phenomenon (Huff, 1990). Cognitive maps are socially produced in interactions of individuals located in specific – and likewise socially produced – cultural context. The carrying norms, values and traditions of this context influence the cognitive map, and thereby, the sensemaking of the world.

The cognitive school is rather closely related to the cultural. The cultural school puts, however, relatively more emphasise on beliefs and values as building blocks of strategy. Researchers connected to the “Swedish school”² such as Rehnman and Normann, were among the first to introduce these aspects to the field of strategy (Mintzberg, 1998). In 1969, Rhenman discussed the values of leading individuals as an important part of organisational decision making. Interestingly, this was made in a book with the subtitle “Organisational theory for long range planning”. Like the power school, the cultural school pictures strategy as a collective process. However, whereas the power school focuses on conflicting individual, acting out of self-interest, the cultural school focuses on common interests of interacting individuals, held together by shared norms, values, and traditions. In so doing, the cultural school draws on the idealistic mode of interaction (Sjöstrand, 1993, 1993; elaborated in chapter one), which builds on the sharing of strongly held values. Mintzberg et al. (1998) refer to culture as being “essentially composed of interpretations of the world and the activities and artifacts that reflect these” (p. 265). These interpretations are based in a complex net of interrelated aspects such as the experiences of the organisational members, i.e. the cognitive schemes, and on their deeply held assumptions, beliefs, values, and norms. The world is made sense of through these experiences, assumptions, norms, and values, where culture is often referred to as a perceptual “lens” or “filter” that views certain aspects as relevant for the organization to act upon, while making it ignore others.

The cultural school that strategy formation is “a process of social interaction, based on the beliefs and understandings shared by the members of the organization” (Mintzberg et al., 1998:267). In order to be strong enough to make an impact on strategy, (new) members of the organization must be socialized into these beliefs and understandings; a process “which is largely tacit and nonverbal, although sometimes reinforced by more formal indoctrination” (p. 267). From this follows the notion that “strategy takes the form of a perspective...rooted in collective intentions....” (p. 268). The impact of cultural elements of the formation of strategy is implicit in the *ideological pattern* (Mintzberg and Waters, 1985), the *cultural model* (Burgeois and Brodwin, 1984), the *umbrella pattern* (Mintzberg and Waters, 1985), and the

² The “Swedish school” was made up by researchers belonging to the Scandinavian Institute for Administrative Research, and the Gothenburg-school. Through the research conducted by these researchers, among which were Rehnman, Normann, Berg, Kylén, Brunsson, and Melin, a number of concepts new to the field of strategy were introduced, such as values, myths, politics, cognition and learning (Mintzberg, 1990).

visionary type (Melin and Hellgren, 1994). All of these patterns highlight the influence of a shared vision³ – made up of experiences and values – on the formation of strategy. By emphasizing the sharing of values as an essential underpinning of strategy, the cultural school acknowledges interactions as integral to strategy.

Through the concepts of vision, culture, and enactment symbolic aspects of organizational life made their way into the field of strategy. In line with the interpretive approaches' view of the environment as enacted, the symbolic view conceptualises the strategist as a manager of meanings, whose primary task is "to create and maintain systems of shared meaning that facilitate organizational action" (Smircich and Morgan 1982). The perspective of strategic management as "imaginative", "creative" and as an "art" (Smircich and Stubbart, 1985:724), converts the strategist from a rational, objectivist, reactor to environmental stimuli, into a visionary context composer, who does "not just see things from a (certain) perspective, but who gets others to see them too" (Mintzberg et al., 1998:138). As suggested by the discussion, symbolic views are highly receptive to interactions as the medium through which meaning, and strategy, is created.

In depicting strategy as a collective undertaking, processual approaches highlight the social, interactive side of strategy. Economic action, like any other form of action, is contextually and socially situated. It is embedded in ongoing networks of personal relationships, and it is expressed in interaction with other people (Elster, 1989; Granovetter, 1983; McCloskey, 1998; Mäki et al., 1993; Tsoukas and Knudsen, 2001; Whittington, 1993: systemic approach).

"Strategy is a fundamentally social process: it occurs in a social context in which there are relations of influence and power as well as social bonds among those involved. In this case, strategy is no longer seen as individual accomplishment but as a collective endeavour"

(Tsoukas and Knudsen 2001:426).

This discussion has illustrated ways in which the processual, descriptive schools acknowledge interaction to a much higher extent than their prescriptive counterparts. Learning is an interactive process. Power is only executable through interactions. The transmission of values and the creation of meaning take place through human interaction. From the processual approaches' point of view, interactions are integral to strategy.

³ Also the entrepreneurial pattern (Mintzberg and Waters, 1985) highlights the experiences and the values of the strategist. However, as the vision here remains in the head of the entrepreneur, this pattern does not in itself highlight the importance of interactions for strategy.

Interactions as a valuable organisational resource

So far, this chapter has illustrated different ways of acknowledging and conceptualising the interactive dimension of strategy. The calculative, coercive and idealistic modes of interaction, introduced in chapter one, are all represented. This last part of the chapter discusses research arguing that interactions might constitute a valuable organisational resource.

Ouchi (1980) brings interactions based in close relations into the context of strategy by arguing that, under certain circumstances, clans, i.e. “organic associations which resemble a kin network but may not include blood relations” (p.132), are more efficient than market and hierarchies in reducing transaction costs, i.e. “the cost of mediating exchange between individuals” (p. 129). By using the concept “kin network” Ouchi’s discussion concerns genuine relations. Further, the resource based view (Barney 1991; 1996) and dynamic capability view (Grant 1991, 1996; Teece et al., 1997) on strategy emphasise social interactions as a source of competitiveness. It is the individuals’ relationships, experiences, training, judgments, insights, and values (Barney 1991), and the combination of these into coordinated activities (Teece et al., 1997) that constitute the “foundations upon which distinctive, and difficult-to-replicate advantages can be built, maintained, and enhanced” (Teece et al., 1997:516). These arguments are furthered by theories of communities of practice and social capital, through their elaboration of the characteristics of the interactions put forward as constituencies of organisational advantage. These characteristics are rather similar to the ones ascribed to genuine relations by Sjöstrand (1993, 1997).

Building on the dynamic capability view, Liedtka (1999) argues that organisations that function as communities of practice are especially likely to build on processes rendering them a competitive advantage. Quoting Lave and Wenger (1991: 98), Liedtka refers to a community of practice as “an activity system about which participants share understandings concerning what they are doing and what that means in their lives and for their community. Thus, they are united in both action, and in the meaning that action has, both for themselves and for the larger collective” (p. 7). Inherent in the view of the business as a community of practice is that the development of the individual and the development of the organisation is seen as intertwined. If the individual is encouraged to develop and learn, this will also be for the benefit to the organisation in the sense that “increased capabilities at the organisational level flow from development at the individual level” (p.7). According to the view of community of practice, a shared understanding around the meaning, or purpose, of the organisation, facilitates learning. “Thus, to see a business organisation as a community of practice is to see it as held together by a shared concern for both the outcomes it achieves for stakeholders ... and the personal development and learning of its members” (Liedtka, 1999:7). This presupposes that individuals in the community are committed both to the purpose and to

each other, building relationships on trust and optimism, and in an “ethics of care” i.e. a concern for, and nurturing of, the inherent purpose and relationships of the community. Liedtka explicitly relates her discussion to the field of strategy; specifically to literature on strategic thinking and vision. Referring to authors such as Mintzberg (1994), Hamel and Prahalad (1994), and Senge (1990) she emphasises the need for shared cognitive structures, or visions, for successful cooperation, “strategic conversation” and implementation of strategies (p.9).

In a similar manner, social capital has been put forward as a resource valuable to the organisation (Bolino et al., 2002; Leana and van Buren (1999); Lin, 2001; Nahapiet and Ghoshal, 1998). Capital refers to “investment of resources with expected returns in the marketplace” (Lin, 2001: 3) where marketplace could be referred to as various settings such as economic, political, labour, or community, and “return” could consist of monetary, culturally (reproduction of values), or otherwise socially related rewards (p.19). The term social capital is ascribed to Bourdieu, who argues that alongside economic capital, cultural and social capital ought to be acknowledged as equally important forms. Bourdieu (1986) defines social capital as:

“... the aggregation of ‘actual or potential resources which are linked to possession of a durable network of institutionalised relationships of mutual acquaintance and recognition – or in other words – to membership in a group’”

(Bourdieu 1986:248).

As all forms of capital, social capital requires certain investments. Even networks consisting of strong ties, such as family membership, must continuously be reproduced. This is for instance done by building relationships that are simultaneously necessary and elective. Such relationships rely on feelings of durable obligation, i.e. gratitude, respect, friendship, and concern. Bourdieu asserts that these “affective investments” are necessary for building and sustaining social capital.

Generally speaking, social capital is “an asset that inherits in social relations and networks” (Leana and van Buren III, 1999:538). Social capital can be understood as comprising three dimensions: the structural, the relational and the cognitive (Leana and van Buren III, 1999).⁴ The structural dimension refers to the extent to which the individuals of the organisation are connected (Bolino et al., 2002), i.e. who they reach, how they reach each other, and the strength of their relation (Nahapiet and Ghosal, 1998). The relational dimension concerns the nature, or character of the relationships, manifested in, for instance, trust or friendship, and the influence of this on actors’ commitment to each other and to the organisational purpose (Bolino et al., 2002; Nahapiet and Ghosal, 1998). The cognitive dimension, finally, refers to the extent to which social capital

⁴ Using various, and often overlapping, concepts, researchers have highlighted different dimensions of social capital (see Bolino et al., 2002: 506, footnote 1).

implies “shared representations, interpretations and systems of meaning among parties” (Nahapiet and Ghosal, 1998: 244). As pointed out by the authors, the last dimension of social capital has received considerable attention in the strategy literature, namely from the cognitive and cultural schools (Mintzberg et al., 1998).

Social capital is best developed and nurtured when certain circumstances are fulfilled. Because “social capital constitutes a form of accumulated history”, and thus, “depends on stability and continuity of the social structure” (Nahapiet and Ghosal, 1998:257) the duration of the social context is important. Social capital is strengthened in social settings where the mutual dependence of the actors is high, i.e. the way in which this increases “social identification and encouraging norms of cooperation and risk taking” (Nahapiet and Ghosal, 1998:257). Another important issue is the degree of closure of the social system in which the social capital is embedded. A distinct, closed social context, in which it is easy to separate members from non-members, tends to facilitate the development of norms, identity and trust, and, thereby, the development and nurturing of social capital. Finally, social capital is enhanced by frequent interactions, because “social capital increases ... with use” (p.258).

Social capital is a collective asset, accumulated over time, by interacting individuals of a well-defined group held together by mutual obligations, recognitions, and by a shared understanding of the purpose and meaning of the activities undertaken. The implication of the last point is that social capital depends on associability, i.e. “the willingness and ability of participants in an organisation to subordinate individual goals and associated actions to collective goals and actions” (Leana and van Burren III, 1999:541). In sum, social capital is an asset hardly possible to replicate or trade. Social capital has been put forward as a potential advantage to the organisation possessing it. For instance, it can constitute an efficient means of coordination and control (Nahapiet and Ghoshal, 1998), as well as a facilitator of successful organisational, collective action (Leana and van Burren III, 1998; Lin, 2001).

Social capital is, however, not automatically advantageous. It has to be managed and nurtured. Social capital is not for free, but involves certain costs. In order for it to sustain over time, new members of the organisation must be socialised into its underlying value system. Individuals are not likely to act in the interest of the collective unless they see this of benefit of them, too. Moreover, “the focus on the collective rather than the individual may reduce individual incentives to innovate, making it more difficult for an organisation to adopt the practice of continuous improvement or to make discrete strategic changes that might well be beneficial” (Leana and van Burren III, 1998:550). A central task for managers concerned with nurturing social capital is to assure the unification of the individual and the collective interests through the application of suitable employment practices. However, social capital suffers from potential drawbacks. “... the strong norms and mutual identification that may exert a powerful positive influence on group performance can, at the same time, limit

its openness to information and to alternative ways of doing things, producing forms of collective blindness that sometimes have disastrous consequences” (Nahapiet and Ghosal, 1998).

Inherent in the discussions of communities of practice and social capital are a number of dimensions, crucial for the functioning of organisational life, that are elaborated in the thesis. Among these are trust, concern, identification with the organisation, and a commitment to relations and commonly held values, purposes, and meanings. These dimensions tend to be put forward as – potentially likewise advantageous and disadvantageous – characteristics of family businesses (see for instance Davis and Stern, 1988; Dyer, 1986; Hollander and Boulton, 1984; Kepner, 1991; Kets de Vries, 1996). These dimensions are best shaped and nurtured by individual that are held together through frequent interactions between mutually dependent individuals of stable and well-defined social groups (Nahapiet and Ghosal, 1998). Also these aspects are integral to genuinely related individuals, such as the family (Sjöstrand, 1993, 1997). Genuinely related individuals are particular to each other, exhibiting reciprocity, mutual dependence and trust. Moreover, genuine relations are both frequently reoccurring and durable, most likely resulting in common values and shared meanings. As a consequence, genuinely related individuals tend to identify with, and be committed to the social group comprising these relations. The overall conclusion of this is that the discussions on communities of practice and social capital are concerned with interactions the characteristics of which are rather similar to those ascribed to genuine relations.

This last section of chapter two suggests that interactions have begun to be recognised as valuable within the context of strategy. As the strategising perspective is explicitly concerned with the character of micro-level interactions it appears fruitful for furthering the understanding of the interactive dimension of strategy. If interactions are as important to organisations as indicated, there should be good reason to further explore their influence on strategising. In this thesis this is done by an explicit focus on interactions between genuinely related family members, and their impact on strategising in the business the family owns and manages.

3. The family and the family business

This chapter aims at providing a general understanding of the family business. As the distinguishing characteristic of the family business is the integration of family and business, any relevant understanding of the family business must be built on an understanding of the dynamics of the family. The first part of the chapter contains a discussion of the family as an important institutional setting, with emphasis on some of its central functions for individual family members. The final part provides a general overview of the family business.

The family

When thinking about the family, the standard picture that comes to one's mind is perhaps the nuclear family, i.e. a married heterosexual couple and their children. However, Munice et al. (1997) point out that this definition of family might reflect traditional beliefs and prescriptive norms rather than describing the average family form. Due to changes in the society - same-sex pairings, separation and divorce – the traditions the nuclear family took for granted have been challenged.

The family defined

Dallos and Sapsford (1994) have argued in favour of defining family life as a process instead of form or structure. According to their definition, no matter what family form they live in, people face some fundamental tasks. These include “childcare, regulation of sexuality, establishing a sense of identity and boundary as an individual, patterns of intimacy as a couple and as some form of family unit, negotiating roles in terms of division of duties and decision-making, and defining some rules about the patterns of mutual obligations or duties” (p. 165). The authors believe it is this very “negotiation and completion of these tasks” (Dallos, 1994:203), and the resulting joint building of a shared reality, that defines the family. Similarly, Reiss (1981) maintains that rather than defining the family by structure, it should better be understood as a kind of relationship in which “each member accords to the others the power of independent regard” (p. 170). In so doing, each member's understanding of reality has to be negotiated with the others. “... membership in families...

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depends on collaborative engagement by all its members in the joint construction of reality” (p.170). Similarly, Gubrium and Holstein (1990, in Fletcher, 2000), suggest that rather than using the static description of “the family”, we should better understand “family” as a discourse indicating certain ways of “talking about, assigning meaning to, and make sense of relations with others” (p.163), thereby giving rise to certain courses of action. “What is important, therefore, is not ‘what is family’, but in what ways ‘family’ is a linguistic of conceptual resource for specifying individuals’ relations with others” (p.163).

The process definition of family is recognised by Kepner (1991) who maintains, that the “glue” holding families together is “the emotional bondings and affectionate ties that develop between and among its members, as well as a sense of responsibility and loyalty to the family as a system” (p.448).

The process view of family means that rather than the family being just any group of individuals, it should understood as a dynamic system (Stone, 1988), as a bounded social groups with their own internal dynamics (Reiss, 1988). With a system view, the interdependency among the family members is highlighted. Acts of one family member cannot be isolated but will affect and influence all other members. A family might be understood as one among the several institutions impacting individual behavior.

The family as an institution

“Institutions do not just constrain options; they establish the very criteria by which people discover their preferences. In other words, some of the most important sunk costs are cognitive”.

(Powell and DiMaggio 1991:11).

An institution is commonly viewed as “a human mental construct for a coherent system of shared (enforced) norms that regulate individual interactions in recurrent situations” (Sjöstrand, 1992:1011). As social beings, the actions of individuals are never independent, but, as sociological institutionalists maintain, can only be understood by reference to the contexts in which the individual is embedded.

“People in different societies or institutional domains, at different times, hold varying assumptions about the interests that motivate legitimate action, the auspices under which persons or collective may act, and the forms of action that are appropriate”

(Powell and DiMaggio 1991:10).

According to Powell and DiMaggion, there are numerous potential sources of institutionalisation, including “understandings within a single family” (p:9). Likewise, Friedland and Alford (1991:248) argue that there are different

“institutional domains”, with their own logic of action and different bases of evaluation. The family is such an institutional domain, whose logic is based on “community and the motivation of human activity by unconditional loyalty to its members and their reproductive needs”. Garfinkel (1967, in Powell and DiMaggio, 1991) advocates the same line, asserting that sensemaking and social order are a result of “practical activity in the course of everyday interaction”. From these interactions, a kind of tacit knowledge, or cognitive typifications, develop, which Garfinkel describes as “socially-sanctioned-facts-of-life-in-society-that-any-bona-fide-member-of-society-knows”. Also Oliver (1992) stresses the importance of physical proximity for the development of shared understandings.

It seems likely that the long-lasting and tight relations of members in a family would constitute a setting in which relatively strong tacit knowledge and social “facts” would develop. Reiss (1988:155) holds that “...the family... plays a central role in providing understanding and meaning of the stimulus universe for each of its members. The family... offers a set of explanations of the world to each of its members that serves as the primary organisers of internal and external experience”. Although the concepts for the mechanisms offering these explanations differ, the underlying functioning of the concepts seems to be the same.

Whether labeled as culture, myths, belief systems or paradigms, these concepts all seem to refer to mechanisms, which, through the stimulus, can be related to us and provided with meaning (Reiss, 1988). Based on certain values, norms and beliefs, these mechanisms manifest themselves in rather stable ways of thinking, and are decisive in the way aspects of family life like differences and conflicts, individuation, the congruence of the perception of reality, as well as separation and loss, are handled (Kepner, 1991).

Elaborated and negotiated during early years of marriage these way of thinking are effectively transferred to the children, substantially shaping their future.

“...the events and experiences of early childhood fix the character and personality of the individual and lay down the bases from which all future actions stem. It is the family which determines the shape and the balance of the iceberg of the mind”.

(Wetherell, 1997:263).

In arguing for the family as a powerful institutional source, the discussion of internalisation and socialisation as presented by Berger and Luckmann (1966) seems useful. As member of a society, the individual simultaneously participates in the social construction of reality and internalises it as an objective reality. The process by which internalisation is brought about is socialisation, that is, “the comprehensive and consistent induction of an individual into the objective world of a society or a sector of it” (Berger and Luckmann, 1966:150). There are two different kinds of socialisation processes. The most basic one is primary

socialisation, which the individual undergoes in childhood making him a member of society.

“Every individual is born into an objective social structure within which he encounters the significant others who are in charge of his socialisation. These significant others are imposed upon him. Their definition of his situation is posited for him as objective reality. He is thus born into not only a subjective social structure but also an objective social world. The significant others who mediate this world to him modify it in the course of mediating it. They select aspects of it in accordance with their own location in the social structure, and also by virtue of their individual, biographical rooted idiosyncrasies. The social world is ‘filtered’ to the individual through this double sensitivity. ... The child takes on the significant others’ role and attitudes, that is, internalises them and makes them his own”

(Berger and Luckmann 1966:151).

For many children the parents constitute the significant others. Since the child has no possibility of choosing its significant others, there are no alternative worldviews. The world as understood by the parents becomes *the world* for the child. This process requires more than just cognitive learning. According to Berger and Luckmann, primary socialisation would not be possible at all, without emotionally charged relations between the child and the significant others.

Through primary socialisation a view of reality is constructed that is rather resistant to change. When secondary socialisation takes place, new ways of viewing reality must be superimposed on the objectified understanding. Thus, even if our connections to a family do not mean a slavishly following internalised norms and values, they do mean that other perspectives will have a hard time gaining convincing power.

“What the family tells us has a force and power that we never quite leave behind. What they tell us is our first syntax, our first grammar, the foundation onto which we later add our perceptions and modification. We are not entirely free to challenge the family’s beliefs as we might challenge any other system of belief. And even when we do challenge, we half disbelieve ourselves”

(Stone, 1988: 101)

Likewise, Denzin (1984) and Janosik and Green (1992) argue that the biographical structure imposed on individuals by their families continues to shape these individuals throughout life.

“Individuals are haunted by this past, by this childhood that they have inherited. Their lives can be understood only in terms of this total situation that they embody and inherit – their historical and cultural epoch, the biological facts of their existence, the social milieu they were thrown into, the childhood they lived”

(Denzin 1984: 91).

But the family has other functions besides primary socialisation. One of these is to provide the members with economic security. Another is to satisfy social and emotional needs, such as a sense of belonging (providing us with a sense of self-worth) and intimacy, i.e. a person need to be valued for what he is rather than for what he achieves. This belonging function of the family is one expression of an individual's collective, or social identity (Thoits and Virshup, 1997; Deschamps and Devos, 1998 in Worchel et al., 1998), i.e. "that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership" (Tajfel, 1981:255; see also Brewer, 1991). Individuals with similar positions and/or backgrounds have similar social identities, and the concept of belonging, thus, "refers to a feeling of similarity with (some others)" (Deschamps and Devos, 1998:3). The need for belonging fulfilled by the family is manifested in the inter-actions among family members, in the sense that "norms of equality, trust, altruism, and loyalty typically define the considerations made when family members decide how to use family resources" (James, 1999:62).

However, the family should not only meet the collective needs of the family member, but also contribute to the development of his individual (Thoits and Virshup, 1997), or personal (Deschamps and Devos, 1998), identity¹. Individual identity refers to idiosyncratic characteristics and attributes enabling "the identifications of the self as a certain kind of person" (Thoits and Virshup, 1997:5). Equally essential as the need of intimacy with, and belonging to the family is the need for the individual to differentiate and separate from it, in order to become an autonomous self. Differentiation refers to

"... the degree to which one is able to have control over one's own thoughts and feelings, to discriminate between thoughts and emotions, to respect one's judgements as adequate bases for action, and to take responsibility for the consequences of these actions ... A differentiated person is able to function

¹ Identity refers to "a very peculiar set of opinions, judgments, evaluations, attitudes, manifested by a person towards him-or herself" (Doise, 1998:13.). As pointed out by Deschamps and Devos (1998) identity has a number of (near) synonyms such as "oneself, I, the self, we, self-perception, self-image, self-representation or self-awareness, the ego and so on" (p.1). While some authors use these concepts interchangeably, others differentiate among them. So does, for instance, Harré make a difference between the person and the self. Whereas the former refers to "the socially defined, publicly visible embodied being", the latter conceptualises "the personal unity I take myself to be, my singular inner being" (p. 26). In a similar manner, Deaux (1992) separates

the self as an abstract, general concept, from identity as a specific aspect of self-definition (as for instance the identity as a professor). Since the bringing order of the relationships among the many synonyms of identity is beyond the scope of the thesis, they will here be used interchangeably – although with the implicit recognition that there are more or less public and general identities and selves.

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optimally around significant others without feeling responsible for them, controlled by them, or impaired by them”

(Williamson and Bray, 1995:359).

In this regard, differentiation and separation are two interdependent, and mutually reinforcing constitutions of the process of individual identity development.

“It is through separating that we find out who we are: our identity is a process of distinguishing ourselves from everyone else. We discover our unique qualities, capabilities, and values by experiencing our differences. To do this, we must be able to say no, to exert influence on other..., and to feel that we have the power to make our own choices and to take responsibility for their consequences”

(Kepner, 1991:449).

According to Biddle (1979) the process of separation is a necessary step in an individual's self-development. After primary socialisation processes of secondary socialisation (Berger and Luckmann, 1966) take place during which the child recognises that the world as comprehended by him is not *the* world, but could be understood differently. Moreover, secondary socialisation implies realising that the internalised norms and beliefs are not inviolate, but conveniences that can be challenged or even ignored. Over time the primary socialised individual turns into an autonomous self. Represented by the person's attitudes, intentions, roles, and values the self can be understood as “a dynamic interpretive structure that mediates most significant intra-personal and inter-personal processes” (Eres and Early, 1993:26). However, the self-developing will never achieve full autonomy in the respect that “evaluations adopted from significant others” (Bandura, 1986; in Eres and Early, 1993:26) will always constitute a foundation on which the construction of self takes place. Further, the individual never reaches the point of a “final” self. Instead, the self is constructed through a continuous process, during which an individual's experience is interpreted and turned into a realisation of the self (Harré, 1984; Denzin, 1984, Horrocks et al., 1972). The family plays a crucial role in the individual's self-development.

“As we grow from infancy to adulthood, the slow evolution into maturity is supported by the care and understanding of those around us. It is our parents' love and concern that, over time, become integrated into our inner experience in ways that make it possible for us to understand, nurture, and care for ourselves. But if this watering, and feeding process is of vital importance, so is also the loving caretaker's toleration of some degree of private, inviolable turf – a space in which personal growth can take place in a progressive, orderly fashion”

(Scarf, 1995:53).

As maintained in the quotation, individuation requires both belonging and separation. Individuals need the concern and support of closely related others to

develop into distinct human beings. The belonging to a well-defined group assists the individuation process also in the sense that it distinguishes the individual from members of other social groups. (Brewer, 1991).

Family member's need for individuation is interdependent. Because a family consists of interdependent individuals, the self-development of one individual influences the development of the selves of other family members. Thus, individual identity is interpersonally and socially constructed. Internalised values play a crucial role in the development of an individual identity as they are "incorporated into an individual's self-reference system" (Harré, 1984: 70). To support and encourage the development of a personal identity of its members, the family system has to be flexible and adaptive. "Family intimacy requires readiness and generosity on the part of family members, who will willingly or reluctantly have to grow as other family members move toward growth" (Shapiro, 1995:167). If this is not the case, the individual family members will not be able to differentiate themselves from the family to the extent that is required for the formation of an autonomous self. Shapiro (1995) explicitly highlights individuation as a relational, family process. "All persons", she argues, "exists in relationships and ... the self is interpersonally established, maintained, developmentally modified, and reorganised through transactions in family relationships throughout the family life cycle²" (p. 160)

In what follows the process of development of an individual identity will be referred to as individuation. This concept incorporates the life-long ongoing "definition of self in relation to others, from the infant's first recognition of body boundaries in relation to the mother's body, through the adolescent's initial definition of identity in relation to the parents, and through the major and minor adult experiences that require reassessment of identity within relationships" (Scarf, 1995:167).

It can thus be concluded that the family has two very important interrelated, yet not fully compatible functions. On the one hand, the belonging to a family is very important for the well being of the individual (including a healthy individuation). The family system is often subscribed a logic based on reciprocity and the preservation of trust (Sjöstrand, 1992). On the other hand a healthy individuation requires a sense of separateness from the family. Kepner (1991) maintains that balancing these needs implies a truly delicate task:

"This inherent rhythm that pulls people together and pushes them apart is a polarity that every family must manage. If there is too much individuation, with each person doing his or her own thing, the system suffers. On the other hand, too much unity and merging causes the individual to become too enmeshed in the family that he or she can not separate and become an autonomous and competent adult"

(Kepner, 1991:449).

² A family life cycle is referred to as "event that are tied to the comings and goings of family members" for instance through, birth, retirement, and death (Falicov, 1988:13).

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In the language of Smith and Berg (1987) this balancing, i.e. the struggle of individuals to belong to a social unit while at the same time creating a distinct identity within that very unit, is an outcome of the *paradox of identity*. In line with this, Deschamps and Devons (1998), Scarf (1995) and Falicov (1988) highlight human behavior as continuously oscillating between the two poles of the individual and the social:

“... everyone who grows up within a family must continuously struggle with the basic human dilemma of how to remain close to other members of the group and yet not sacrifice one’s own individual uniqueness and differentness”

(Scarf, 1995:52-53).

In the recognition that the needs of belonging and separating are interrelated, they will, for the purpose of clarity and simplification, mostly be referred to and elaborated as separate.

The family business

”For most people, the two most important things in their lives are their families and their work. It is easy to understand the compelling power of organisations that combine both”

(Gersick et al. 1997:2).

The family business defined

As a field of research, family business is quite young. The main magazine covering the area was first published in 1988. Since then the interest in family businesses has been steadily rising, illustrated by for instance the increasing number of consultancy firms, universities, and business schools engaged in various aspects of the field. Surely, family businesses must be quite interesting. But what are they like? What – if anything - is so special about them?

The issue of how to define a family business has received a great deal of attention in the family business literature (Handler 1989, Brockhaus 1994, Wortman 1994, Sharma et al. 1996). Despite rather ambitious efforts, a common definition is still lacking (Litz 1995). Depending on research interest, different definitions are used.

As pointed out by Gersick et al. (1997), family businesses could be very different, ranging from the smallest corner convenience store to large multinational conglomerates. The companies might have existed for generations or they might be new-founded companies. What unites these otherwise very different businesses is their connection to a family. However, this connection might, in turn, also differ. Some family businesses are totally owned by the family and all family members are actively involved in the daily running of the

business. Other families see their firms just like any other investment and hire people for management positions. Because family businesses are so heterogeneous, it is important for researcher to be very explicit about what kinds of families, businesses, and business environments they study (Sharma et al. 1997). "To the extent that researchers use different criteria, they may actually be studying different forms of organisations" Handler (1989:262). Melin and Nordqvist (2000) argue that it would be a big mistake to treat all family businesses as if they were a homogeneous population. Even if there are some characteristics that unite these businesses, they can be very different in terms of size, life cycle position, and governance structures. Therefore, research conducted on a certain type of family business is not automatically valid for family businesses in general. *In this thesis a family business is defined as a business in which "one family group controls the company through a clear majority of the ordinary voting shares, this family is represented in the management team, and the leading representatives of the family perceive the business to be a family firm"* (Westhead et al. 1996).

Family business characteristics

The most common way of characterising family businesses is to refer to them as consisting of different systems: family and business. Understanding the workings of the family business means recognising that decisions and actions of members of the business are at the same time actions and decisions of members of an owner family (Kets de Vries, 1996; Ward, 1988). The interrelationship between family and business sparks the dynamic which gives rise to many of the characteristics and special issues facing family businesses. Even though deeply interconnected, the family and the firm operate by different basic logics, which are not always compatible (Handler and Kram, 1988; Kets de Vries, 1993; Miller and Rice, 1988; Rosenblatt et al., 1985; Sharma et al., 1997). The reason is that "family and firm exist in society for fundamental different reasons" (Hollander and Elman 1988:157). Families are often described as non-competitive, emotional and relation-based, whereas a business, through its existence in a highly competitive context, is seen as more performance-based (Whiteside and Brown, 1991). It is the interplay between these two contexts that brings the family business its distinguishing characteristics.

"For these firms, competing successfully with the outside world is only the beginning. Intra- and interfamily conflict and rivalry must be managed as well"

(Kets de Vries, 1996:5).

Recent research has demonstrated that, besides family and business, the family business contains another important dimension. Building on the work of Tagiuri and Davis (1996), Gersick et al. (1997) argue that the two-system concept is insufficient, since "many of the most important dilemmas faced by

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family businesses ... have more to do with the distinction between owners and managers than between the family and the business as a whole" (p.5). Thus, the ownership system must be considered as equally essential as family and business. This means that a family business might be conceived of as three integrated systems with particular roles that have to be managed by the individuals enacting them. As often highlighted in the family business literature, this can be a delicate challenge, since different goals and expectations are inherent in the different roles. As family members, individuals tend to be concerned about maintaining good family relationship, and, from the perspective of a family member, the business might be looked upon as a part of the family's identity and heritage, and as something nurturing and uniting the family. In their business roles, individuals are more concerned about their professional career development and the economic viability of the business. As owners of the business, one of the major concerns of the individual is likely to be the return on investment provided (Lansberg, 2002; Davis and Tagiuri, 1996). These role interdependencies and trade-offs, and the advantages and drawbacks derived from them, have traditionally been neglected by traditional management theories.

"The influence of families on the businesses they own and manage is often invisible to management theories and business schools. ... The economic models underlying most management science depend on interchangeability of decision makers, so that it does not make a difference 'who' anybody is"

(Gersick et al., 1997:4).

The challenge of managing these roles lies not only in the inherent trade-offs, which have to be made. With time these roles and the expectations put on the individual, are bound to change, adding considerably to the complexity and dynamics of the family business.

Family business dynamics

As indicated, time is a dimension crucial to fully capture the complexity and dynamics of family businesses. With time, both systems and people age, mature, and change. Children of family businesses belonging initially to the family might with time become both owners and managers/employees. The founder of the company might decide to retire and to move out of the company, while keeping the roles as owner and family member. In other words, with time issues concerning changes of ownership and leadership become crucial. Such changes affect not only the inner workings of the business but have an impact on roles and relations within the family as well. Because family members tend to occupy their professional roles for quite a long time – not seldom a lifetime – the family business is bound to change with the ageing of individuals. Over time, the characteristics of the family business, and the problem it faces, will differ (Gersick et al., 1997).

The founding stage is a very important period in the life of the family business since the business will be deeply affected by its first years of existence. This stage is “a time when the foundations are laid for three core aspects of the family business: company culture, strategy and asset management values” (Gersick et al. 1997:149). The role of the founder in shaping this culture has been emphasised in the literature. Even if some researchers (Hollander and Elman 1988, Schein 1995) point out the risk of oversimplification in focusing solely on the founder in the process of cultural development, there seems to be a pretty high consensus among writers on family businesses that founders are very important for the culture of these organisations (Harvey and Evans 1994, Schein 1995, Dyer 1986, Kets de Vries 1996, Gersick et al. 1997). Not the least this has to do with the way founder-entrepreneurs tend to keep control over their companies. According to Kets de Vries (1996) many founder-entrepreneurs tend to be rather suspicious of other people, not really relying on anyone but themselves. As a consequence, they do not only look after the smallest detail concerning the company but want to have a say in every decision and be involved in every activity. Therefore, founders are not likely to delegate power, and newly founded companies are usually very centralised and dominated by the founder’s values, beliefs and ways of thinking. As made clear by Gersick et al. (1997), the endurance of the culture requires some method for transmission. Since “the family is perhaps the most reliable of all social structures for transmitting cultural values and practices across generations” (Gersick et al, 1997: 149), the values of the founder (and his or her spouse) are likely to be internalised, and carried on by their children. According to Reiss (1981, in Walsh 1994), every family constructs its own family paradigm, consisting of shared beliefs about the world. This paradigm, influences the way problems are solved and the meaning family members attach to situations and relationships. Most likely, “these paradigms describe not only the family’s culture, but also the culture of the business owned and managed by the family” (Walsh, 1994:191). Being internalised in the second generation long before it is ever considered working in the business, the culture of family businesses thus created and transmitted tends to be strong, and quite resistant to change (Davis and Stern 1988, Dyer 1986, Harvey and Evans 1994, Gersick et al. 1997, Schein 1995).

In the founding stage, ownership and leadership is likely to be in the hands of the founder. Solely responsible for the survival of the company, the founder must often work very long hours to get sales stable and to create legitimacy for the business among clients, employees, suppliers, etc. For the family, this often means having to cope with an absent father and husband. This situation might be rather challenging, not the least to the wife. Not only is she often the only one responsible for the household and the upbringing of the children, she frequently acts as an important informal strategist by acting as an advisor to her husband. She generally fulfils the roles of a listener, the workaholic’s therapist, the mediator, and the retirement counselor (Hollander and Bukowitz, 1990;

Gillis-Donovan and Moynihan-Brandt 1990; Danco, 1990). The traditional role of the wife to take care of the family members could incorporate informally nurturing the employees as well (Danco 1981). Hence, even if she does not hold a formal position in the company, her impact on the business could be rather pervasive, operating through the family network. Although fulfilling important roles, the drawback for the wife is the feeling of not being credited for what she does, indeed of being “invisible” (Hollander and Bukowitz, 1990). On the other hand, a founder’s wife holding a formal position in the company might feel accused of having it not out of competence, but simply because she is the boss’s spouse (Salganicoff, 1990).

The founding period is essential for the future existence of the business. The foundations of the attitude component of the definition of family business – the perceiving of the business as a family business – are apparently laid already at this early stage in the sense that the firm is a part of the “psychological environment” of the family. “It is always a ‘third party’ that is carried around in the minds of the people in the family system” (Kepner, 1991:454). The advantage of this impact of the business is that it might serve as a source of unity and pride among family members. However, there are also potential drawbacks. One of these might be the, implicit or explicit, feeling of being supposed to act in the interest of the business and the family, even if this means giving up alternative careers and opportunities for self-development as “the demand is to put the family before self” (Miller and Rice, 1988: 195).

When the family business matures and grows³ it is likely to face tougher competition. With an expansion in the number of employees and sales comes the need for a more formalised organisation. It is usually no longer possible for a single person to control the business. Instead, responsibility must be delegated, leading to a structure with more hierarchies and functional differentiation. However, although often needed in a growing business, such changes do not always take place. There is a tendency for founders not to re-structure and formalise their businesses, contributing to the later stages of dynamics of family businesses. A further implication of the maturing and growth of the business and the family is that more family members from different generations might get involved in the daily running of the business. This implies a need for collaboration and the ability to deal with an increasing complexity of interpersonal relations. With time, the family and the business tend to be all the more interwoven, with the business “becoming a central component of the family identity” (Gersick et al., 1997: 154). At the same time as the family members have to deal with changing business relations, they also have to cope with changing private life situations. The middle generation (normally in charge of the business) begins to approach middle age and starts to (re)evaluate their lives (often with the help of the children questioning their way of life and their running of the company). The children, in turn, wage their own struggle to find a place in life and (perhaps) in the family business. For the

³ For illustrative reasons, a maturing family business is supposed to also have grown.

oldest generation, the main challenge is to adapt to a life "without the foundation of authority in the business and ownership ... that used to be the core of their identity" (Gersick et al., 1997: 162). However, just as with restructuring and formalisation the socio-psychological challenges are far from always met. As is elaborated below, succession of ownership and leadership are difficult processes both for the individuals exiting and entering roles, as well as for the organisation as a whole.

Succession of ownership and leadership in the maturing family business

Succession processes are highly complex and often very demanding, involving issues of technical, organisational, and psychological character (Kets de Vries 1996). They have been described as the "ultimate test of the family business" (Gersick et al. 1997:193). Although the technical and organisational issues tend to be the ones in focus, it is often the psychological ones that are the most troublesome, since they affect deep psychological needs such as belonging, control and identity. Succession must not be understood as a single event (Gersick et al. 1997, Handler 1994). Instead, succession is a "multistage process that exists over time, beginning before the heirs even enter the business" (Handler 1994:134). During this process, both the founder and the successor should get used to their roles and learn how to handle their new situations, which includes both practical skills and emotional challenges.

Over time the number of family members involved in the business grows, putting issues related to succession of ownership in focus. An increasing number of family members involved in the company raise the question of how to spread the shares. In the case of different branches of the family having unequal number of children a central issue is how to divide the shares. With the birth of cousins the complexity of ownership increases. Multiple generations involved in ownership and/ or management, implies potentially many relatives wanting their share in the company, financially and/or as a career opportunity. Even though the business might be jointly owned, one branch of the family usually dominates the company (Gersick et al., 1997). To avoid family fights, it is very important that the family in charge, in one way or another, involves other family shareholders in the development of the business. A way to do this is to build a family council, or to have a professional board of directors. The organisational and strategic challenges might also lead to a need of more capital, evoking the question of whether or not external capital should be let into the business. The ownership decision is perhaps the most important one since the ultimate power of the business resides with the owners; "the one who has the gold, rules" (Gersick et al. 1997:195). However, as will be further elaborated, the owner role seems often to be rather neglected, i.e. not appreciated as a distinct role (but rather integrated in the business role), potentially impacting the long-term viability of the business as a family business (Hall, 2002)

Organisational issues are interrelated with these family challenges. A multi-generational family business is mostly mature, inviting challenges of renewal and change. This is hard for any business. The situation for the family business is even more complicated. For sentimental reasons, or to avoid family conflicts, family members might tend to hold on too long to outdated business ideas, which could be devastating for the company. Another challenge facing the multi-generation family business is the attempt to keep the founder's dream alive, i.e. persistence in developing the company in accordance with traditional values and philosophies. Some of the cousins have perhaps not even met the founder of the business and might look upon their shares in the business as just another financial source. Increasingly deviating opinions among owners of the purpose of the business might be the cause of serious conflicts. The struggle to agree on the core values and overall purpose of the business is an inherent challenge of the multi-generational family business.

Top management succession, either from within or outside the family is a challenge that the family business will have to face sooner or later. Succession of top management positions tends to be very challenging. A large part of the succession literature focuses on the resistance of the (founder-) entrepreneur to let the business pass on to the next generation. (Founder-)entrepreneurs have a tendency to hang on to their creations even when they formally have left their top management positions (Handler 1994, Dyer 1986, Kets de Vries 1986, Schein 1985). Having devoted most of their time and energy to the business, founders are likely to be emotionally very attached to it. "At first it is your mistress, but it winds up being your child" (Latin American executive talking about his business (quoted in Berenbeim 1990:84).

The exit from the family business is a big change and challenge in the life of a family member whose authority and identity over the years has been derived from being a manager of the business (Gersick et al. 1997; Handler, 1994; Lansberg, 2002; Hubler, 2002). To make the situation even more complex, succession might be resisted out of fear of the losing of positions not only in the business, but also in the family.

"... for an entrepreneur, his organisation defines his place in the community and in the world at large. Moreover, the firm forms an integral part of his sense of self ... The business is often his most significant creation. And, unlike his children, and possibly his wife, it is a loved one he can keep"

(Lansberg, 2002: 49).

Hubler (2002) brings up another issue regarding resistance of succession, related to the fear of a lost identity. He argues that the main reason for resistance lies in the lack of appreciation, recognition and love felt both by the individual who is supposed to retire and the succeeding generation:

"... lack of appreciation is often at the root. The senior generation desperately wants appreciation from their adult children, but they will deny to their dying

day the fact that they want it and need it. ...Younger generation adult children have the same issue. They are still looking for recognition by their parents for their accomplishments and uniqueness. The lack of feeling recognised and appreciated underlies many of the problems in family-owned businesses. There is an implicit assumption that people are loved, but the fact that it is rarely if ever expressed often creates an obstacle”.

(Hubler, 2002:70).

The need for power typically characterising entrepreneurs is another reason for sticking to the business. Entrepreneur-led companies are usually mainly focused on the entrepreneur, who tends to interfere in the daily running of the business at various levels of the organisation – also when the company has reached a size where such a simple structure (Mintzberg, 1983) is probably not efficient. As a consequence of this centrality a myth might be created – carried not only by the founder but also by the family and employees - that the retirement of the founder implies a catastrophe to the company. Thus, the founder has a rationale for not leaving the business. (Lansberg, 2002) The reluctance of passing the business on is related to the founder's fear of losing his identity. Retirement is not only likely to imply a feeling of lost control over the business, but also “as the first step toward losing control over life itself” (p. 48). The founder's lack of other interests besides the business might be of particular significance in promoting resistance to succession (Handler, 1994). For this reason, Lansberg (2002) concludes that succession processes are enhanced if the founder is assisted in developing and clarifying future roles, whether these are to be inside or outside the family business. He argues that the founder's fear of being totally disconnected to the firm might be handled by the design of well clarified post-succession “interim or transitional” roles, through the enactment of which the founder will not be totally disconnected from the business. A retired founder could assist the new generation in a consulting role, or work with specific projects within the company. As there is an obvious risk that the founder will not be able to stick within the limits of the interim role, it is absolutely essential that its boundaries are made very clear and explicit. Succession might also be avoided for the reason that it implies dealing with the mortality of the founder. Of course, discussing the death of a family member is not an easy undertaking for anyone, the founder or other family members (Handler, 1994; Lansberg, 2002). The issue is likely to be avoided, or postponed, into the hopefully remote future.

Succession processes do not just involve the one who is to leave, but also the one(s) about to assume the leader position. Here this person is assumed to be either a family member or an externally recruited CEO. In the case of the new CEO coming from the family the transition is relatively easy if there is just one son or daughter. In the case of two or more siblings the situation is more complex. In such a situation the family has to choose the one it finds most suitable to run the company, a truly difficult, and potentially “explosive” task. There is a need to find ways to compensate children not getting access to top

positions in the company. When family solidarity is regarded important, succession is most likely to take place by the transition of the business into a sibling partnership with several owners and/or manages from the second generation. The biggest challenge with this alternative is the need of co-operation between the siblings taking over ownership and management. If the siblings are able to cooperate well, this could result in competitive advantages due to complimentary talents. If the siblings, on the other hand, are unable to cooperate, the outcome could be a serious threat to the survival of the business. (Gersick et al., 1997).

In the role as CEO of the family business, second-generation representatives are faced with a number of challenges. As all top managers they are the ones supposed to meet the internal and external demands facing the growing organisation. In addition, they often have to do this “in the shadow of the founder”. “...regardless of his or her competence and skills, a successor is seldom able to replace the entrepreneur...” (Lansberg, 2002:51). If always compared with the founder/father it is rather difficult for a second-generation family member to separate from the family and obtain individuation inside the family business (Kets de Vries, 1996). Finally, the restriction to the development of the individual might be made more difficult by the fact that, once inside the family business, exit seems a rather unlikely option. The decision to leave (or not to join) the family business tends to be interpreted as a treachery. “Success in other walks of life is frequently taken to mean that if only those who have succeeded had been less selfish, they could have made a valuable contribution to what is essential to the family, the family business (Miller and Rice, 1988:196). Besides the negative consequences for the individual there are the issues of the organisation. If the second generation are not able to exert any real influence over the company, the risk for conservatism and inertia, often ascribed to family business (Dyer, 1994; Gersick et al., 1997, Kets de Vries, 1993;) become obvious.

The issue of hiring an external, i.e. non-family CEO tend to be raised when there are no family member candidates willing or qualified enough to assume the position. However, the bringing in of external management into a family business is a challenging undertaking as it is “likely to create some tensions within the organisation as new skills and values are introduced” (Dyer, 1989:231). For instance, an external manager, by definition, lacks the family-induced competencies such as common values and purposes. If not properly dealt with, these tensions can be the cause of significant conflicts between the family and the external CEO, as well as between family members with differing views on how to run the company.

Because the letting in of external management means giving up the absolute control over the company, some family members may be very resistant to the idea. According to Dyer (1994), the choice to professionalise often gets most support from the younger generation. Through influences from sources outside the family, this generation is exposed to other values and ways of looking at the

world. As a consequence, "they are less defensive about family dynamics because they see the problems as existing largely in the senior generation; and the buffer of non-family managers would give them some protection from the expectations of the senior generation, as well as needed time to learn the company" (Gersick et al. 1997:168-169).

The family business as genuine relations

The discussion of the continuously dynamic and complexity of the family business highlights the integration and interdependence of family and business. As a result, business and family decisions get intertwined. To understand family businesses, it is therefore necessary to view them as contexts with their own characteristics, rather than as an overlap of two separate systems (Whiteside and Brown, 1991). As an integrated system, the family business is a business context characterised by genuine relations and this renders it certain logic. In turn, this can be both to the advantage and disadvantage of the business.

The family institution implies the sharing of a certain history, certain tradition and values and, hence, certain ways of interpreting and understanding the world. The integration of family and business efficiently transfers these traditions, values and ways of understanding into the business. "The family is perhaps the most reliable of all social structures for transmitting cultural values and practices across generations" (Gersick et al., 1997:149), and so, the family business culture tends to be both strong and rather resistant to change (Davis and Stern, 1988; Dyer, 1986; Harvey and Evans, 1994; Schein, 1995). A likely implication of this strong and stable culture is that family members have a relatively common view of the meaning and purpose of being in businesses, serving as a driving force by considerably enhancing joint action. On the other hand, such a culture might impede necessary organisational changes. A strong culture might place "strategic constraints" (Holland and Boulton, 1984) on the business, thereby restraining its flexibility.

The view of the business as "the psychological if not the actual environment of the family" (Kepner, 1991:454) implies an extension of loyalty to and concern from the family (inherent in genuine relations) into a loyalty to the business. As with culture, loyalty and concern could both drive and restrain organisational development. On the one hand, they might imply sacrificing one's own interest for the sake of the business, and lead to a long-term company perspective, securing the preservation of know-how and crucial business networks. But loyalty and concern might also mean resistance to change. Genuine relations might create "feelings and emotions of change (that) are likely to be deeper and more intense than those in non family businesses" (Dyer, 1994:125). Emotional bonds between family members could cause the family business to stay in markets or to hang on to products just because they are the creation of older generations (Harris, Martinez, and Ward, 1994).

Similarly, emotional bonds between family members could lead to a reluctance of bringing up, and not the least implementing necessary ownership and leadership successions (Handler, 1994; Lansberg, 2002). This is also a reason why succession processes might not be fully executed, even though they have already been carried out formally. One likely manifestation of this, elaborated in the family business literature, is the “in-the-shadow of the founder”, or “the-ghost-of-the pardon” syndrome, referring to the reluctance on behalf of the predecessor to let the successor enact the role he has formally taken over according to her own personality and way of thinking (Kets de Vries, 1996; Lansberg, 2002). For reasons such as these, research has tended to depict family businesses as introverted, burdened with old traditions, inflexible, and resistant to change (Dyer, 1994; Gersick et al., 1997; Harris et al., 1994; Holland and Boulton, 1984; Kets de Vries, 1993), i.e. as strategically inert. Gersick et al. (1997) argue that in order to achieve strategic change, family businesses must “reinterpret the entrepreneurial hero”, and “challenge past strategy paradigms” (p. 165).

Another illustration of the family business as a business context characterised by genuine relations is the letting in of family members into the business regardless of formal competence (Kets de Vries, 1996). Though this might be to the disadvantage to the business (Dyer, 1994), it might also be beneficial. In comparison with external managers, family managers are likely to bring with them “continuity and a deeply felt sense of corporate purpose” (Donnelley, 2002). Sensitivity to social responsibility is often subscribed family businesses due to family pride and identification with the company (Donnelley, 2002). A caring atmosphere, comprising also employees external to the family, tends to characterise the family business (Kets de Vries, 1996; Miller and Rice, 1988).

This discussion has highlighted family businesses as characterized by the integration, and not an overlay, of the family and the business. A view of the family business as a business context characterised by genuine relations, and hence, by its own logic has been advocated. In itself, this does not make family businesses better or worse than other business. However, it makes them rather dynamic and complex (Whiteside and Brown, 1991). As elaborated, the same characteristics that from one point of view might be beneficial to the business might be a drawback when viewed from another perspective. Hence, it is not the genuine relations per se, but the way in which these are acknowledged and acted upon that might constitute a source of advantage or disadvantage to the business.

4. Interpreting and understanding strategising

This chapter elaborates the underlying assumptions and means of conduction of the thesis, based in an interpretative approach. The chapter is divided into four sections. In the first, the ontological and epistemological foundations of the thesis are outlined. The second section contains a discussion of the meanings of the concepts understanding and interpreting. Section three deals with the practical side of the construction and interpretation of the empirical material. The last section is concerned with evaluation of interpretative research.

Ontological and epistemological foundations

In this section, the ontological and epistemological foundations of the thesis are outlined. It is argued that reality is a conversational construct and that the essence of research is to contribute to the ongoing conversation of how to understand reality. For such a conversation to be meaningful, the premises upon which the arguments rest ought to be explicit. In this sense, research is reflection.

Research as reflection

Doing research means taking part in conversations concerning ways to understand reality, with academics, practitioners, and, not to forget, one self. In order to render these discussions fruitful it is important to reflect over the premises upon which one's arguments are based.

“Reflection means thinking about the conditions for what one is doing, investigating the way in which the theoretical, cultural and political context of individual and intellectual involvement affects interaction with whatever is being researched, often in ways difficult to become conscious of. When we reflect, we try to ponder upon the premises for our thoughts, our observations and our use of language. Consequently, reflection is difficult”.

(Alvesson and Sköldbberg, 2000:5)

Mere reflection is, however, not enough. It is not until the reflections are made explicit that they are opened up for discussion, challenge and possible revision by the readers as well as by the researcher. After all, “how can I know what I

think until I see what I write” (Weick, 1995). The discussion that follows reflects on the premises of this thesis by elaborating its methodological foundations. These foundations correspond to my working paradigm (Melin, 1977, drawing on Thörrneboom 1976), or my interpretative repertoire (Alvesson & Deetz 2001). Such a repertoire includes

“... the full set of aspects and themes that a researcher masters to a *sufficient degree* (italics added) to make a knowledge contribution... such a repertoire includes the paradigmatic, theoretical and methodological qualifications and restrictions that guide and constrain research work. The interpretative repertoire is made up of theories, basic assumptions, commitments, metaphors, vocabularies and knowledge. It indicates the ‘academic’ part of the researches pre-structured understanding and the whole spectrum of theoretical resources that may be put into use in confrontations with empirical material. It marks the limits of what a researcher can do in terms of making something out of a particular piece of empirical material – material that is itself produced on the basis of the interpretive inclinations of the researcher”

(Alvesson and Deetz, 2001:112-3).

The interpretative repertoire draws attention to the socially negotiated, or constructed nature of reality, and the researcher as a subjective, socially situated co-producer of it. These aspects are further elaborated below.

Researching reality as a conversational construct

Ideally, I believe that free¹ thinking should characterise research –the process and the results as arguments in a debate in relation to the way (social) reality is understood. To me, there is no one single objective understanding; only inter subjective ones, constructed through conversation. I will here not go into the philosophical discussion regarding the existence of a, from human perception independent, reality. Perhaps such a reality exists; perhaps it does not. What I object is the thought of an objective understanding of this reality. Our understanding of reality is socially constructed, and perspective-dependent. It is a product of negotiated meanings, and, as such, open to reconstruction (Berger and Luckmann, 1966; Burr, 1995; Shotter, 1993; Gergen and Gergen, 2001, Schwandt, 2001).

“Social order is not part of the ‘nature of things’, and it cannot be derived from ‘the laws of nature’. Social order exists only as a product of human activity”

(Berger and Luckmann, 1966:70).

As interacting humans we make reality into what it is.

¹ However appealing, I am doubtful about the possibility of the freedom of thought. Because researchers are contextually, socially and paradigmatically (Kuhn, 1970) situated individuals, research is always biased.

“We invent concepts, models and schemes to make sense of experience, and we continually test and modify these constructions in the light of new experience”
(Schwandt, 2001:197).

Social constructionism implies a recognition of the constructor as historically, socially, and culturally situated. Constructions are not made in a vacuum, but in specific political and ideological contexts (Schwandt, 2001). In the language of Alvesson and Deetz (2000), this means that the “mirror” metaphor of modernist approaches to research gives way to that of the “lens”. There is nothing objective out there for us to correctly mirror. Depending on the “lens” applied, any thing can be interpreted as a different thing. Meaning can, therefore, never be final; it is always incomplete and indeterminate (Alvesson and Deetz, 2001). “Truth is a rhetorical category whose meaning and shape varies with the contingencies of history and circumstance” (van Maanen 1995:12).

The perspective of knowledge as socially constructed means that the aim of research is not to find, or discover truths in any objective sense, but rather to question and challenge what is taken for granted. Implicit in the constructionist view is the option for re-construction². One of the main roles of research is to contribute to this (re)construction² process by well-grounded theories and concepts leading to questioning of established *understanding* of phenomena, and the construction of new or modified ways of seeing them. This is much in line with the ambitions of critical research where new understanding is seen as a means of “forming acceptable conditions of life” (Ödman, 1991: 36). It is fruitful to think of *research as conversation*, where proposals and conclusions are arguments “for a particular way of understanding social reality, in the context of a never-ending debate” (Alvesson and Sköldberg, 2000:276). Likewise, Gergen and Gergen believe it is fruitful to think of research as a relational process.

“...if we abandon the traditional goal of research as the accumulation of products – static or frozen findings - and replace it with the generation of communicative process, then a chief aim of research becomes that of establishing productive forms of relationship. The researcher ceases to be a passive bystander who generates representational products communicating to a minuscule audience of researchers. Rather, he or she becomes an active participant in forging generative, communicative relationships, in building ongoing dialogue...”

(Gergen and Gergen, 2001:1039).

This view of research is inherent in the very word “thesis”, which apart from the meaning “dissertation” also translates into “idea, line of argument, proposal, theory, view, assumption” (CollinsThesarius dictionary). This draws attention to the researcher as a socially situated, knowledge-constructing author:

² Reconstructing in the sense of either verifying or developing (replacing/modifying) old construction).

Interpreting and understanding strategising

“... not even procedure-steered ... research can avoid letting value-judgements, interpretations and a whole host of – often subconscious or non-reflected – choices as regards language, perspective, metaphors, focus, representation and so on pervade the whole research process.... Authorship, style and text production are central to all research far beyond ‘writing up the results’”

(Alvesson and Sköldberg, 2000:168).

Abandoning the role of the researcher as an objective transmitter of facts, turns research into a, possibly unconscious, political process. Through their texts, researchers try to make a point for a special case of understanding. In this respect the researcher is an “advocate” (Stake, 1995:92) of a particular way of seeing the world. Since “an understanding of scientific texts as historical constructs means that any claims to truths are perceived as rhetorical expressions” (Alvesson and Sköldberg, 2000:171), the particular way of seeing is only one out of many possible ways. It is therefore important not to distance the readers from the text, but to invite them to make alternative interpretations. “A conversational understanding and style should be sought” (Alvesson and Deetz, 2000: 135), and inconsistencies, fragmentation, irony, self-reflection and pluralism should pervade the work. Whereas these criteria would lead to very interesting results, I am rather sceptical when it comes to my, and perhaps most other researchers’, capacity to live up to the requirements. As many of the values and beliefs underpinning research are unconsciously held, reflecting upon them all is almost impossible. It is a very difficult to highlight inconsistencies and fragmentations, while at the same time trying to advocate a particular standpoint. This might be the reason why such efforts of conversational styling seem rather absent in research text.

The perspective of reality as socially constructed through conversation does not only highlight the active role of the author, but also “the intrinsically formative or shaping function of language” (Shotter, 1993:181; see also Richardson, 2001). Concepts do not mirror the reality; they construct different realities. Reality is not built up of ready-made structures to be described by words; rather, these structures take on meaning by our construction, or labelling:

“...although our surroundings may stay materially the same at any one moment, how we make sense of them, what we select for attention or to act upon, how we connect those various events, dispersed in time and space together and attribute significance to them very much depends on our use of language”

(Shotter, 1993:2).

Construction of reality takes place within processes of conversation. Through negotiations, human beings construct an inter-subjectiv reality, which, if taking on an objectified meaning, is perceived as *the* reality. As reality is constructed through language it is essential for the researcher to pay attention to the use of rhetoric, since the way we talk about things makes them what they are. Rhetoric has obvious implications for the openness of research texts. “Partially at least,

interpretations are persuasive not because of their evidential support, but because of their rhetorical appeal..." (Shotter, 1993:142; see also van Maanen, 1989). As Shotter points out, "if persons want to be perceived as talking factually, they must warrant their talk about what 'might be' as being about what 'is', by making use in their talk of what might be called a 'rhetoric of facts'..." (1993:93). Although this might serve purposes of persuasion, Shotter argues that such a rhetoric lacks respect for its audience. Just as Alvesson and Deetz (2000) and Alvesson and Sköldbberg (2000), Shotter (1993) advocates the inviting of the reader through a conversational writing style, i.e. the author must construct opportunities for the readers to challenge the text. Likewise, van Maanen (1989) maintains that rhetoric lies at the heart of social science, and he encourages researchers to pay close "attention to the fact that the desk or office work of ethnographers is no less important than their field work" (1988:138). These aspects of research are further discussed in connection to the discussion of "literary styling", one of the criteria for evaluation of interpretative research discussed in the last section of the chapter.

The ontological and epistemological standpoints contain a conceptualising ambition. In a socially constructed world, truths are negotiated through conversation. Things we do not talk about do not get constructed. Accordingly, they might not be perceived as existing. "The very terms which render some aspects of our lives rationally-visible, render other aspects rationally-invisible" (Shotter, 1993: 184). As words and categories are the constitutive building blocks of the social world (Gubrium and Holstein, 2001), concept development lies at the heart of qualitative research.

Finally, in a socially constructed world, the understanding, conclusions, and contributions offered are of a tentative character, always open for reinterpretations. Therefore, this thesis does not represent anything final. Rather, it should be understood as an expression of "a certain moment of understanding" (Ödman, 1991:85).

Understanding and interpreting

Understanding and interpreting are concepts central to the thesis. At the same time they are rather elusive, wherefore this section attempts to clarify the meanings attached to them. Three levels of understanding, everyday, conscious and idiosyncratic, are discussed. The act of interpreting is developed, which includes a discussion of its perspective-dependent nature. In addition, the four main perspectives used for interpretation in chapters eight and nine are introduced.

The concept of understanding

“Understanding something for the first time implies an “aha” experience, a new perspective. After having understood, one’s view has changed...”

(Ödman, 1992:37).

This thesis is one among numerous research texts aiming at contributing to the understanding of a phenomenon. Given the frequent use of the concept, its meaning is surprisingly seldom discussed. We often claim to understand without reflecting over what we mean by this. Here it is argued that different meanings are attached to understanding depending on its purpose.

Understanding something implies seeing it as something, from a certain perspective (Burr, 1995; Ödman, 1991). Perspectives, i. e. theories, imply “certain way of seeing and thinking about the world” (Alvesson and Deetz, 2000:37). Depending on the perspective used, images will be created which “selectively highlight certain claims as how conditions and processes – experiences, situations, relations – can be understood, thus suppressing alternative interpretations” (Alvesson and Sköldberg 2001:6). Different perspectives give rise to different understandings of the same phenomenon:

“There are very many different equally true descriptions of the world... no one of these different descriptions is *exclusively* true, since the others are also true. None of them tells us *the* way the world is, but each of them tells us *a* way the world is

(Goodman, 1972: 30-31, in Shotter, 1993:104).

As already pointed out, language is essential for understanding. Even in situations of every-day-understanding we use theories and concepts, although in such an implicit and self-evident manner that we never reflect upon it:

“To a large extent, our understanding is constituted in this way; we understand and know that other people understand and know that other individuals understand in the same way....When it comes to everyday occurrences we have, thus, developed a pre-understanding which means we do not have to make any efforts interpreting. The sensory impressions, the interpretation, the understanding, and the language merge quickly as lightning, and it is hard to make out any phases”

(Ödman, 1992:45).

In cases of conscious understanding - of which scientific understanding is a part - we try to understand something not self-evident, ambiguous, or question and challenge something by actively seeing it as something (else). At this level understanding is “participative, conversational and dialogic....and is achieved only through a logic of questions and answers...(where) meaning is negotiated mutually in the act of interpretation...” (Schwandt, 2001:195). This means that language is essential for conscious understanding. In order for experiences,

ideas, feelings and interpretations to be shared among individuals, there is a need for concepts rendering these tacit aspects “visible”. Moreover, the process of understanding is infinite. “The meaning one seeks in ‘making sense’ is temporal and processive and always coming into being in the specific occasion of understanding” (Schwandt, 2001:195). Likewise, White (1988, referring to Hollis and Lukes, 1982) holds that “reaching an understanding requires a cooperative process of interpretation aimed at attaining inter-subjectively recognised definitions of situations” (p.39). As earlier argued, conversations lay at the heart of social research as the means by which reality gets constructed and reconstructed.

Language is a central means of shared understanding. But I also believe language falls short of fully transferring one person’s understanding to another. Since every individual has a unique pre-understanding framing perception, one person’s understanding cannot simply be transferred to someone else. In its deepest sense, understanding is idiosyncratic, and could never be fully shared. Czarniawska Joerges (1992) argues that talking can never substitute for experience. Even if individuals share the same experience, their different pre-understandings prevent identical interpretations. This is what Lewis (1940), must be referring to in the quotation below:

“Or you have faced a landscape which seems to embody what you have searched for all your life, and you have turned to the friend next to you, who seems to have seen the same thing – but by the first words a tremendous distance opens up, and you realise that for him this landscape has an entirely different meaning, that he is looking for another vision, and does not care the least for the unspeakable scenery carrying you away”.

(Lewis, 1940; source unknown)

An interpretative approach

Lack of understanding, or the challenging of established understanding, triggers the act of interpretation. Interpreting means seeing something as something (Ödman, 1991). Depending on the presumed nature of the “something” in focus of interpretation, the concept takes on different meanings. With a realist view, interpretation means to detect, decipher or translate something’s actual meaning. However, from a social constructionist standpoint, the “seeing as”, inherent in the act of interpretation, implies *giving* something meaning; the meaning is constructed by the interpreter.

“An interpretation aims to read something into what is ambiguous – or what can be productively turned into something ambiguous through turning the simple and self-evident into something complex and open. Interpretation draws attention to the open nature of a phenomena”.

(Alvesson and Deetz, 2000:141).

Seeing something as something requires a certain perspective. "... an unbiased interpretation is an absurdity. We always have a preunderstanding of the things we interpret" (Ödman, 1992:18). However, as earlier pointed out, we interpret when we do not quite understand. This means that understanding and interpreting are intertwined. In essence, they might be regarded as two sides of the same coin.

The perspective-dependent nature of interpretations draws attention to theory. The definition of "seeing as" as "*giving meaning*" implies an openness to things being seen as something else (Ödman, 1991). This highlights theories not as neutral data processing devices, but as "lenses", through which things are given meaning. According to Alvesson and Deetz (2000:39) "theories are developed and are accepted in human communities based on their ability to provide interesting and useful ways of conceptualising, thinking and talking about life events". When using theory, the interpretative researcher, therefore, needs to be aware of the risk of projecting the perspectives used on the empirical material (Alvesson and Deetz, 2000:149). However, projecting could be necessary or harmful, depending on the meaning attached to it. In the former case it means a perspective for "seeing as" while still trying to be open for alternative interpretations. In the latter it equals the squeezing in of the feet in too small shoes. This difference is comprehended theoretically in a rather easy way. In practice, it might however be very difficult to judge the extent to which theory has made the interpretation and conclusions too biased.

Finally, social phenomena – such as strategy - tend to be highly complex. This means that too much simplification of social phenomena is not likely to render the understanding very relevant. Jönsson (2002) explicitly points this out by arguing that there is a radical difference between the complicated and the complex.

"Trying to simplify the complex implies going on a fool's errand. A tampering with the complex with the purpose of simplification violates its core and declares invalid its existence. Could the complicated be compared to a muddle of yarn possible to get into order, the complex would be compared to a weaved picture. If you pull out the threads of the weaved picture you destroy both pattern and form. ... Only respect for the complex takes you further. Simplifications are not to bother about. What is complex has to be carefully approached, turned and twisted, and viewed from different perspectives"

(Jönsson, 2002: 57)

Perspectives used for interpretation

In accordance with Jönsson's line of reasoning, the complexity of strategising is acknowledged in the thesis by the way in which four perspectives have been used for interpretation of the strategic biographies: role, value, emotion, and rationality. The decisions to rely on these perspectives have taken shape gradually and iteratively. At the outset the perspectives were part of my early

pre-understanding of family businesses, as they frequently surface in family business literature. For instance, the very embryo of the thesis was my reading of family businesses as irrational, because of the consideration of family values and emotions in business decisions. The concept of role is inherent in the conceptualisation of “family business” as integration of family and business systems and roles. To various extents, the perspectives are also present in the strategy literature. Besides their presence in the literature, they are mentioned by the strategic biographies. Although highlighting somewhat different aspects, the perspectives are interrelated as they all emphasise the social, interactive nature of human life.

Construction and interpretation of the strategic biographies

The previous section discussed the concepts understanding and interpreting from a theoretical viewpoint. The following sections outlines the concrete act of interpretation and understanding of the empirical material. It begins with the in-depth case studies of the three family businesses conducted through conversations, and moves on to the construction and interpretation of the strategic biographies (chapters five to seven).

In-depth case studies based on dialogues

Empirical material, as a written case, is constructed in the same manner as other social phenomena.

“...we do not collect data that we then interpret. Data is an outcome of interpretation and construction”

(Alvesson and Deetz, 2000: 21).

Although empirical material is constructed, the process behind the construction is often not made explicit in research texts. As pointed out by van Maanen (1998), the methods of qualitative research are “loose and unspecified”, and often the texts are “improvised and crafted” (p. xxiii). This does not have to be a drawback to qualitative research. Alvesson and Skoldberg (2000) say that reliance on formal procedures and techniques might be the cause of problems such as an “underrating of the need for reflection” and the “constraining for new ideas, imagination, (and) theoretical novelty...”. However, this does not exclude the usefulness of explicit discussions of the choices made, and methods used. Quite on the contrary. By elaborating and reflecting on the choices and means of conduction, researchers can improve their improvised and crafted skills (Alvesson and Skoldberg, 2000). In addition, these efforts might serve as inspiration for other interpretative researchers.

Empirical material can be constructed by a wide variety of methods. Here, it is built up from in-depth case studies of three second-generation family businesses. Case studies represent a “research strategy that focuses on understanding the dynamics within single settings” (Eisenhardt 1989:534). In the words of Merriam (2001), the case study is particularistic. Case studies are suitable when a holistic, or comprehensive understanding of a phenomenon is sought, which means that these studies often take several perspectives, factors and issues into account. To illustrate the resulting complexity, case studies are also descriptive, i.e. they are *representations*³, carried by the words of the author (Merriam, 2001). Case studies should also be heuristic, i.e. they should add to the understanding of the phenomenon of interest. “...the idea is to create historically situated tales that include both highly focused portraits of what identifiable people in particular places at certain times are doing, and a reasoned interpretation for why such conduct is common or not” (van Maanen, 1998: xi-xii). Thus, case studies are exploratory. “Previously unknown relationships and variables can be expected to emerge from the case studies leading to a rethinking of the phenomenon being studied” (Stake, 1981:47; quoted in Merriam, 2001:30). The exploratory nature of case studies implies that they cannot be planned in detail. As it is not possible to know what central issues will emerge or what theories will be useful, “case content evolves even in the last phase of writing” (Stake, 2001:441).

A central question is how many cases to include, as there is always the need for a balance of depth and breadth. This thesis is based in studies of three family businesses. The choice to include multiple cases was made in the assumption that it would render the material rather rich in aspects. In comparison to studying only one case, multiple cases might better explore the complexity of strategising in the context of genuine relations, and render the interpretations more nuanced. At the same time, to understand the complexity of strategising there was the need of an in-depth discussion of each case. Consequently, there was a limit to the numbers of cases possible to include. Balancing the needs for breadth and depth I aimed at studying two or three family businesses. The first family approached was not willing to take part of my study. Fearing that it would be difficult to get access, and in order not to lose time, three other family businesses were simultaneously approached. They were all positive to take part of the study and were all included. The inclusion of all three cases made the study less vulnerable in case one of them backed out at a late stage, or failed to provide the access necessary to carry out the study.

As the research interest was exploratory, the overriding selection criteria was the presence of dynamic, multi-generational family interactions. Besides fulfilling the criteria of the definition stated in chapter three, businesses in the second generation were chosen in order to learn from the complexity and

³ Representation is one of these words that, for many, have an objective connotation as exact mirroring. I find this rather strange. To me, interpretations are an inherent part of a representation. In this sense to represent means to present one's interpretations.

dynamics that are likely to result from daily interactions of members from several generations. Moreover, the preference for second-generation family businesses was based on the hope that the founding generation would be present. A large part of the family business literature is focuses on the difficulties the first generation faces when withdrawing from their businesses, and the struggle of the second generation not to end up “in the shadow” of the founder. I suspected this must give rise to the dynamics put forward as characteristics of these businesses. Atlet and Indiska correspond to this preference. In ACTAB the founder died in the beginning of the 1980's, something I did not know when approaching the business. This still seemed to be an interesting case, with a very influential second generation family member as CEO, and further family members involved in the business. For these reasons it was not excluded from the study, though it did not fit the original criteria of selection.

At the outset, I knew very little about the three family businesses. Looking back, I believe this to have been to the advantage of the research, since it enabled a rather open-minded, un-biased, however theoretically coloured, approach. Initially I had only a very vague idea of what I expected to learn, and even less so how to make sense of it. For instance, out of the four theoretical perspectives used for interpretation in chapters eight and nine – rationality, role, emotion and value – only the rationality was there from the start.

Supplemented by written materials such as internal documents and books, the cases are built up from dialogues. Along with my interest in the influence of family interactions on strategising over time, the dialogue seemed to be a viable method. The term dialogue is used as a substitute for the more traditional term interview. Interview has a connotation of the researcher asking ready-made, well-specified questions, and getting answers. In contrast, the dialogue implies an exchange of views on a special theme (Lindström, 1994). The dialogue is an interactive method aiming at understanding things, which are not otherwise reachable. In comparison to interview, the dialogue represent a more intense interaction, based on mutual trust and respect (Melin, 1977).

To provide a variety of views dialogues were held with family members from various generations and working positions, non-family members at different levels in (and occasionally outside of) the organisations. The dialogues comprised two major themes. One was concerned with the respondents' personal background in terms of family history, family relations, education, working experience, interests and so forth. The second theme focused on the “whats”, “hows” and “whys” of the development of the business from the founding years until the present date. Although these two themes guided all dialogues the specific focus of each varied with respect to the position, knowledge, interests and attitude towards talking about the issues brought up by the person with whom they were held, and my own pre-understanding. The initial ambition was to concentrate on critical issues/incidents that had affected the family and/or the business. To my surprise the respondents often had a hard

time finding any, something that might have been due to my way of asking the question. After some time, I realised that many of the respondents misinterpreted the question: "Could you mentioned three critical incidents, which you think have affected the company?". While I was referring to any events or actions that, in a positive or negative way, had affected the company, several of the respondents seemed to think I was asking for major issues with a clearly positive influence on the economic results of the business. Quickly, I abandoned this approach, and asked them to tell me about the overall development of the family and the company.

Although I was the one raising most of the themes, it was not rare for the dialogues to take an unexpected direction. Often, the persons I talked to, would speak at length of issues relevant to them, which I then, judged as less central. Leaving the company, I often felt frustrated because I was not sure of the extent to which the dialogue actually would help me understand the influence of family on strategising.

The average length of a dialogue was about 90 minutes. Every dialogue was tape-recorded, but the recording did not seems to have an impact. Before starting I asked for permission to use the tape-recorder. Occasionally, questions about anonymity, and the future use of the material were brought up, but the dialogues were always allowed to be tape-recorded. As the dialogue continued, the existence of the tape-recorder was hardly noted. They would only refer to its presence when expressing straightforward opinions in relation to sensitive issues.

Even though dialogues have been held with a rather wide spectrum of individuals, focus was on family-member owners with leading positions in the company, for the reason that the complexity of the family business was believed to be most evident for them. With these key individuals up to 3 repeated dialogues were undertaken in order to deepen and widen (bringing up new issues) my understanding of the family business. The perspectives of these key individuals are brought in focus. However, the perspectives of other individuals are also taken into consideration, as their understanding of issues might be different. The inclusion of different perspectives has furnished a more nuanced understanding of the development of the family businesses.

The overall impression from the dialogues is that people have been surprisingly open-minded and often willing to talk about infectious family relations such as childhood disappointments, and fear of not being good enough. Besides its ethical implications, it evokes questions about the role of the researcher in forming the dialogue. To what extent did it matter that I was a female, relatively young Ph.D-student? Had it been more difficult for the respondents to talk about family relations and personal shortcomings with a middle aged, male professor? In other words, how do things like age, gender, status, and position influence the outcome of a conversation? Questions like these draw attention to the subjective, political, and gendered, character of research.

Construction of the strategic biographies

This section tackles the process of turning the dialogues into written cases, here conceptualised as strategic biographies. Inspired by Melin (1992) strategic biographies refers to the description of the unfolding of the family and the business over time, with a special focus on the strategic implications of the business. In a sense, the discussion of the construction of the strategic biographies would have been better placed under the next heading “Interpretation of the strategic biographies”. Indeed, construction is an act of interpretation, a process in which the researcher makes sense of the conversations as an integrated whole. For the sake of clarity it is, however, discussed under its own heading.

The strategic biographies lay the ground for further interpretations, and, ultimately, the conclusions. Inherent in their construction is a number of choices concerning what issues and voices to include, and how to structure them. The biographies are based on the transcribed interviews. Even though transcription is a rather time consuming activity, it is a very good investment of time, since the process of transcription has a bearing on the empirical material which is hardly possible to obtain through merely reading. Listening to the tapes means coming back to the conversation in a more relaxed manner – no questions have to be asked, no read line has to be kept – which means attention can be paid solely to what is being said. For this reason, transcription is important to interpreting.

Because the thesis is concerned with understanding strategising over time, the empirical material has been structured largely as chronologies, describing the development of the businesses from the founding years until the turn of the century. But the biographies are not just concerned with the business. Extracts from the lives of the individuals and the families are intertwined with business issues. Thereby, the interrelationship and mutual influence of individual, family and business is highlighted. When writing the biographies, I did not do it in order to fit a specific theoretical perspective. With the exception of rationality, the other three perspectives were not decided on until long after the cases were finalised. Instead, the ambition was to do a thick (Geertz, 1983) and open description of the development of the businesses and the families over time. My ambition was to include as many issues, voices and perspectives as possible. I put effort in making use of the transcribed dialogues in their full extent, even though I at times doubting the material would relevant with respect to the interest of the study. Interestingly, the vast part of the biographies was found useful to the interpretations.

With the aim of “putting the reader into the shoes of those studied” (van Maanen, 1998: ixia), the written cases are fairly rich in quotations. Through the quotations, the original voices contribute to the interpretations. This does not only provide thick description, but it also reflects the strategising perspective, and the overall purpose of the thesis. The interest in the influence of the daily interactions of family members on strategising, the interacting individuals are

given quite a lot of space in the biographies. In essence, applying a micro-strategising perspective means that “strategy researchers must be in direct and close contact with the actors, and that the theoretical constructs must, figuratively speaking, be filled with people” (Johnson et al., 2003:11). In addition, the original voices were included with the aim of making it possible for the reader to judge the trustworthiness of my interpretations of the biographies.

One company, referred to as ACTAB, required anonymity. This means that the real name of the company and the individuals, the location of the company, the industry, as well as other features are not revealed. Besides the changing of names, this has not influenced the biography, wherefore it should not have affected the essence of the interpretations. The two other companies spoke on the record.

Interpretation of the strategic biographies

“Interpretations do not belong to a certain stage in the process of research, but they are constantly present” (Holme and Solvang, 1991 p.33). As pointed out earlier, the construction of the cases is an act of interpretation. As the research process proceeds, the act of interpretation gets increasingly more explicit as the researcher, in a more conscious manner, tries to understand the empirical material as something. It is this process of conscious interpretation that is discussed here.

Having constructed the biographies, I started interpreting them one at a time to learn from their uniqueness before interpreting them in a more integrative manner (Eisenhardt, 1989). As a starting point I asked myself: ‘What is this case about? What strikes me?’ Then I compared the biographies and found interesting similarities. In all of them, the answers to my questions about the development of the organisations, and why certain moves were or were not made, largely dealt with the need of individuals to manifest their own personality, to prove themselves right, and with their connection to, and concern for, family relations, values, and traditions. Even though external incidents had an impact on the development, it seemed as if it was the sense making of these, rather than the incidents per se, that influenced strategising. This sense making seemed to be based on values and emotions central to the individuals. These similarities were summarised as rather broad empirical categories, for instance as “business as self-expression”, “difficult to leave business roles”, “business as part of the family”, “company development in accordance with personality, competence and interests”, and “consideration for family relations and values frames business decisions”. This empirically driven stage of categorisation of the biographies was one building block in the later conceptualisation of them.

In order to further interpret these categories I applied the theoretical perspectives introduced in chapter eight, role, value, emotion and rationality.

Except for rationality, which had been part of the frame of reference from the very outset, these perspectives were derived from the empirical categories. In the light of these perspectives further aspects and dimension of the biographies became apparent. In this way, the conceptualisations have taken shape iteratively, by an oscillation between the empirical material and the theoretical perspectives. From this point of view, the conceptualisation process was similar to abduction (Alvesson and Sköldbberg, 1994). Abduction aims at finding deeply embedded structures, or theoretical patterns, which might render an understanding of the empirically derived categorisations. Like, induction, abduction is based on the empirical material. However, unlike induction abduction does not try to do away with theoretical pre-understanding. Abductive interpretations use theory, not as a mechanistic application on the empirical material, but rather as inspiration for seeing the sought for patterns. Alvesson and Sköldbberg (1994) describe the abductive research process as an alteration between, and re-interpretation of, empirical material and theory.

In chapter eight the empirically categories are integrated and elaborated as two extended meaning of the family business, business as a means of individuation, and business as an extension of the family and its core values. At this stage, the interpretations are still sensitive to the individual biographies. By acknowledging the differences of the biographies, a certain degree of complexity, the interpretations are rendered a certain degree of variance.

In the first part of chapter nine, the integration efforts are taken one step further. Here I leave the biographies for a discussion on a more general level. At this stage, the differences of the biographies give way to the similarities. Up to this point, the interpretation has moved from being concrete and purely idiosyncratic to the individual biography, into being all the more integrated, conceptual and hence abstract. The first part of chapter nine concludes that the meanings ascribed to the business render it a dynamics with mutually reinforcing implications for the individual and the organisation, conceptualised as concern-based individuation and focused strategic renewal. In the second, and final part of chapter nine, I discuss a central prerequisite for the conclusions arrived at in the first part. Here, the cases are included as an illustration of the arguments, before they, again, are synthesised into more general, and abstract, conclusions. When trying to describe the process of interpretation, the difficulty of doing so is striking. Even though some stages have been rather conscious, others have been much more implicit and therefore difficult to describe. In the words of Langely (1999) this means that interpretative research inherits “an uncodifiable step that relies on the insight and imagination of the researcher” (p. 707), the roots of which tend to be untraceable.

One of the strengths, and fascinations, of in depth case studies are their surprising potential. To me this became evident in the process of interpretation. When working with the cases, I felt like keeping opening the box of Pandora's. In the light of the evolving text, the transcribed interviews took on new meanings, and as these were included in the text yet new meanings were

evoked. Writing the text was, in essence, like entering a “hermeneutical spiral” (Ödman, 1991), going from parts to the whole to parts in an iterative process. However, iteration was not only empirical. When the theoretical frame of reference was laid down, I began to see things in the transcriptions, which I, hitherto had paid no attention to, or judged as peripheral. In the presence of theory, they took on a new, and central meaning. The iterative process dominates the thesis, oscillating between theories and biographies. Even though it may sound strange, the feeling that the text somehow constructed itself sometimes overwhelmed me, and I was rather fascinated by the, seemingly never-ending meanings revealed in the act of interpretation. Indeed, writing was sometimes exciting; like watching a thrilling movie, the end of which is impossible to tell. But fascination was also accompanied by frustration. How long would I go on interpreting? How many aspects should I include? What was the suitable trade-off between concentration and clarity on the one hand, and richness - and potential messiness - on the other? Finally, I decided to stop the process at a point where I believed to have made a trustworthy argument for the conclusions.

Evaluating interpretative research

In comparison to more traditional modernist research, interpretative approaches rest on different epistemological and ontological assumptions. Consequently, traditional criteria of evaluation are not very relevant to interpretative approaches, but have to be substituted with others more congruent with their underlying assumptions and means of conduction. In this last section of the chapter means of evaluation such as reflexivity, internal consistency, richness in points, multiple voicing, literary styling, and analytical generalisation are elaborated as suitable means of evaluation of interpretative research. In addition, ethics is suggested as an essential, and far too neglected means of evaluation research. Taken together these criteria aggregate into a further essential criterion of evaluation: trustworthiness.

Criteria for evaluating interpretative research

Interpretation as the main research method implies having to cope with the absence of specific, pre-determined “analytical tools”. In interpretive research the analytical tools are replaced by the judgements of the researcher and “a more or less explicit dialogue with the research subject, with aspects of the researcher that are not entrenched behind a research position, and with the reader” (Maranhao, 1991, in Alvesson and Sköldberg, 2000: 248).

Likewise, Smith and Deemer (2001:877) argue,

“...we must accept relativism.....as the central condition of our very being in the world. At the core of this journey stand the realisation.....that all observation is theory laden or that there is no possibility of theory-free observation of knowledge. (It is a) very important point that relativism need not and must not be seen in terms of “anything goes”. Rather, relativism is nothing more or less than our condition in the world – it announces that as human beings we are, and can be nothing but, finite. This understanding of relativism is then coupled with a concern that we must change our imageries and metaphors from those of discovery and finding to those of constructing and making”.

(Smith and Deemer, 2001:877)

Agreeing with Smith and Deemer, Schwandt (1995), and Alvesson and Deetz (2000) explicitly state that the scepticism towards formalisation and technique may not be understood as an argument in favour of “anything goes”:

“Sloppiness, the expression of opinion not grounded in argumentation, arbitrary use of empirical material, reluctance to engage in dialogue with the literature, and careful consideration of alternative interpretations before deciding which one to favour, are all certainly not to be tolerated”

(Alvesson and Deetz, 2000: 69).

Through interpretative approaches the classic meaning of concepts such as validation and generalisation turn irrelevant, and so they must be substituted for other meanings and/or means of evaluation. “... rather than either reinstantiating the modernist tradition of objective truth or open the throttle on anything goes, discussion is invited into ways of reconceptualising the issue. With respect to the simultaneous acceptance of relativism and rejection of “anything goes”, it is essential that interpretative approaches get evaluated according to criteria acknowledging their specific assumptions and characteristics.

One such criteria already introduced is *reflexivity*, i.e. the explicit discussion of the socio-cultural background of the researcher ranging from underlying values and interest and philosophical assumption to more concrete methods by which the conclusions have been constructed and made. When this is done to a sufficient degree, the research text is opened up for alternative interpretations, and thus, for constructive dialogue. Earlier, an effort has been made to meet the reflexivity criteria. Another criterion often highlighted is *internal consistency*, i.e. integration of the different parts of the study, from the purpose and the research questions to the final conclusions, to a coherent whole (Punch, 1998; Merriam, 2001; Mason, 1996).

According to Silverman (1997:25, in Miller and Dingwall, 1997) there are two criteria whereby research is to be evaluated; i) has the researcher demonstrated successfully why we should believe them, and, ii) does the research problem tackled have theoretical and/or practical significance. Related to the second criteria is Alvesson and Sköldberg's (2000) argument that research should be fruitfully evaluated with respect to its *richness in points*. By this, the

novelty value of the research is highlighted, and features like insight development, and problematisation of established ways of thinking, become important criteria of evaluation.

“Inherent in all good interpretations is the casting of new light on the something that earlier has either escaped serious attention or been understood in a conventional and thus partly conservative way”

(Alvesson and Skäldberg, 2000:152).

Further, they argue,

“A successful interpretation..... a) addresses something non-obvious, b) makes sense of something and, c) is perceived as enriching understanding”

(Alvesson and Skäldberg, 2000:141).

Related to this last criteria is *multiple voicing*, i.e. the inclusion of many different empirical perspectives within the text, “without pressing them into coherence” (Gergen and Gergen, 2001: 1028). In the strategic biographies, different voices give their views on the development of the family businesses over time. These different views underlie the interpretations. Although I find the criteria a highly important and useful one it is important to be aware of that “even when respectful of each person’s realities, the researcher decides what the case’s own story is ... what is necessary for an understanding of the case will be decided by the researcher” (Stake, 2001:441). As advocates of particular ways of seeing the world, researchers tend to have a more or less conscious message to bring forth.

A further interesting criterion, to my knowledge sparingly dealt with in the literature on strategy and management is *literary styling*, i.e. “the replacement of traditional realist discourse with forms of writing cast in opposition to ‘truth telling’, ... signal(ing) to the reader that the account does not function as a map of the world ... but as an interpretive activity.” (Gergen and Gergen, 2001:1029). The examples of literary styling given by the authors – fiction, poetry, and autobiographical invention – are not used in this thesis. However, although a more traditional style is applied, the effort to open up the text by substituting a factual language for a more interpretative one, hopefully informs the reader that the interpretations and conclusions are among many relevant ways of understanding strategy formation in family businesses. Richardson (2001) argues that trying to write in a style different from the traditional is valuable from a learning perspective. “Even if one chooses to write...in a conventional form, trying on different modes of writing is a practical and powerful way to express one’s interpretive skills, raise one’s consciousness, and bring a fresh perspective to one’s research” (p.931). I have consciously avoided expressions like “in fact”, “findings”, “evidence”, in favour of more interpretative concept like “suggest”, “indicate”, “argue” etc. This is to signal to the reader that the arguments and conclusions should not be understood as

representing *the* truth, but rather a hopefully trustworthy way of understanding family businesses. During the process of writing I found it striking how the factual concepts appeared as “evident”, and how I often had to actively search for more relativistic counterparts. A further challenge when trying to avoid a factual language is that concepts, which from the author’s point of view, do not appear factual might give such a connotation to others. One example is the concept *represent*, which seems to be interpreted as something like “correctly describing a true reality” by many post-moderns writers. However, to me *represent*, indicates that the presentation offered by an author is an interpretation built on the integration of other peoples’ presentations (or understandings, or interpretations). While some concepts tend to have more “obvious” factual connotations, others are more ambiguous. For instance, what connotation do “highlight”, and “illustrate” have? Taken together this implies that although I have tried to avoid a positivist, modern vocabulary, I am not convinced of my success in doing it. Even so, I find the effort worthwhile. Given the central role of language for the construction of reality, interpretative research might perhaps not succeed in doing a trustworthy, or legitimate, impact, until there are concepts corresponding to the ontological and epistemological underpinnings of this paradigm.

Evaluation of research is often made with respect to the extent to which the result can be generalised. Traditionally, “generalisability” is held to be one of the criteria for social science inquiry (Schwandt, 1997). In its absence, research is supposed to narrow down to mere story telling with no use beyond the context in which it was conducted. Generalising means taking the results of the research beyond this very context. According to Schwandt (1997), a generalisation is

“... a general statement or proposition made by drawing an inference from observation of the particular. Generalisation is an act of reasoning from the observed to the unobserved, from a specific instance to all instances believed to be like the instance in question”.

(Schwandt, 1997:57)

Traditionally, generalisation is referred to in a statistical sense, which means that conclusions based on the study of a certain sample can, with a specified degree of certainty, be validated for the whole population from which the sample was drawn. Obviously, interpretative case-study based research does not meet these criteria. But this does not imply that results from single case studies are doomed to be categorised as story telling. Rather, what it means is that, to serve as an evaluation criteria for interpretative research, the concept takes on a different meaning as *analytical generalisation*. Analytical generalising means the linking of findings from a particular case to a theory. Put slightly differently: “theories are generalisations; they explain some phenomenon across a variety of specific instances or cases of that phenomenon” (Schwandt, 1997:57). Making an analytical generalisation means taking the case beyond its particularity and

generalise it into theory. The relationship between analytical generalisations and theory is of a reciprocal nature. While theory constitutes the basis on which generalisations from the case are made, these generalisations might very well lead to the contest, refinement or elaboration (although not to the definitive testing) of that theory (Schwandt, 1997).

The process of analytical generalisation agrees with that proposed by Garud and Van de Ven's (2001):

"The basis of generalisation in most process theories is not from a sample to a population but from a case to a theory. The way this is accomplished is not by teasing out efficient causations between variables, but, instead, by teasing out the deeper generative mechanisms that account for observed patterns in the events. And, these drivers can only be explicated if we have recorded events over time. That is, rather than look at co-variations between observable variables *at a point in time*, this approach attempts to look at the deeper drivers that account for the observations *over a point in time*.

(Garud and Van de Ven, 2001:224).

As theory has a central role in interpretative research, criteria for evaluating them are central. What makes a theory trustworthy? Why should we include a suggested concept into our vocabulary? Again, modernist approaches are not of much help to the interpretative researcher. According to Weick (1989:516) "most existing descriptions of the theorising process assume that validation is the ultimate test of a theory". However, validation – the argument that findings must be true or certain (Schwandt, 1995) - is hardly relevant in a world where truth is socially constructed. Instead, the ontological and epistemological foundations of such a perspective require other means of evaluation. Alvesson and Deetz (2000) suggest that theory should be tested according to three basic functions: *directing attentions, organising experience and enabling useful responses*. "Can we see differences that make a difference? Can we form and recognise patterns that specify what things are and how they relate? Can we make choices that not only enable us to survive and fulfil needs but also to create the future we want?" (p. 41). This way of testing theory is not about testing its "correctness", but about the theory's function in life, as "part of the human act of seeing the world in a specific interest, from a point of view" (Alvesson and Deetz, 2000:40).

Finally, I would like to add a criterion for evaluation that I find essential, but relatively overlooked in the literature on methodology, namely ethics. Given the in-depth nature of the design of interpretative research, good access to organisations, i.e. trustful relationships to individuals, are central for meaningful and trustworthy conclusions. This kind of access implies the need for ethical sensitivity. Trustful relationships might lead to the revealing of experiences, thoughts, and emotions of which individuals would otherwise not voice. It is, therefore, not unlikely that researchers will find themselves involved

in private and even confidential conversations. Ethics is therefore highly essential to interpretative research.

With regard to the research presented in the thesis getting access was no major problem. With the exception of the first company approached, my experience is that getting deep access was far less problematic in comparison with the relevant ethical issues. During the dialogues, I was often astonished by the open-minded attitude towards talking about personal issues and emotions. It was not rare for respondents to tell me about infectious family fights, and personal disappointments or problems derived from the family and/or the family business. Quite often I was often told that other family members were not aware of the disappointments and problems revealed. In relation to these issues, I was sometimes explicitly asked not to include them in the thesis. Even so, the respondents still wanted to tell me their stories to help with my research. To my surprise this kind of potentially sensitive information was, however, often given without any explicit curbs on how to use it. This led to an ethical dilemma, consisting in a trade-off in terms of trustworthiness. If I made the choice not to reveal sensitive and central information, the trustworthiness of the thesis would suffer, as I would not be able to fully support my arguments. On the other hand, if I did include the information, which I suspected would cause family problems, it would be highly unethical with respect to the integrity of the respondent, despite the absence of restrictions on using it. My way of dealing with this dilemma was to prioritise the integrity of the individual. Out of concern for the respondents, I have refrained from including issues judged as too sensitive - not even in the first drafts which were sent out to be read by some of the key individuals - in spite of the belief that they, through their illustrative power, might have added to the trustworthiness of the thesis. Even so I believe the empirical material to be sufficiently rich to serve as trustworthy illustrations of the interpretations. From this point of view, I believe to have managed the trade-off between the trustworthiness towards the respondents and the readers of the thesis.

In spite of this "inclusion strategy" I was often rather agonised since I found it hard to judge the extent to which issues would be understood as sensitive to the respondents. Moreover, which individuals would find what issues sensitive? Fearing I had included too much I approached, the carefully selected, representatives of the respondents and asked them read the first draft of the biographies. Nervously I waited for their reactions: How much would I have to change? Again, I was surprised. With a few exceptions the version of the biographies included in the thesis was the ones given to these representatives. I did not have to change very much, not even parts that included perspectives or issues unknown to the rest of the family prior to their reading the biographies. Having gone over her quotations in the biography, one family member told me: 'as I first read the case my thought was 'these things can not remain'. But on second reading I changed my mind. After all, this is a correct description of what happened, and it might be a good thing that the others get to know".

Having incorporated these remarks made during the first reading, all individuals with whom dialogues had been held had a chance to read the biographies, and give their comments prior to publication.

Perhaps it was a run of good luck not to come across ethical problems. For instance, what would have happened if my choice of first readers was wrong? It is not difficult to imagine the row that could have erupted, and disappointments, and hurt feelings of other respondents, would be informed about sensitive family issues through the biographies. It is for reasons such as these that ethics ought to have a much more central position within research than is currently the case. Not the least this is so because “case studies often deal with matters of public interest, but for which there is neither public, nor scholarly, ‘right to know’. ...” (Stake, 2001:447). Since “those whose lives and expressions are portrayed risk exposure and embarrassment, as well as a loss of standing, employment and self-esteem”, the researcher has a moral obligation to take ethics seriously, and to “exercise great caution to minimise the risks” (Stake 2001:447 and 448).

In summary, though surprisingly overlooked, ethics is an essential criterion for evaluation of research. Ethics was not among the novel criteria for evaluation of interpretative research referred to in the literature. From my point of view, it is crucial that evaluation of research rests on recognition and judgement of the ethical considerations by the researcher. This highlights, for instance, the issue of to what extent primary “data” should be made available to investigation by others besides the researcher. This is, of course, a highly legitimate request if made for the purpose of scrutinising the research. On the other hand, if this implies the revealing of information that even from the researcher’s own judgement, ought not to be made public, the request for unlimited availability turns less self-evident. Though crucial, these issues are rarely touched upon in the literature. They ought to be given due significance

especially in the social sciences, where individuals – and their feelings, relations, thoughts and actions – constitute the prime source of understanding. It is therefore essential that ethics is included among the criteria of evaluation of research. Research should be evaluated in accordance with the ethical considerations that have been made, and their related consequences. As importantly, it should also be evaluated with respect to the ethical considerations that were overseen, but that ought to have been taken into account, and the potential consequences of this not being the case.

The criteria discussed above all give their specific contributions to a relevant evaluation of interpretative research. They make up aspects of the overall evaluation criteria: trustworthiness. Subjective, perspective-dependent understanding does not imply pure relativism if there are ways of evaluating its trustworthiness. In a socially constructed world, trustworthiness is the central underpinning of all relevant understanding.

5. ACTAB

“Today I can look back and say ‘we didn’t do so bad after all, now I’m held in respect. I’ve shown the people of Greenbay and its surroundings that I was to count on. It didn’t turn out so badly after all, in spite of the absence of my father. I don’t have to be ashamed of it - even though it’s not a billion dollar business. At least it turned out all right” (Steve).

Albert’s business and family

The history of ACTAB dates back to 1935, when Albert got fired from his job as a metal worker at Forshedaverken. In order to make a living, he founded a small precision part manufacturing company.

“I guess it was because he had not much of a choice. He was an entrepreneurial person, and he was very disappointed at his employer who fired him. I am not quite sure of what happened, but he was fired. He never really told us the reason why. He only said he lost his job. But I think that he had kind of a driving force within him. Perhaps he was too much of a driving force, and he wanted something else” (Steve).

“His father was a smith and at the same time he also had the farm. And I guess the thought was that he (Albert) would take over the farm. But I guess he wanted to earn some extra money so he started to work at Forshedaverken here in Greenbay. But, as so many others did in the 1930’s, he lost his job. And he knew that he wanted to have a family of his own, and to get married, that this little farm would not be enough to support him and his family and his parents. And then he was energetic enough to, so to speak, had the strength to start something of his own and at the same time keep running the farm for a number of years. We lived here together. When mum and dad got married in 1940 the grandparents still lived on the ground floor. Grandpa died in 1940, but grandma stayed until she died in 1961. And as she got older she started helping dad out, working from home. (Marion).

Albert started making precision parts to the numerous furniture producing companies in the district. Finding customers was not very difficult and soon Albert started to hire employees. The positive development might very well have continued, had it not been interrupted by World War II.

“The war affect the development. It was a period of decline. During the war grandpa and mum helped out. Dad was away. In 1941 and 1942 he did emergency service at various places at the Värmland border. We have old photos of the young boys who worked here at the time of my father’s absence, as dad had then a number of regular customers” (Steve).

When the war was over a couple of difficult years followed.

“I knew that dad had big troubles getting money. I remember how badly we were off after the war when we started off again”. (Steve).

Even though times were difficult Albert did not give in and pretty soon things improved.

“When he returned after the war he wanted to shift the company’s focus of production, since he had realised that in the future furniture would by and large be produced from foam rubber. He scanned the environment. He didn’t just sit here and twiddle his thumbs, but he considered what others were doing and tried to follow the trends. We had a restart in 1947/48. It was a restart in the economy, from scarcity to Of course people had gotten married and of course they had bought furniture even during the war, but not like in the period that followed. I remember the first years when it really started to prosper again after the war. Albert went to Germany to buy the first completely automatic machine in 1947 when the first postwar trade fair in Hannover took place. And I remember the machine getting here. It was a tremendous sensation and dad was dressed up in suit and hat” (Steve).

Because of his technical interest Albert spent most of his time buying and developing new machines.

“He was a typical technician. He could stand for hours just looking at a machine. And abroad they remember this ‘old gentleman’, as they expressed it, and the way he stood looking, and looking and looking at the machines, and how he took photos with his camera. He admired the very technique, he was so fascinated by it. Most of his time he devoted to developing the technique. He was never any business administrator. All the time, he was nothing but a technician” (Marion).

Although Albert devoted most of his time to technical issues, the family took good care of the employees. Karen, Albert’s wife, now and then invited them to have coffee in the family house, just a few meters from the factory.

“Karen was a lovely person. She was always happy. There were not many days without her visiting us in the factory. And she invited us to coffee in the mornings. But, of course, when we had grown to as many employees as 15-20 it was not as often. It used to be in the summer, just before the summer

holiday, and then we were sitting in the garden. And then at Christmas, and sometimes in between too, I think” (Henry).

Having experienced the social injustices of the early 20th century, taking good care of other people was regarded as important by Albert and Karen.

“She was a housewife, but she was ready to help and support other people. She was there for others when they needed help. It was a family tradition. They were constantly in contact with lots of people in need of help. (Marion).

“My mother was the daughter of the only midwife in the province. My grandmother had grown up under extremely poor circumstances. I would say she had a stronger feeling of responsibility toward society than most people had. My grandmother had the door of her home always open, because she felt she was responsible for other people. At mum’s and dad’s place, the door was, of course, also open, but it was more to neighbors and the like. Because she was a midwife and a nurse, all kinds of people came to grandmother. Over the years I’ve been giving it quite a lot of thought. I guess that has imprinted not just in my mind, but also in my siblings’, to a great extent. I have inherited these values of humanity from my mother and my grandmother. And I think these (values) exist in the company as well, and I think that has been to our advantage” (Steve).

“You carry these values and they affect the way you associate with your employees. And that is not very different from the way you associate with family or friends. You care a lot about how the employees get on. It’s like (...) a family business, and, in a way, they are like an extended family. You care for them a lot. You take part of their lives also outside of this place, perhaps more than you would do if you, yourself, was just an employee. Because in my opinion how they fare outside of this place has a big influence on how they do here, and, in the end, how they perform here. If they have problems, and we somehow can be of assistance, that’s our duty as both human beings and employers. (Marion).

Not only did Albert’s wife help out with practicalities, she was there for Albert to discussed company matters with her.

“You live with this. You live with it 24 hours a day, and our parents talked a lot about this. Dad always turned to mum for advice. She was no technician, but I guess she was the one having both her feet on the ground, and she could give good advice. And they did everything together. He was in the fore, but she was always part of it. They took the decisions together. She was always part of this, she didn’t work with it, but she was truly part of it. I remember him asking her a lot for advice and her consent was important. They had the same view on everything. Anywhere they went it was together;

to the church every Sunday, at work every day. Of course, the company was a glue, and the family kept it together to be able to leave it to the next generation. To them I think it was very important that it was kept within the family” (Marion).

With no distance between home and factory, the four children always had access to both family and business. Everyday, their father came home for lunch and even though he worked a lot, the children could always visit him in the factory.

“I never had the feeling that it the family and the business were rivals. The company was all us. When I was a child and wanted to see my father (...) I mean, no one was as close to dad as me. He was very present, and I could always be with him. One of his duties in the 1950’s was to deliver the products that had been made. And then I went with him in the car to Snakehill, Woodstone, and other places in the surroundings. Dad was born in 1911, so he was quite old when I was born in 1950. I think I’ve experienced him a bit different than my brothers. He could be quite tough with my brothers, but I was a girl, and I was his darling to the greatest extent possible. When he worked and was under stress he could be strict, and times were such that he had to work quite hard. And generally it was a stricter way of life. But I think he was quite typical for his time” (Marion).

As indicated by his sister, Steve did not experience the father in quite the same way. Toward Steve, the father had a more distant and authoritarian approach. Not only was Steve the oldest son, but he was also the one who, quite early, tried to find his own way in life.

“Steve was the oldest. All the time the demands that are put on the oldest child have been put on him” (Marion).

“He and his father didn’t get on well with each other. And he moved away from home. They were four siblings, and he moved in with his grandmother and grandfather when he was 17, because it got cramped. And of course it was not only the space. I think there must have been lots of conflicts. Steve is different. Even when growing up his was different in the respect that he spent much time alone, he traveled to Europe alone and clearly made his own choices. Among the other youths he wasn’t as popular as Martin” (Annie).

In spite of the quite tense relationship between Steve and his father, the nuclear family was always very important to the four siblings and throughout, they have continued their close contact, and backed each other up, even after having established their own separate families.

“That’s the way it is, indeed. One thinks that when you get married you leave your family to start a family of your own. But they’ve never done that.

The have never left it (the original family), but it's still number one, it still comes first" (Annie).

"We've always lived together, always kept socialising. We have been living very close to each other, and the cousins have been very close during their youth. We have spent the summers together, and my family and Martin's family are almost neighbors. Me and Steve have a very strong relation, if no one else his wife will tell you that. A very close relation as little sister and big brother. I often turn to him, and he cares about me" (Marion).

Among the brothers, Steve and Martin were the ones being closest to each other.

"I've always been sharing very much with Martin. We were pair-horses. We grew up in the same room, and we didn't really let go, not even when we had families of our own. Sometimes the own families were overshadowed. We were incredibly close" (Steve).

"Steve and Martin were tremendously close. He (Martin) meant so much to our family and to us siblings. He was sort of a glue among the siblings. He was the link between us and our parents, because he... well, he was born the day before Christmas Eve, in the middle of the war. Our father was at the front, and mother was alone at home with everything. He was something so positive and fantastic. He was a very special person, adored by us and our parents and whoever you meet who got to know him" (Marion).

Whereas there are many positive things connected to the tight relations among the siblings, there are also drawbacks in terms of potential conflicts and an delimitation of the personal freedom.

"We are incredibly tight as siblings. Siblings who don't have any property in the family, but are scattered, have very little in common. And it cut both ways. The bad thing is that the family is scattered, but the good thing is that everyone has to take care of themselves. They can form their own lives, and they don't have to take the opinions of the siblings into consideration. Sometimes, that can be quite trying" (Steve).

* * * * *

For many years, Albert was the only family member working full time in the company. Because expansion was not seen as very important, the company grew at a rather modest rate during the 1950's and the 1960's. As the children (three boys and a girl) grew older, they occasionally helped out, however not in any leading positions. But even though three of the siblings started to work outside of the company, and in spite of them not even being sure that they wanted a

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future within the family business, it was more or less self-evident that they one day would take over ACTAB.

“He just wanted it to go on in the family and he wanted it to be the nucleus of coming generations. As long as he lived he never had the thought of the company not going on in the family” (Marion).

“We always knew that some day we were to take over this. We have always been able to work here, also as children. During summer holidays and the like. It was just to jump in and do some simple things. Implicitly the message was: ‘Some day this will be yours’ (Irving).

Not the least this was made clear through the way in which Albert tried to make the oldest son’s choice of education fit a future career in the company.

“I didn’t want to become an engineer, but that was his thought. It was very important to him. He wanted to decide my career. Languages always came very easy to me. And so I never ended up being engineer, although that was my father’s dream. He sent me away to study that. But I didn’t want to, and that was my big protest. I graduated from school with high grades in languages. But that languages was my talent was never recognised. I had no chance whatsoever of maintain that” (Steve).

“When it comes to his father I think it was self evident (that Steve was to take over ACTAB). Steve didn’t want to enroll in this engineering school in Gothenburg, but he did anyhow, because he was sent there by his father. Instead he wanted ... I think he would have wanted to become something else, and choose a career with more freedom. He has lots of talents. But that was never topical” (Annie).

Even so, Steve started out his life with occupations with little bearing on ACTAB.

“I knew a local editor in Greenbay, and started to work there (at a local newspaper). And I did my military service, and I went to Germany to work at a machine factory. I returned and worked in Anderstorp and considered starting a career as teacher. I had lots of different jobs. And he was mad at me because I took what he viewed to be marginal steps. . Mum had a very good understanding for that I wanted to develop according to my own talents” (Steve).

Of the four siblings only Irving started his career at the production line in ACTAB, where he has stayed ever since. The two elder brothers tried out a variety of careers besides the company. Marion, however, took an active decision not to join the family business, but to start working as a nurse.

"We always said we would make a living on our own, we would not come here" (Burt).

"She choose not to join (ACTAB), and I think that at the outset I would have been happy to make the same choice, but there was nothing to choose from, it was nothing but this. He'd been talking about it for some time, it had been a quite long period of indoctrination. There wasn't really much of a choice. The only one that had the freedom of choice was, well, to some extent Irving, and he choose this. Marion had yet bigger freedom, she was the youngest. But I, as the oldest, you know, I had no choice, there was nothing but this. No matter how much I tried. I worked at the newspaper for several years. At the outset (I didn't want to) because I had a conflict with my father concerning the way things should be done. And I guess I had a deep sense of longing for freedom, a desire to experience the world" (Steve).

It was not without agony that Steve joined ACTAB full time in the mid 1960s. He had lots of other interests, which he would have liked to develop but felt he had no alternative but to obey his father. Accordingly, he wasn't very seriously devoted to the business at the outset. However, he realised that working for ACTAB was an easy way of earning a living while yet having time to spend one of his devotions in life: motor vehicles.

"We (dad and Steve) were at two different levels. He was the owner, and the boss, and the one running this. And I needed money, and I had been out trying... In Gothenburg I realised that studying wasn't really my thing, I disliked it. So to me this was quite good, I mean I had a nice life. I could experiment with my cars and motorbikes the way I wanted to" (Steve).

"We met in 1969 and then ACTAB was part of the picture. But at that time Steve's identity wasn't ACTAB, then his identity was on the motor bike track. And he worked a lot as a sports editor at a local newspaper. ACTAB was nothing important then. He worked there, but he also worked with so many other things of which he was more fond than ACTAB" (Annie).

The Steve and Martin era

In 1968 Karen got seriously ill. Karen's illness deeply affected the family, but the situation exacerbated in 1970, when Karen died at the rather young age of 54. With the loss of his wife, Albert lost his interest in the business. So far, he had been the sole manager of the company, but now he totally gave it up, and sold it to his children. "I have done my duty, now the time has come for you to do yours", he told Steve and Martin, the two elder sons.

“Mum died in 1970, which means she died at a quite young age. And this was a big distress to our family. One of my brothers was married, but the rest of us were not. We were living with the parents. She died of cancer being seriously ill for a while. It was a tough time. And to dad it was tremendously difficult. They had always been together, sharing everything through thick and thin. And the company was part of that. So we had some difficult years before the boys took over. Because then they had to take over” (Marion).

“He lost his stamina when mum died. I was with the parents then and it was hard seeing him sitting at the dinner table crying every day. And at the same time we were supposed to run the business” (Irving).

“ (Not taking over) would have probably implied a serious rupture with my family, and my conscience wouldn’t allow that. Then I would have been worth nothing. I was the oldest, and the big brother. ‘This is the way you have to do it’. Among the siblings the younger you are the less is demanded from you” (Steve).

“Steve was the oldest, and around here the oldest son has always taken over as CEO. I guess that’s kind of a tradition” (Thomas).

Besides his concern for the family, Steve also considered taking over the business to be an opportunity to start building his own future. About the same time as his mother got ill, he got to know Annie, his wife to be, which made him personally attracted to a future career in the family business.

“I mean I actually was 27 when I met my wife. And at that time I had devoted myself to my interests for quite many years. I had traveled through Europe a number of times in the mid 60s’. And I had not really made myself any other platform. And then I saw the possibilities to develop this (ACTAB). I guess you could say that I capitalised on those possibilities. I took over for my own sake. Completely for my own sake. I had no other platform, and at my age it started getting late changing career. I saw the advantages of it, and I saw the development possibilities. But the real seriousness to pull myself together and really go for it did not come until I married, as the question was no longer supporting just myself. Not that Annie did not work. She was educated as a teacher. But I wanted some progress, that was the case” (Steve).

Even though Steve had been working in the company many years prior to the death of his mother, he had not really been able to exert any real influence over the company. But the situation changed radically. At the time of succession the father’s shares were transferred to his children, which turned the siblings into the sole owners of the company. Besides the death of his wife, perhaps selling the shares was a reason why the father relinquished running the business. Even

if he formally kept the position of CEO until 1973, Martin and Steve were now the ones in charge.

“I had all the time tried to have a say, but dad was the one who decided. He exercised firm control until the death of mum. And I can understand that, because together they had struggled for this. Her passing away was a hard blow on everyone. Then he resigned and gave in” (Steve).

“When Steve’s mother the siblings equally shared out her part of the company. Then he automatically became part of this. With that came the expectations on him to live up to this. Martin was already married. To him there was no alternative but this, because he was not at all as reckless as Steve. I don’t think he (Martin) ever considered anything else” (Annie).

“We assumed direct responsibility. And I must say we charged it fully. Letting anyone else have a say was not on the table. It’s the persistence, this toughness. You can ask my wife. Having made a decision I want to ensure it gets realised. And then I guess we went in for this to the extent that he never got a chance to interfere” (Steve).

“He was here and painted machines and repaired machines, but he took no part in their running. I guess it was the only way, and I think he realised that. As they had inherited their mum’s shares and bought his, that was the prize he had to pay, I think that was the case. He said: ‘now I have done what I had to do, now you must take over’. And then he let it go at that. Partly I think it was because he realised that if he was to be a part of it, it would be doomed to fail, because they would never have managed to get on well with each other. Steve is very dominant and he is a driving force. His way of doing it is the way. And he is very fast. He goes straight ahead. Bang!. He’s very straight-forward” (Annie).

“Steve is the kind of person for whom there are no limits. If he decides he can overcome mountains. (Richard).

Even if not being involved in the governing of the business, Albert kept working at ACTAB for the rest of his life.

“He was always around working and helping. He walked around, always dressed in suit and tie and overall. He was here like a brownie. (Having) an office was not important. He was just here helping out, until he died at 77. He came along when they went out with the lorries, and he went around talking to people. He was just around. (Marion).

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"His presence was important, but he had no formal position. He helped cleaning and painting and things like that. He did what he wanted to. But he didn't interfere with management. He liked to sit in the workshop, thinking and painting machines. And we sent him to do various things, he went along to buy machines in the neighborhood" (Steve).

* * * * *

At the time of succession, the situation in the firm was rather chaotic. Over the years it had been growing organically, and, despite having as many as 80 employees, it was in a complete lack of structure, budget procedures, strategies, administrative routines and the like.

"There was nothing, no guidelines, it was more or less run by random. If they had an order they produced. There was no real thinking behind it" (Annie).

"One should give him credit for what he achieved, but when it comes to doing business in the terms of making a plan and having a business idea, ... but others had much more well defined goals. ... But in relation to time I think my father and mother did a fantastic job, that is, until mum got ill, then dad got so emotionally overwhelmed that the company lost speed. ... It was tremendously loose, there was no real budgeting, there really was no economic overview of the company, it turned out the way it did. Every year was a surprise. Either the results were very good, or they were not as good. ... Actually, we were much too big a company for that kind of structure, but somehow it was manageable, thanks to the fact that they all knew each other. I want to make the claim that this special kind of honesty still existed, and, how should I put it...not just honesty...but a feeling for the company. And I mean we were all here, father, Martin, me, Irving...and then we had people like Richard, Allan, Thomas...people you can really trust. Without them it wouldn't have been possible to run the company the way we did for as long as we did... And they also took part in the reconstruction...or call it reorganisation, because we weren't insolvent, that was not the case. But the time had come to make sure it wouldn't happen" (Steve).

Implicitly it was clear that the brothers one day were to take over the business, but their father never really talked about their future roles. As their father let go, the brothers were more or less thrown into managing positions, without being very much prepared for them.

"Actually not. Prepared...I guess we were in the sense that...he wanted...I mean we knew he wanted us to join the company; but how, and when, and in what way?" (Steve).

On the advice of the accountant, consultants were hired to help the brothers reorganise the company in 1972-73. Goals were set, budgets were made, and different activities such as marketing, customer- and supplier relations were organised as distinct areas. For a short period of time, one of the consultants was appointed interim CEO. Now, the future roles of the brothers were formally decided.

“Martin and I were scrutinised by these.... where we had our strong and weak qualities... They made some kind of interviews to make these judgements... And then they found that I was more public, more verbal. I would be able to handle these things better. And Martin was more the one to lead the people in the machine shop. He was technically more talented, he was a good skilled technician” (Steve).

“They had a consultant who did an investigation regarding their roles in the company, and he was the one suggesting Steve as CEO. ... And that was very important for Steve’s possibility to perform his role as CEO. After all, he was chosen, it must have been a good feeling to know: ‘I was chosen’” (Annie).

When the consultants left, the two brothers started to further develop the company, Steve as CEO and sales manager, and Martin as production manager. Even though the consultants had left the company in a better shape, there was still much to be worked out. Besides practical matters, the brothers faced difficulties in terms of attitudes of disbelief. Compared with their father, who had earned respect as the hard working founder of ACTAB, Steve and to a certain extent Martin, who had been traveling and who had tried out a variety of jobs, tended to be looked upon as “loafers” by people in the community. Ever since childhood Steve felt, as the elder brother, that he had to earn the approval of his father as well as of other people in the community. Taking over the business became part of that.

“Our father was, one might say, successful. He had an idea to which he held on, he pursued it and he succeeded. And when we took over everyone questioned whether we would succeed or not, and we have worked incredibly hard to prove that....for that was the requirement. The bottom line of everything I do is that I should not do worse than my father. And grandma too was a very important and respected person, so failures are not allowed. ... It’s been tough, it really has been trying. I have worked incredibly hard with this. ... And if I fail I must make sure to correct the mistake immediately. Failures must be turned into successes. ... Of course the entrepreneurship, the running of the business....but this very thing always to be a bit better...always. Actually I have never really taken a rest and thought of what I wanted to do, it has always been about being a bit better. Of course I have had dreams, and lots of ideas., but somewhere deep down there is always. ... Everyone had their eyes on us... But today I can look back and say ‘we didn’t

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do so bad after all'. ... Now I have earned the respect. Now I've shown the people of Greenbay and its surrounding that I was to count on. It didn't turn out so badly after all, in spite of the absence of my father. I don't have to be ashamed of it, even though it's not a billion dollar business, at least it turned out all right. ... This very driving force...something inside you tells you: 'don't give them a reason to be right' You know there is only one true pleasure, and that is malicious pleasure. It would have been most enjoyable if the boys had not succeeded. Their father was a good man, but that didn't go for the boys. ... People down here (at the machine shop) told me: 'that's non of your business, little boy'. ... Even though we at that time had taken over the responsibility. ... Then it was just to walk away. I had to try not to care and I had to try to preserve my integrity. ... It's been there ever since childhood: 'don't get in our way', that's the first thing we were taught. ... And our father had also been very clear on.... everyone was better than us... we always had to prove our ability. ... We have had it all too good, we haven't had to fight for anything. ... When I worked under my father I was often told that I wasn't good enough" (Steve).

"It's just like Steve says: It's about proving; 'I will manage'. It was about turning defeat into victory, it really was" (Annie).

* * * * *

Under the joint leadership of the brothers the company started to expand in a more structured way. New products and techniques were developed. Customer relations were intensified. In cooperation with some of their customers, the company also started to construct new products. Sound accounts were introduced. Through the introduction of a quality unit, efficiency and delivery improved over time. Much thanks to Steve's skills in English and German, the company also started to expand on the international market. A very social person, Steve got positions in several local, national and international organisations, and even founded one. All these efforts elevated the company from a small, local manufacturer to a well-recognised actor in its field.

"From an anonymous player in Greenbay, with some extensions to some other cities in Sweden, we got ourselves a name within this industry" (Steve).

As it turned out, the efforts were worth while; ACTAB started to prosper and grow.

"What they have in common Albert and Steve is this genuine technical interest, to be able to totally devote themselves to a new technical solution. But then Steve holds his own a lot more, he has more of a go-ahead spirit and is more extrovert. He is extremely extrovert and it's easy for him to express himself, the words are there. Dad was much more....he had a lower profile

and was much more... Steve doesn't mind standing in the front line, dad didn't want to stay in the front line like that. That was something new that was brought in with Steve. He dares to be in the front line and say: 'This is ACTAB, we are good at this, we have this competence'. Dad was much more like: 'I'll tell them if they ask me'. Marketing became part of the picture, and I guess that was the big lift" (Marion).

Even though Steve started to actively market ACTAB, a lot of time and energy were still devoted to technical issues.

"As soon as some kind of technique is involved Steve would always... somehow, bring up the technique and the buying of new machines for discussion... he sort of resurrects. He turns into a completely new person. He's really not an administrator, but he is also a technician, technique is what drives him when things are heavy and trying (Marion).

"I have accompanied Steve and Martin to machine trade fairs. They can grow lyrical by just looking at a machine, by just watching what it's doing and what possibilities it might offer. I think this is how it works: even if they are not in need of the machines they want, they make sure to find one. They have to have it. That's important, this taste for machines. It has been tremendously important. That has been their niche, that they have always had the latest... that they have been very updated in terms of the machines they use. In other companies, where money is more central, the profit might have been used for the good of the owners. But they have never reasoned like that. To them it's natural to use the profits to buy machines. That's important; new machines are very important" (Annie).

"In that area we've never had any problems: 'just go ahead and buy'. Both Steve and Martin were just like that: 'we have to have a new machine'... they enjoyed buying....it was like toys, almost..." (Burt).

"When it comes to technique we have always been very inclined to change, we have been on the front edge of technique. ... And many times it's cost us more that we've gotten in return, because to us, and to our father, it was a much bigger success to have a nice machine to admire in the factory. That was the concept for success. Having a lot of money in the wallet was of less importance. And this is also about not always having maximised profits, of not having made sure to squeeze the last penny out of everything. ... This has been our guide, and to me it's a tremendous satisfaction to have new machines in this house. Over the years I have realised that perhaps I need to calculate a bit more carefully... not just go out buying. Because you see, I am kind of impulsive: 'wow, we've got to have this, this is something for ACTAB'" (Steve).

ACTAB

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Together, the brothers ran the company for many years. No one else took any active part in the strategic running of the company.

“Steve and Martin were like two big trees carrying this company, leading the development, and they grew and flourished and traveled all over the world. And under a big tree nothing grows very well, the tree takes all nourishment, and this has been the case here. There has not really been anyone except for Steve and Martin” (Ron).

Although the leadership might best be characterised as joint, it was also marred with conflicts between the brothers.

“We had a lot of conflicts and lots of ideas and lot of...Me and Martin, we had many tough discussions, but they took us forward. The goals were the same but the opinions regarding means differed, and finally we reached some sort of compromise, and then it was all history and we could move on. ... We really knew how to fight, but no one really bothered, because it took us forward. It didn't mean anything besides the fact that we had different opinions” (Steve).

“Their discussions were very heated. Initially, they almost never had the same opinion, but somehow they always reached an agreement. But the discussions were very tough” (Marion).

“Steve and Martin had these...they had huge conflicts. I remember that I found it awful in the beginning, I suffered...But then I understood that this was the most creative way for them to work. They coached each other through going into conflicts, which they always solved. And they felt so secure with one another so they could cope with these conflicts, the way you do with a sibling, you always know how to fight with your siblings, and they knew how to do that all the way through ... They always felt very secure with one another. Their situation was in fact quite enviable. ... They had a very strong relation. ... But during my first time as a family member I found it awful having to experience this, until I realised, that thanks to this security, they dared being totally honest with each other” (Annie).

Even though the intense discussions normally ended with some kind of agreement beneficial to ACTAB, they also hampered the development of the company.

“When they got stuck in an argumentation nothing happened. There was no decision but lots of delays. But on the other hand, these discussions could also be rewarding because the best suggestion won, one of them always backed off

if the other suggestion was better for the company. The well-being of the company was always central. In that respect they were not prestigious. But the problem was that these discussions could also lead to no decision being made” (Michael).

In spite of being an individual with a very strong will, and in spite of him not always being content with the outcome of the discussions, Steve never really carried matters to their extreme.

“That would have meant losing his brother, we had very close family relations” (Marion).

For about a decade no one except Steve and Martin had a real say about the running of the company. The 1980's brought however an end to this total dominance. In 1983 Michael was asked to chair the board. Michael and Steve knew each other since childhood, and both had fathers who had founded their own companies. At a relatively young age Michael and his siblings inherited their father's company. But it was sold in 1983, and then Steve saw the opportunity of getting an external chairman.

“Michael has been chairman of the board for a long time. It was an important step for ACTAB when he took over as chairman, because he brought ACTAB a different kind of thinking and different perspectives” (Annie).

In 1988 Marion decided to leave her job as a nurse to join the family business.

“The main reason was that the man, who ever since the 60s had been working here as chief accountant got a heart attack, and could not longer work full time. And suddenly there was this position for me. I didn't want to come here just because I was the daughter in the family, but then the position was there. I felt that human resource management might be my domain. It wasn't until after some time that the financial issues were handed over to me. He (the accountant) came back after the first stroke and worked for a couple of months, but then he had another one. So after a while I was also involved in financial matters.. But in the beginning I was responsible for our employees, which also had been his responsibility. But since the company was growing fast, it wasn't a good solution having one person responsible for both finance and personell. But even so I'm in that situation today, although the company is twice as big. But that's a situation that's got to change” (Marion).

“When Marion joined it was a boast. ... Compared to the earlier accountant, she started working with the financial issues in a professional way” (Michael).

ACTAB

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Taking over, restructuring and expanding the family business meant long hours of work, and fewer hours home with the family.

“When Anna was born in 1973 ACTAB was facing a quite problematic situation. Then they worked....Steve worked at nights, and the days, he always worked, incredibly much” (Annie).

“And you have to consider that this was when we also started our own families, we had to be take everything into account. It was tough. And to a large extend our wives are part of the success, because they have back ed this up. And it was just the same with my mother. ... We hadn't been married for long, and we had small children. It was....it really effected the family ... I guess Annie must have had lots of thoughts being alone in the house rocking children, without her husband. I mean, after all she had her own profession, her own identity, and her own career” (Steve).

Not the least the situation could be difficult for family members neither working in the business, nor being among its owners.

“ Not being involved in the business is complicated when the rest of the family is. That's where they all are. ... We have always had a marriage settlement. Those are the conditions. And I know it, economically I have nothing to do with ACTAB, I have never had any salary, and I have never been allowed to work there. I remember talking about this with a colleague very many years ago, and then I thought this was the right way of doing it. It's important that this company can go on, and if we get a divorce I can tear it apart because I am entitled to my share of it, and that is a big risk to take. So from that point of view, I think it is a fair deal. But then he said: 'It's not fair. Think of all the hours you invest in that company. You have been taking care of the kids, you have worked part time, you have made it possible for Steve to give it all he's got, the way he has. All the time it's you. You have put so much into this, and then you are not allowed to be a co-owner'. And that line of thought has something to it too, so there are two sides to this coin. In the beginning of our marriage I found the first alternative better, but today as I see the result, and we have been married for so long...I have invested so much of my time into this company, I have been coaching, I mean, Steve has discussed a lot with me. And then I think it's damned unfair, honestly speaking ... For example, I wanted to come and work for ACTAB, but I was not allowed to” (Annie).

For several reasons Annie wanted to try out a profession other than teaching. When she did not get the job as head master, which she had applied for, she wanted to come and work for ACTAB. Compared to the more regulated

professional world she was used to, this would give her a chance to enjoy the same kind of freedom as the rest of the family in terms of deciding when to have holidays and the like. Moreover, by working at ACTAB she would not any more be an “outside” family member, but part of the community which the others were provided through their sharing of daily experiences in the family business. However, it turned out that working at ACTAB was not an option. Steve, who had experienced the drawbacks of family member involvement in the business, was not willing to let his wife into the company.

“She didn’t get a job here, because I didn’t want her to come here. ... This was the cause of us being very...well, we didn’t quite agree on this. ... She is very qualified. She could have taken a leading position here. ... But I didn’t want her to” (Steve).

“I found him mean then, but I can see there are two angles to this, just as with ownership. And both views are right. There are always two viewpoints, and rationally one side is right, but emotionally it’s not. ... Indeed you do (end up outside). You are expected to be the coach, the one who’s at home, the one who always supports with time and service, but you can’t take any part of it. And on top of that, since I want to have a profession, I have to make sure that works to. ... Emotionally, I found the fact that he wouldn’t allow me very upsetting, but rationally he is right, because it’s a source of unrest, I mean, we have seen that. And that’s not good. ... Solidarity - that has been my experience. When we were on vacation, and Margareta, and Martin and Steve were discussing, I wasn’t part of it. Their talk was all about ACTAB: ‘We could do this, let’s do it that way, this is how we look at this’. And I am never part of these ‘we’, it’s their world, over there. ... I can understand Steve when he says he didn’t want to; he wanted to be able to be tough on the others. Rationally I do understand. But emotionally I couldn’t accept it. In the long run, I guess it has turned out as the right decision, but at the time it was a very very delicate decision, which I emotionally found hard to understand. But rationally, I have all the time accepted it” (Annie).

There was enormous pressure on the family, and some of the siblings started to question their situation. In the beginning of the 1990’s Steve was so exhausted that he temporarily left his position as CEO to Martin.

“It’s true. For a short period Martin actually was CEO. ... I was so tired of standing in the front line, and moreover ... I guess it was an effort to spread the workload. ... We had so much with the kids, not that there were any problems, and Annie worked a lot, and I thought I might change the situation. And then I think Michael wanted us to change positions, in order for me to devote more time to market issues. ... But it didn’t last many weeks, it was a very short period, a time for consideration. And at the time it was a trend. One should spread the responsibility, one should get insight into one

another's....and moreover, Martin had gone this course at IFL¹, and thereby had some formal knowledge which he would like to make use of" (Steve).

But also Martin found it hard to cope with both family and business requirements. In fact he found the situation difficult enough to start considering selling his shares.

"Martin wanted to quit. He even wanted to sell his share of the company. ... I guess he was rather influenced by his family, we almost worked around the clock. ... We were never at home. ... To some extent I think it also had to do with our wives, who had the opinion we cared too much for one another, compared to what we did for our nuclear families. ... The siblings were always given top priority. The ties of kinship were stronger than the ties of family, and that's not uncommon. ... But I think he was very influenced by....I mean, we too have had that discussion in our family of how much to work. And I think Martin wanted to pursue a different career. He was a good musician. Perhaps he thought the sacrifice was too big, when viewed in terms of all the hours we have put in here. And if one considers the economic return... to us the economic return has never come first, never ever. To us it was a question of...partly keeping the family tradition alive. But it was also very much about being successful, and showing to others that we were just as capable as our father" (Steve).

In the end, Martin never realised his intentions of selling his part.

"I guess we persuaded him it wasn't possible. ... We wanted him here, he was such a great asset, without him... in his prime, he was one of the main assets of the company. We couldn't imagine him disappearing from the company. For one thing I couldn't imagine it, since we worked so well together, and, moreover, together we had made this into what it was. And I thought it would be very cowardly of him to just run away like this. Then we should better leave all of us" (Steve).

Crisis, external influence and rapid expansion

Twenty-five years after the succession the family faced a new crisis. In 1994 Martin died after just a few months of illness. This was a severe blow to both the family and the company. Martin was a very beloved and important person. Being much calmer than his older brother, he was respected and appreciated for his way of dealing with people and situations, an advantage when dealing with suppliers and colleagues.

¹ IFL = Institute for leader development.

"It was a difficult blow to the entire ACTAB. Many feared it wouldn't go on, he had such an important function in the company. ... Well, perhaps go on, but to replace him....He was so, he was the key to so much" (Henry).

"He was such a diplomat. To him it was really important that we lived up to our social responsibility in relation to our employees, in relation to society. He was the one who went around talking to people, to him it was so natural. I mean, Steve doesn't live here (in Greenbay)...He works here, and then he drives home. Martin was the one who, so to speak, took care of the relations in the close surrounding" (Marion).

"He was a popular person. He was happy, entertaining, and easy going, and he was uncomplicated, also as business leader. I think that everyone mourned him. And it was kind of special since his widow worked at the company" (Marion).

"From what I've understood, Martin personified some kind of continuity, he made sure things worked in the factory, and he was an element of security to very many employees, and, of course also to the siblings. ... It wasn't easy for anyone, it was a very hard blow, and many thought: 'now ACTAB will never become something, now it's going to be sold. ... What will happen, how will things turn out?'" (Ron).

For Steve, the situation was of course very difficult. All his life he had lived very close to his brother, both privately and professionally, and now Martin wasn't there anymore.

"Steve and Martin... there were only two years between them, and they had lived together, they had more or less always been together, and they ran this company together. They were together. They traveled together, they lived tremendously close to one another" (Marion).

"That's why it was such a trauma when Martin died. It was really trying" (Annie).

In the absence of Martin, Marion got a more prominent role as a speaking partner to her brother. It was however Steve who was the driving force in the company. He worked day and night, trying to do his own job that of his brother.

"I worked very hard with both tasks for some time. I took all the decisions. I went straight ahead. I was blinded, and I must say that I used all the strength I had. There was no one to stop me. I was deeply affected by the death of Martin. Once again I kept saying to myself: 'This should not wreck

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us'. It was the same thing...when we took over from our father we, his sons, should prove that we were just as capable as him. And when Martin died I wanted to prove that the company would do all right, that it was solid enough. It was exactly the same thing" (Steve).

"He took over Martin's job too. And mentally, it was so hard when Martin died, because he wanted to show he could make it alone. And I remember that someone said something depreciatory about Steve's way of running ACTAB, that it probably would not work, and that it hurt Steve quite a bit. ... That's his personality. There are no limits. He just keeps going. He easily gets absorbed by things that interest him, and then he just goes for them. And then it's also this: He wants to prove his capacity" (Annie).

However hard he tried, it turned out impossible for Steve to handle things on his own. After one and a half years the work-load was too heavy, and he realised something had to be done.

"I couldn't do the job of two men all by myself. I did it for a couple of years, but then I couldn't anymore. I was almost devastated, I realise that now, but I didn't feel it then. That's also something very strange, that one can talk oneself into being immortal, or how can I put it, invulnerable. (Steve).

In order to get rid of some of the work-load, Ron, the first external manager in the history of the company, was hired.

"In the spring I had...I got sick and was brought to hospital because of heart trouble, and then I realised that I had to find my own role and get some support. May be sales, because I had some experience in that area to share. Martin had been responsible for the technical side, and approximately I knew his way of working. So I went to Taiwan, and Germany and met with the suppliers, I went around and managed to keep up our relations and take care of all the information" (Steve).

While it was a relief for Steve to have Ron as manager, as hard it was hard for the latter as the first external manager.

"He represented something completely new, something completely different. It was really to let a stranger in. You could almost say he came from another world. ... He came from Gothenburg², and he came from another social culture. He was a construction engineer, which has absolutely nothing to do with precision parts. It was a tremendous kick" (Annie).

"It was not very easy coming in here as an external force, because I was the first manager that was hired. Everyone in Greenbay who finished school was

² Gothenburg is Sweden's second largest city, situated about 150 km south of Greenbay.

hired by the company, and they all knew each other. So it was kind of tricky coming here, it took some time. (I had to deal with comments like): 'This is not our way of doing it at ACTAB. This is not ACTAB. We've never done it like this before', and things like that. ... So I had to learn everything by myself and implement what I thought was right. And it was a process to me, but also to the people here, of course. ... You have to listen and learn, and after a year people realise who you are. It took its time, but I wasn't the one giving in. And it was important that I all the time had a strong support from Steve. ... All the time I have had 100% support from Steve" (Ron).

With Ron's help, Steve was able to develop the company faster than ever before. The company's statistics shows that turnover was doubled between 1994-2000.

"We doubled during the last five years. The company is 65 years and five years ago we had 65 millions of sales, so the development at ACTAB have been very modest. But during the last five years, we have doubled" (Ron).

Several reasons have been put forward as an explanation of the rapid expansion. One is that this was due to many years of hard work, and also to generally favourable market conditions prevailing at the time.

"It was very well prepared, tremendously well prepared. We had had a breakthrough as a recognised supplier. Our name was known. We had taken part in trade fairs. We had sent commercials. I had held lots of lectures and been deeply engaged in local and national business issues. To a great extent the expansion was due to this. ... And it took place during a time of prosperity; we were pushed forward by the favourable market conditions" (Steve).

The entrance of Ron also seems to have played an important role for the fast development.

"A tremendous relief for Steve. ... It was a relief for Steve. He could leave that part. It meant a lot" (Annie).

"Ron structured sales. He took care of it. I couldn't both sell, and be in the factory, and be CEO, and do the purchasing, and rebuild the facilities. Ron did a tremendous job here. ... When Ron came I didn't have to worry about sale. He's a supremely gifted salesman. He could sell anything to anyone. And we worked like a 'radar pair', him and me. His background was with another company, which was closed down, so of course he wanted to show his capacity. It was a real hit" (Steve).

"I think we can discuss on equal terms. We know how to give and take. I have a lot of knowledge, which he doesn't have, and he has a lot of

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knowledge, which I don't have, but together we have achieved something very good. This development hadn't been realised unless he and I had not gone on so well with each other. I could flourish in my position and in the role that was given. I wasn't planted under his dense foliage. ... We have been able to influence the development and we have been able to double. And to a large extent that is due to the fact that Steve and I have been able to, through our different roles, inspire each other enough to make it grow. And we turned a status quo trend into a trend of growth. ... We have had a true mutual understanding, I guess what's it all about is to establish some kind of partnership, in order to make sure you get along with one another" (Ron).

Another explanation for the progress from 1995 is that the death of Martin tied the factory workers closely together, and as an honor to the memory of Martin they worked harder than ever before. With Martin not being there, the workers had no choice but to take decisions and actions by themselves.

"He had such knowledge and experience. ...I don't know, somehow everything turns out all right. I guess that, in some strange way, things moved on. It was just as if everyone else made an extra effort. Then we had to do things ourselves, and make the best out of the situation" (Burt).

"It is no coincidence that all employees in the factory showed increased strength. They were forced to make their own decisions, because Steve wasn't always there. I had fears about what would happen to production. I thought it should be the other way around, but that was never the case. ... A trend was broken. ... I think it was very important that Martin, however ill he was, showed up and worked until the last moment. He showed such a strength and persistence, and that behavior was past on, it was like all employees said to themselves: If he could do it, so can we'. ... After that, it was a completely different ACTAB" (Michael).

To the fact that Steve had no intentions of giving in, might have served as a source of inspiration to others to do their very best.

"Steve was still here, and he kept on. He didn't give in, he never gave the signal it was possible, and then no one else gave in" (Annie).

"I managed to run this. I remember giving information down at the factory. I talked about what to do, and I had such a support. Of course there might have been a few with differing opinions, but not to the extent that I couldn't handle it. And then things moved on swiftly" (Steve).

Finally, as the sole manager Steve was able to drive the company in a direction and with a speed that he found appropriate, without having to negotiate with anyone.

"I think it was due to the fact that when Martin died he had total freedom. Because often they faced a situation with lots of orders, Steve was out selling and getting orders, And sometimes he came home and was furious with Martin, who was responsible for the factory, and who would say: 'We don't have time for this. You'll have to reject this. We can't manage. Now there are no possibilities.' He wasn't as proactive. And then Steve would say: 'It's horrible that the customers are not the ones to decide what, and how much we should do, but that it should be a question for the factory to decide.' This story repeated itself over and over again" (Annie).

"When it came to certifying, production and things like that, Martin meant a lot. But he wasn't as visionary as Steve" (Michael).

"Once Steve was alone by the rudder Martin was a bit more careful, he wanted to investigate things to be sure before taking action. But once Steve was alone things exploded. We were supposed to do everything" (Richard).

"Since the death of Martin the investment rate at ACTAB has been very high. Martin was a bit more careful, as I see it, and Steve is more....He has been pushing for investments and such things quite hard" (Thomas).

Over a four-year period, Steve and Ron ran the company. It was left to Ron to build up a sales department, and to introduce a new customer segment, which Steve and Martine previously had chosen not to enter. Still, Steve was both CEO and production manager. Further, he did all the purchasing of machines and still devoted much time to customer relations. All this meant a lot of work and traveling, and Steve simply could not manage the production department the way his brother had. With time, the work of that department became rather unstructured. In spite of this, Tom, the external production manager was not hired until late 1998. According to Steve, the reason for this a lack of time, and the fact that the company was doing well anyway. Other explanations have, however, been suggested.

"Steve took over Martin's tasks and hired someone to take over his own. Ron never replaced Martin. No one ever replaced Martin. When Martin was ill, it was a natural thing for Steve to take over his tasks besides being the CEO, and when Martin died it was natural for Steve to continue that way. You don't replace an individual, emotionally you simply just don't. In this way, the wounds had time to heal. And then Steve realised that he simply couldn't do all the jobs, he couldn't be both CEO and production manager and sales manager. And then Ron was hired as sales manager. And Steve kept on as head of the production. I don't think it was a coincidence, but I'm not sure it was a conscious decision. I think it was an emotional decision. Later when

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Tom (the production manager) became part of the company he did not replace Martin. No one ever replaced Martin” (Annie).

Steve’s health deteriorated and he had to be taken into hospital. His illness and doctor’s instruction for him to slow down led to the appointment of a new production manager.

“This was an alarm clock. After that I started to think of what to do, and I realised that I had to have a production manager” (Steve).

In 1999 Tom started to work as production manager at ACTAB. To make things work more efficiently, Tom started out his job with the ambition of reorganising the production into clear areas of responsibility, each with its leader. His previous experience was that this way of organising had turned out very well. When Tom started off, ACTAB had been lacking a production manager for five years.

“Before, when the sales of the company were half of what they are today, they had a production manager. During the last five years sales have doubled, and I don’t really see how they have been able to keep this together, when there has been no one here who.... I realise they have been running up here (to Steve. But there must have been a gap, because Steve, who was in charge, travels a lot. I can tell no one has been here for a long time, because things have come to a stop. Companies go through....First the company is small, and then it starts to grow, and there is no time to be proactive. Things are handled as they appear. But somewhere there is a turning point. In the beginning the number of problems increased in proportion to the size of the business, but now ACTAB has reached a point where the increase is no longer proportional but logarithmic, so now we have to work just to catch up. Now it’s neither a small nor a big company. The routines are adapted to the size of a small company, but in order to meet the future they should be adapted to the size of a big company, and that is what we have to start building. ... I’m in the middle of educating the foremen to take the same responsibility regarding their units of production” (Tom).

However, bringing in an external production manager was not enough. Lying in his bed at the hospital, Steve realised that the situation in the company as a whole needed to be improved, and that he was in need of...

“... someone taking care of the restructuring of the company, because I had far too much to do. You know there were heaps of papers on my desk. I have heaps now, but at that time they prevented me from seeing someone on the other side of the desk”. (Steve).

The external CEO

The “someone taking care of the restructuring of the company” was an external CEO. The idea to passing the position of CEO to a non family member had for some time been suggested by the chairman of the board.

“I had been talking to him during a period of two, three years about us getting a new CEO, but it took a long time to get Steve there. ... First he wanted to give it some thought and that took quite a while, and then he didn't want to. But then he realised it was no longer manageable, we had to do it that way. And now he realises that it's better for the company” (Michael).

“It's a very big step. Michael was here one night and we were discussing the future and what to do with the company. And then we actually brought up the question whether to sell ACTAB. ... From what perspectives could the question be viewed, and was this what we wanted, and what would it mean to our children, and how could this be solved? And then, to Steve it's important to give our children the freedom. He doesn't want to have the same expectations of them, which his father had of him. And how would he be able to give them that freedom? What if he gets old and tired and decides that he, one retirement, would like to enjoy some of the work he has put in. What solution would keep the possibility open to our children, without Steve having to exhaust himself more than he already has. And I guess reinforced to the idea of hiring an external CEO was born... to give the freedom to our children. I think that's the way it was” (Annie).

The final decision was, however, long in coming. Not until one more year after the entrance of the production manager was the external CEO appointed. Emotionally, it was not a very easy decision, but with time Steve realised that his way of running the business was more suited for a small company than for a business with 130 employees and that time had come for a change of management style, and that perhaps he was not the right man for the job.

“My way of running the business, I had it all in my head. And to a certain extent that is applicable, but you reach a point when it just does not work anymore. Now I have the feeling.....and that was the feeling I had when I started to think of changing the organisation and bringing in an external CEO...that my methods do not apply in a company of this size. But instead of trying to change myself I could bring in someone who could change the whole organisation”. “And then I realised that: ‘I cannot do it on my own’. I think, it's never too late for someone to change, but for a 55 year old man to start going to school, who has started to come to terms with the thought of letting another leader be at the helm” (Steve).

Besides the need to restructure the company, one reason for hiring an external CEO was that the siblings felt it was time to move on. Because of their dominance, the company was quite vulnerable.

“One of the main reasons for us to take in someone else was that we wanted some help. It was dangerous to continue with the focus placed on Steve and me. For a while things almost came to a standstill when we were not there. ... It worked, but it’s a risk. To the company it’s a tremendous risk. I mean, an accident....” (Marion).

“My decision to resort to external force was I didn’t want the company to depend solely on me. And of course, I got ill. They put me in a bed at Värnamo hospital and said: ‘Don’t move’. That’s when I made up my mind. It was when I was lying there looking at the sine curve jumping up and down on the screen and realised that this wasn’t something to trifle with. I guess that was the time when I truly made up my mind. ... The one who imagines he is somehow immortal, or irreplaceable, will have a difficult time making that decision (to bring in an external CEO). I don’t think I’m immortal, and I don’t think I’m irreplaceable, and that’s why the decision wasn’t difficult. What I really don’t want to risk, is my achievement, what I have built. Having a hard time taking that decision actually implies that one has difficulties asking someone else to take over, and build from what one has achieved. But the last one I would like to fool is myself. I’ve had such a great time expanding ACTAB to this level, together with the employees. To then, perhaps suddenly through illness or aging, or, what ever it might be, take the risk of it all being destroyed, then one would be a fool. ... Well, it turned out it wasn’t very serious, but imagine it would have been worse. Now I had a second chance. Not taking that chance, but stick to this, would have meant fooling myself. I had had the thought earlier, and I had pushed it a bit. And then I got this chance. And I would have been a fool not to take it” (Steve).

One further reason for bringing in an external CEO was the emergence of the third generation. It became more and more obvious that Steve and his siblings had different opinions whether the cousins were to enter the family business. Steve did not share the view of his siblings that all cousins have a right to a place in the family business. However, with the right competence they are most welcome.

“We have not yet seen where the children of our families are heading, and in which areas they are successful. I’ve always told my children that they should be able to independently make a living and have a job outside ACTAB, in order to know that they are not dependent on the firm. When this is the case, I’ll support them. That’s important to me. ... That’s the big dividing question, and it will remain so for many years to come. ... In my opinion, the one who wants to come here must make a contribution in terms of some kind

of knowledge... No one should automatically be given work at ACTAB. That was possible 40 years ago, but it isn't any longer, because the requirements from outside are so different. And when I came here 40 years I had knowledge about precision parts, but I had one other thing: I spoke a couple of languages fluently. And I used them every day in my work. It wasn't very remarkable, but at least it was something.. ... In my opinion one should have a place here when one has the qualification and the knowledge to make a contribution to the company. One shouldn't automatically come here just to make a living. One has to separate between ownership and employment. There is nothing wrong with being a passive owner, who doesn't work here" (Steve).

Nonetheless, quite many in-laws and cousins have, over the years, been working at ACTAB.

"They stand up for the family. If family members wanted to work in the company they were allowed to do so. Even if it was not the best thing for the company, that's the way it has been. ... He can't resist that, and moreover... If someone (has been allowed), then others can't be turned down, then they all have to have the same possibility. ... For a person with a big heart that's the way it is. ... It's not worth the conflict" (Michael).

"Many relatives have come here, and it's kind of trying. They are quite many, not only members of the family, but also relatives of the employees. Several employees have a husband, or a wife, and perhaps even also a child that works here. I mean, almost everybody thought: 'Well, now I'm working here, and my wife needs a job'. And it almost was like: 'She is to come here now, she has applied so many times and been rejected, so now it must really be her turn. ... But it hampers. Let's say you have someone who doesn't perform very well, and then you need to take a discussion with that person when the mother and father are working here. That's not very easy" (Tom).

Some cousins are already involved in the business, something that has been the cause of conflict and hurt feelings among the family members involved. To Steve this has given rise to lot of agony. In the family he is regarded as the head of, not just the nuclear family but also the extended one.

"After all, very much depends on me, and has been depending on me, at least the last years. I have been like a father to them all, really. ... I mean, I am the oldest brother. Who do you think have helped his sister, who has helped his little brother? Martin wasn't very much younger, so it wasn't so much there, we are only divided by two years. ... I'm the oldest brother. ... I've always, and I'll always have the role of the oldest brother, that's just the way it is" (Steve).

“Steve is the elder brother. Steve is the one who decides, that’s how it’s been for a very long time. It’s a huge difference between the siblings in terms of the roles they have. Steve is the one who decides, and he is the one who’s been in charge of the company” (Ron).

“He is the oldest one in the family, and he has to....He has a certain role, everyone looks up to him. To the grandchildren (of the founder) he is, one could say, like a godfather. And then it’s not easy to be head of the company at the same time. So I think it (would be) sort of a relief for him to have an external CEO for whom the separation of these roles is no problem” (Michael).

As CEO Steve has experienced how the bringing in of family members regardless of competence could be a source of problem both for the family and the business. One example of this is a conflict between an external middle manager and a third generation family member, who could not agree on the way of running one of the most central company functions. As a result, the family member took a quick decision to leave the company. After a while he did, however, regret this decision and wanted to return to the company. While his mother did not see any problems with this, Steve was of the opinion that his nephew could not return without having improved his competence in an area beneficial to the company. This dilemma has been the cause of hurt feelings and heated discussions among members of the family. As many of the cousins are about to finish their educations, there is an obvious risk for this dilemma to intensify during the coming years. By hiring an external CEO Steve hoped that this would be less of a problem for him, and that, consequently, more ‘objective’ decisions could be made.

“When you are both an owner and a leader you don’t always behave the way you would have if you had only been a leader. You don’t take as rational decisions, you are too influenced by the family. ... When emotions are strong, reason has a hard time winning. And that was the case even under my joint leadership with Martin. I wanted to do things differently, and we argued about it, and finally we reached some kind of compromise. And I settled with that in order to keep the family together”. (Steve).

“I wouldn’t go as far as to say there have been frictions, Not really. Not among us. I guess one must say we have managed our family relations quite well, after all. ... But it’s tough. You really make use of your love for the brothers and sisters, to the extent..... ... Because, I mean we don’t always agree. We don’t always have the same opinion, but we stick very closely together. ... We back each other up very loyally. ... Somehow, that’s the way it is. Of course I can get furious with my brothers. Sometimes people come to me and say: ‘that person (one of the siblings) says it is like this, but surely it can’t

be like that'. And then, I try to cover up. ... We protect each other, I think we do. One can be a lot tougher when discussing with someone else in the management team, who is not a relative" (Marion).

Moreover, by hiring an external CEO, Steve hoped to be able to work a little less, and be able to, among other things, support his wife, who recently was appointed headmistress.

"I wish I could .keep on working with the things I know – and that I would be able to transfer my knowledge step by step. Moreover, I would like to have...perhaps an afternoon off every week, to do some other things - things for which I during many years haven't had time to do. And you know, Annie is in the middle of a new career, and I would like to give her my support and assistance" (Steve).

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In march 2000 David, the external CEO started his job as ACTAB, leaving a publicly held company for which he had been working for 16 years, the last four years as CEO.

"The company suited me, it was not about that. But I felt I wanted to go on and develop, and then this possibility appeared, and I decided to go for it. And it was much because I felt the potential of the company, It's a culture, a basic culture which I like a lot, it's much about this....freedom with responsibility and the like" (David).

Among the employees, the new CEO was welcome.

"The people viewed this as something positive. It wasn't: 'Finally we get rid of someone', absolutely not, but it was viewed as a step in the right direction. ... And I think it's a way for the company to develop" (Ron).

"When I returned from the hospital, I informed the representatives of the unions, and they thought it was a very good decision. I think they actually had been quite worried in the factory when they heard that - well, it turned out not to be very serious. Then they were at a loss what to do, and, well, the worries tend to spread. And worries concerning the future leadership of the company is the last thing you want to cause your own company" (Steve).

"He was welcome. This has grown into something big...and the way it's been run, it's about the structure. They have always been working spontaneously and intuitively. ... It was run like a small company, spontaneously, with intuition and feeling...not very much planning, or calculus. It was more emotional. ... And then one looks forward to the new CEO, because his

competence is quite broad. He has been production manager. Ha has been purchaser. He has been CEO. He been quality manager. He is very broad. He will structure this” (Tom).

“I think it’s good to strengthen this. We have such possibilities. And if this company is given the right management, with a CEO that’s professional, I think this can turn out just fine. ... To capitalise on the possibilities we must make our profile stronger in order to sell more. And calculations.... we need to know the costs of production, so that when we sell we get paid for what we do. ... Threats of course if there would be a schism between the CEO and other managers, causing many to leave, that’s the risk you take. ... I mean, there might be a collision, but I don’t think so, because it fits quite well with Steve’s ideas” (Michael).

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Realising it would be important for the new CEO to have a non family member as chairman of the board, Steve, quite contrary to what many had suspected, never considered taking that position when giving up his post.

“I was a bit surprised, because I thought he would take the position as chairman when the new CEO was appointed. But he didn’t, and he wanted me to continue. And that was flattering and interesting” (Michael).

“He realisedthere was never the question of trying to jockey him. And then he realises that, after all, he’s the one who decides... He is the of opinion that he can exert just as much influence by the role he has. He has been discussing this with (the owner of another company), they also have an external CEO, and he (the owner) is not chairman, but he is the owner. And he told Steve: ‘I have exactly the same possibilities to influence the development, because, after all, I’m the owner’. There is so much that goes with ownership...And I think that Steve somehow realises his limitations. He has contributed so very much, but now others have to be part of this” (Annie).

Shunning the position of chairman of the board was, however, not the only way for Steve to communicate his intention to let go the role of CEO.

“The local newspaper was here. And Steve has clearly marked this, and openly talked about his shortcomings, and why he wants to go. Steve is very conscious” (Tom).

To make it clear he was no longer CEO, Steve left his office for David to take over.

"Steve was very clear on this. ... He offered me the room" (David).

Leaving the position of CEO Steve started working as head of one of ACTAB's strategic business units. This unit was initially not part of the business, but was started by Steve, and it has no connection to precision parts. As Steve was the one with knowledge related to the running of the unit, and the one with business expertise in the field, he remained actively involved in the company albeit with less pressure.

"He is of the opinion his work situation is less hectic, and I'm sure it is, and he no longer has such a bad conscious. Previously there was always something for which he didn't have time. He had to make sure it worked, he could never leave anything, and he had never time to finish, but he always had to leave things to start on something else. And now my impression is that his work situation has improved. But I don't have the impression that he works less hours, I mean, he doesn't spend more time at home, he spends just as many hours at ACTAB as he used to. ... He doesn't have that peace, there always has to be action. But many of the things he found boring and for which he didn't have the talent are now handled by David: Budgets, and the closing of the books, and follow-ups, much of the administrative stuff. Today he doesn't have to bother about these things" (Annie).

Steve's decision to appoint an external CEO was enhanced by the fact that he would still have a role in the company.

"(The decision would have been much more difficult) had I left ACTAB without knowing what to do instead. But that thought never came to my mind, and if I left ACTAB you could be sure of me doing something else. I could have another idea, another goal. I have no intention of not working, or not keeping my mind fit. Because, you see, this is in fact a kind of life, and to abandon that would, in a way, mean to die. It would be like depriving oneself of one's beliefs, of one's personality. ... But I have no need at all to be...with a titleI do not care whether I am the CEO of ACTAB or not. And, you know, this is not a way of earning money, it's a way of life, and it won't be very different. I mean I really haven't quit although David has taken over responsibility for administration and organisation. ... I mean, what I hope is, that he will turn to me and get my support for the decisions, and then I still have a big part of this. Then there is another...somewhat more formal way, and that is to act through the board. But being one person when sitting on the board and another when taking daily actions is not really my intention. It's not possible. An external board member could be brought in to judge the activities of the CEO, but with me this is not the way it works. I hope that I will be evaluated - in a positive way - because of my knowledge and my experience, and not as owner and former CEO" (Steve).

Moreover, keeping a central position in the company meant not losing control.

"I mean, after all I know that if there should be any problems, I'd be in the background to help out" (Steve).

However good the reasons to give up his role as CEO, and in spite of his intentions to do so, doubts were raised about whether Steve would, in fact, be able to do so after almost 30 years at the helm.

"What role will Steve have in the new organisation? Who will be my supervisor; will it be Steve or David? ... It should be David – is Steve aware of that?" It's not him who we should ask for support but it's David. ... And who will the organisation regard as its supervisor when Steve keeps spending time at the factory the way he always has, and the way he will continue to. ... I'm very excited to see what will become of this. And the new role of Steve; how will he handle it? ... Steve will have to change his role drastically" (Ron).

"I guess that's the question, and I know several others who ask themselves: Can he really? Will the new CEO have the full mandate to run this? Will he.... Well, there are many of us asking ourselves that question" (Tom).

"To be honest I don't think so, that he can let it go. I mean, personally. if I was Steve, I wouldn't have been able to. ... I think that, it must be very difficult seeing someone sitting in your former office" (Richard).

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The entrance of the external CEO was not meant to imply any radical changes of vision for the company. However, pretty soon it became clear that Steve's and David's ways of thinking were not really the same. Much more than his predecessor, David focused on efficiency, productivity and profitability.

"To a much greater extent David wants to focus on profit and expansion, on making 5-year plans, which we strictly are to follow" (Steve).

"My goal....in my opinion the sales can be doubled in five years. ... In different ways. By concentrating, by deciding what to do, and make a plan and implement it. ... Expansion is a goal. ... I want to turn it into an ACTAB in Sweden, not an ACTAB in Greenbay" (David).

Long-term planning and strict adherence to forecast were not Steve's top priorities. Traditionally, the aim was not to maximise profit. Running the

company has enabled Steve to develop his technical interest and to get an outlet for his entrepreneurial vein.

“Selling, not long ago I had thoughts of doing that, but then there is a problem, and that is that I don’t know what to do. ... I think that’s the biggest problem. ... Because I think.... I have a neighbour, who has sold his company...He has restored his house, and his summerhouse.... and I asked him: ‘What will you do now?’ (And he answered): ‘Well, I don’t know, it’s not very easy, I’ll see if I can think of something’. It would be a catastrophe selling. And at the same time I am clear about that if I would sell I wouldn’t be coming here anymore. I would have to have something new to own and manage. I could imagine having another job, but only if I was to govern. This is strange. It’s not a need, but somehow I have a driving force inside urging me to try again and again.. Well, I’ve never been in that situation, so I can’t really say I wouldn’t cope, perhaps once, perhaps it’s possible once I retire. And perhaps it’s a bit too drastic saying I wouldn’t come here anymore, but to be here after having sold it, and not be able to influence it.. it’s not very easy leaving it to someone else. ... (Keeping the company can be an outcome of) a feeling of insecurity. But then I don’t think one has dared to face oneself with the fact that one might no longer be talented enough. One might fall short. And then one has to make sure one has some kind of loop-hole ready. As I said earlier, if I leave I’ll have to be sure of having something else to do” (Steve).

Moreover, to Steve and his siblings, running ACTAB has been a way of passing on a family tradition and a heritage.

“If I bought a company, I would have invested a certain capital. But here the capital is difficult to define. Again, it’s exactly the same thing. This is not a way of getting a capital. I don’t run around with the balance sheet in my hip-pocket, but I mean, it’s kind of satisfactory that many people have a job here, and that it works, and that I enjoy coming here. I can think of nothing better than being here. And of course I am proud of being among the ones who built it, it’s been great fun. But in terms of dollars or cents....no. I want ACTAB to continue being a good company in Greenbay. I want us to keep our marketshare in Sweden, about one fifth.... I’d be happy to have more, but that’s the least we should have. Moreover, I want it to be a secure work place for people living in Greenbay. I want to be able to walk through the village of Greenbay and look people into their eyes knowing it’s a pleasure to meet” (Steve).

“We’ve always felt very strongly for one another and for the company. You sort of have that. I have been externally employed and you never get...it’s beyond the possibility of comparison. This is something completely different. This is a way of life, you can’t.... You have to live with this all your life, you

can't simply turn it off, it's always there. ... The driving force in a family business is the heritage, and at the same time, you don't know of any other life. ... The company is our life, we can't just end." (Marion).

Even the third generation is under the influence of family heritage. From their grandfather, all cousins have inherited some shares, which they can use to pay for their education. As most of them now are done with their studies, Steve suggested he would buy the shares in exchange for an investment in a pension fund. His suggestion was, however, turned down.

"Forsaking ownership is not easy. ... There was an intense discussion. ... It's emotional. It's grandfather's. It's something they've got from their grandfather...and they won't give it up, even if it, from an economic point of view... I mean, they are all in their twenties, and if they made sure to invest in a pension fund, that grew for 30-40 years, it would turn into a pearl. But they won't listen to this argument" (Steve).

To a great extent, running the business has turned into a way of life for all the family, a way to exercise their entrepreneurial skills and assert their independence.

"It's a life time achievement. It's a way of life. There is no getting away from that. No matter what, you'll never get away from that". (Steve).

"Do you know what the worst thing of my imagination is? It's selling the company, and one day reading in the local newspaper that it's been acquired by a foreign business group. ... I wouldn't know what to do. ... The worst thing that could happen is for the company to fall into the wrong hands, and we are unable to have a say in it. ... To me, the company is my entire soul" (Irving).

"Looking back on my life lots of positive things are directly related to me being the owner of a company. ... To be able to make my own decisions. ... This is my decision, that's the way it is, and that's that. ... It goes with the ownership. In a publicly held company you have to anchor your decisions in a quite different way. And, I mean here I've been given the most free of free hands, because since Martin passed away the other siblings haven't interfered in the decision-making very much. ... Thinking about the advantages of having a family business, you feel you have a great influence over the things you do. To some people that's important, and to me it's incredibly important, also in the future. But since I have realised I can't go on for ever, it eventually has to come to an end. And it should come to an end, or to a change, when there are possibilities to make truly wise, rational decisions. ... Through an objective perspective, management, and different functions" (Steve).

With the entrance of David a new management philosophy was introduced. Over the years, Steve had practiced a quite entrepreneurial-oriented management style. Instead of delegating responsibility and working through others, he had taken an active part in most decisions and actions himself.

“I have not been delegating the way David does. My way of delegating was completely different, perhaps much more...you can call it pragmatic. The organisation now taking shape is, how should I put it, much more visionary, and it's perhaps more...It has a certain pattern, and the management style is completely different” (Steve).

“This is a change, that we don't go around telling people exactly what to do, that's a huge difference. We decentralize. They should do their own budgets, they should help setting the goals...and make the plans and think of how to reach them, have own ideas and initiate...have the possibility. Of course there should be a leader, of course there should, but we can't have it that centralised any more. We have to decentralise, or else we will never have the strength to grow” (David).

“We are going from, one can say, one kind of climat to another. It's been a process, which has been quite obvious during the years I've been here... Previously the company was run by command: ‘Do this. Do that’, that is, a task oriented climate. We are heading towards a more result oriented climate: ‘This is our goal, and it should be achieved” (Ron).

“I think, and in relation to this it feels good that, here David is great, he is a lot better than Steve and myself of running these kinds of projects; doing business planning, implementing common values, working with leadership styles, and the like” (Marion).

Over the years, Steve had been a very central person. Written plans, strategies, roles of conduct or the like had never existed. Implicitly, Steve had a vision in his head, but he never really tried to make the rest of the company part of it.

“I have been rather dominant and I think, I can't see that myself, but other people tell me what I am like and I realise that I probably am very dominant. I don't know whether that is good. Well, I think it has been good for this company, for the development, that I have stood in the frontline. But on the other hand, my domination has perhaps also had its drawbacks” (Steve).

“Steve is quite authoritarian. He has a very spacious and warm heart, and he is the one who, to a large extent, has stamped his personality on the company. And Steve is a positive, and a fantastic person, so the company is

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characterised by a positive atmosphere and a lofty ceiling. And also a true caring atmosphere; that basic culture that I was talking about. ... Steve has given many a chance to show their ability. It would be wrong to say he's been running ahead as the main fighter. Many people have had a chance. But still, he somehow has... Steve has the ability to turn things the way he likes. So in the end it is his choice of method, or way of solving. ... It hasn't been very structured or formalised, but Steve is the one... Sometimes, to make it appear a bit more democratic, I guess he has discussed things with Marion and Irving, but Steve is the one who has taken the decisions: 'Let's go, let's do it this way'. And he's had the support of the employees because he is authoritarian, and a nice person with a generous heart". ... If you talk about charisma, about ACTAB, about strength in relation to individuals in the company then ACTAB is Steve. ... 'Mr ACTAB' it's printed on his forehead" (David).

Undoubtedly, Steve's strong influence contributed to the development of ACTAB, but it might also have had a negative influence on the employees.

"People are good at different things, and the trick is to also let other flowers bloom. It's important not just to bloom yourself, but to also let others bloom. But when you yourself are a big flower, perhaps others have a hard coming on" (Annie).

"Earlier there was a management team, but it sort of never functioned like a management team, because no one dared to disagree with Steve. ... And perhaps he didn't encourage anyone, no one dared. Often it was like: 'Steve knows best'. That's kind of a doctrine.and respect too, I think, because he has knowledge of most things, so it's difficult....and then he knows how to agitate. So having a contradictory argument is not easy" (Michael).

To involve employees in the running of the business, David focused on providing structures, setting clear goals, and drawing up ambitious plans to decentralise decision making, budget responsibility and other activities to middle managers. In line with this, much time was devoted to agree and implement, the core values, managing philosophy and future goals and strategies of the company.

"The vision is....it's the same, it's ours....and it's great that things get formalised, that things get written down on paper, because those things have never been our strength. And David is very good at this. And there is a need for better information. So that's positive. Because we were a bit like...I mean sometimes the outcome of things was decided by our mood for the day." (Marion).

"Since I've been living with this for so long, I had it, somehow, inside of me. But he has another structure that has made the employees aware. I mean he's working on decentralising the budget responsibility, the cost responsibility all the way down to the foremen, to the groups: 'You have the responsibility, this is your budget'. And he has structured this, and I think that's just terrific. I hadn't been able to do that, I simply don't know how it should be done. But that was one of the things I wanted, and now I feel there is a new spirit abroad" (Steve).

The new approach ushered in a more formal way of governing the business - based on meetings to ensure commitment and accountability - compared to what had traditionally been the case. The new management philosophy was quite contradictory to the more entrepreneurial, impulsive and control-oriented management style of the family.

"You can't compare. We hardly ever had any meetings, it was often at the door., And then it was yes or no and that's it. Now we have meetings about everything. ... Lately there have been very many (meetings) about everything. As soon as something is to be decided or done, a meeting arranged. That's not the way it used to be. Before, we decided anyway, and it turned out just fine without us going over things again and again. ... I mean, we have a rather informal way of doing things in the company. It doesn't have to go through a meeting in the production, via the production manager to end up in the management team. Many problems are solved in connection to the regular activities. ... We are always here. Throughout the day we work with solving problems. We don't pile them up in order for them to be discussed later in some committee or something like that, but we make sure things get solved as soon as possible. What takes place in the management team, and in the boardroom, is very much about giving information. ... In my opinion people now tend to be very conscious about their responsibility. You know: 'These are my duties', and a clear definition of each job is suddenly regarded so important. This has never been our way of doing things. What had to be done we always did, regardless of whether that was gardening or board meetings. That was our way of doing it. Now we are forced into well-defined areas: 'Keep within the borders', and that is a potential source of conflict. I mean, I am used to be dealing with....People come and see me for lots of reasons, but now I have to get used to saying: 'No, this is no longer within my area of responsibility. You have to go to someone else'. That is what I have to do, or else I risk stepping on the toes of someone else. ... But at the same time, it's great to do things in a certain order, to know that there are responsibilities and authorities so one knows what to do, and when an issue should be addressed. There is a change of levels, and the bigger the company the more important it is to understand how to work at different levels. But in the end, people might still hesitate, and then Steve and I are always here" (Marion).

Besides the formalisation of work procedures David introduced a different customer approach. Profitability was put in focus, and decisions concerning investments, supplier and customer relations were to a large extent based on cost/benefit calculations. Traditionally the social relations had been in focus. The family has always taken pride in keeping promises to customers and suppliers and to be a fair negotiator, sometimes to the extent of financial disadvantages.

“No profit maximisation. They do business with the ones who conduct well, or have the right competence, or provide quality, that’s been more important than prices. ... (Maximising profits) is nothing big, quite on the contrary, I would say. When I first came here I was astonished by the fact that they worked so hard and made so little profit. ... The guiding star has to a great extent been about fulfilling a need for precision parts, a professional pride of delivering high quality precision parts. And on top of that they have taken the initiative to start the Swedish Precision Part Association. They have been working quite idealistically. ... Here has been a spirit of...a company comes here with its problem with precision parts, and they get help to construct and to solve the problem. They try to be competent, and then, hopefully.... but there is no guarantee they are paid for what they do. ... (There are) many old relationships. If they once have offered a low price they hesitate to raise it. We’ve discussed that, and that’s been...It’s an old custom of theirs. ... It hasn’t changed, but since the introduction of the computer, we’ve revised our cost estimations. We know what’s profitable. We haven’t had any foundations to base our estimation on, and then one doesn’t dare to take a decision” (Michael).

“My father was just as socialbe as Martin and myself. It was easy for him to come in contact with people, easy for him to make new friends. And I have continued this tradition. I know the whole industry, I know several of my competitors and, above all, I know all suppliers. And that has been a tremendous advantage, but, of course, also a disadvantage, because this friendship makes you less tough as a negotiator. In these situations I say to myself: ‘It’s OK now. We’ll do all right’. And that deepens the friendship. In the end there are two winners if you are human and reasonable. I have always felt I have what I need. The relationships have been built on the ambition to always keep a promise. That’s central. I want to be able to have a good night’s sleep and I want to know that if I have made a promise it should be kept” (Steve).

Moreover, the company was partly restructured leading to changes in the composition of the management team. Howard was brought in to replace Ron as sales manager. For a while, Ron remained to work more actively with customer relations and sales, soon took the decision to leave ACTAB. Finally,

for the first time in the history of the company, David brought up the issue of dismissing employees.

“To boast profitability quickly. ... I’ve told Steve he will have to get used to the thought” (David).

Throughout its 65-year history, no one in the company was issued notice to leave even in situations where such a move would have been justified from an efficiency point of view.

“(It is) a sense of responsibility to others. You have to listen, you have to beware, you have to consider the responsibility to society which is implied in running a business. We could have optimized ... I guess one must say we’ve had a satisfactory development, but perhaps this could have been run differently. But in Greenbay they all know each other. Well, perhaps not today, but at the time of our entrance in the middle of the 1960’s. ... We could have optimised a lot more. I mean, we have never dismissed anyone. ... And of course that’s been both to our advantage and disadvantage. ... We’ve been a secure place of work. We’ve always had a good reputation among people. We have had no difficulties. It’s never been any controversies in Greenbay related to ACTAB. ... That’s what’s positive” (Steve).

“We’ve never fired anyone or, I mean, they are not thrown out just because we make less profit. No one has ever been given notice here, although, when thinking of the situation we face today, it would perhaps have been needed. But they try to keep people and keep this running... And it has worked, but during a period in the 1990’s it was only so-so” (Burt).

One of the reasons for the reluctance to sack was the preference for employees belonging to families who have been working in ACTAB for generations.

“Several of the employees of today are children of my father’s schoolmates here in Greenbay. They have experienced how he laid the basis for their future. They didn’t have to move from the village. They got jobs here, and they were loyal to the company and made important contributions” (Steve).

“Some of them have children who work here now. At the Christmas coffee we were sitting next to the person who has been employed the longest, and talked about what it was like when grandpa Anton, that is Steve’s grandpa, was at ACTAB to help out, and what kind of personality he had, and things like that” (Annie).

“Quite many have been working for so many years, twice the time I have been here (22 years). And that is not due to a favourable wage situation.

ACTAB

But they've felt they've been taken care of, and they've felt they've been needed" (Richard).

One of them is Henry.

"I started on November 26, 1948, so I've been here almost 51 years. ... I've always had good relations, first with Albert and then his sons. Actually, I've been like a family member in ACTAB. I think many have felt the same way. ... To me it's kind of fellowship being able to come here and work for a few hours. The works mates are so nice. And then I live so close" (Henry).

Further, the concern for the employees might be one of the reasons for the siblings' decision not to sell the company.

"They care. Many (employees) live close by and they know them quite well. ... I think that consideration is paid to the individual in quite a different way than what is the case in a bigger company, I really think so. ... Because as owner you have a big responsibility toward you employees..... They have a relation to the employees also outside work. And I think that makes it more difficult, perhaps, to take an inconvenient decision to fire someone, or something of that kind. I don't know for sure, since we've never been in that situation. We have never dismissed anyone. But if that situation would occur, I think it would be a difference. I don't think a concern would make these considerations. ... I guess it's also the fact that they are loyal to the village. I think they want the company to remain in this village, and that it should grow and develop here. And I think they dislike the thought of moving the company. Even if they, for reasons of profitability, came to the conclusion that the company should better be placed somewhere else. I don't think they would be willing to do that. I think they are quite loyal to the village, and I think they'd like the village to survive and to have more job opportunities. I think so" (Thomas).

"They've seen so many unsuccessful cases of businesses being sold to investment companies, and were neglected by them. I think here they very much take the employees into consideration. I think the main reason is all the ones that have worked. They don't want them to end up in a situation like that. And then it should be a viable family business. I think that's how they want to run this" (Michael).

Loyalty to the community might, however, not be the only reason for keeping the company. Being a family business might be a source of advantage.

"Ownership is important, the stability of ownership, and I really do hope that the family will remain as owners of the company, and that they will not sell. But there is nothing pointing in that direction. ... When we have visitors, Steve often gets questions about the future - whether he will remain

the owner. And so far the only answer he's given is that it's to remain a family business. But then they are 10 who should have a say on this. That's the way it is, in spite of Steve having the majority of the shares" (Ron).

The hardship of change

Initially, there was nothing to indicate that the passing of the position of CEO to David would not be a success. The new CEO saw the potentials of the company and was confident there were lots of possibilities for him to capitalise on. Prior to the coming of David, Steve had given the succession several years of thought. Therefore, he was quite certain he had made the right decision, and he really made an effort to act in a way supportive to his successor. At the outset, both Steve and Marion were also very confident the changes they observed were right for ACTAB, and, as everyone else, they had very high thoughts about the competence of their new CEO.

"He's very, he's our kind of leader. He is close. It's like they say down here, he's one of them. He has lunch with everyone else in the canteen. He walks around talking to everyone. Soon he knows everyone by name" (Marion).

"What I clearly notice is that many of the employees have grown in their roles. You know, we haven't really changed a lot of people. ... The most obvious difference is that... An external (person), who comes in looks at the employees and their qualifications in a different way, and I think he sees their good qualities. Perhaps I've even hampered progress of some of them particularly those I found not living up to my expectations. ... Now I see people having qualities, which was blind to. ... Some of our employees used to...well, just be here, and time went on and nothing happened. And now they start to bloom. ... The big changes are those related to the organisation...the sales, the structure, and production have changed completely. ... During my time, Tom wasn't done justice, since I wasn't familiar with the kind of organisation theory he applies. I mean, he had to persuade even me it was right. David knew exactly what this was about. They immediately found each other. They run this. ... They are talking exactly the same language. They have worked according to these structures and seen their results, and I haven't. And that's my problem. ... I notice the changes, and they are positive to me. My feeling is that we are moving in the right direction, even though we lost money. It's a recession, and it's sulky in many ways, but still this is something new. It's a process, and I can feel its dynamics" (Steve).

Even though David was appointed at a time of recession, he was very optimistic about ACTAB's future.

ACTAB

“One of the strengths is that we (as an actor) within the precision part industry are refashioners. I would almost say our way of thinking is the most modern among the Scandinavian precision part producers. We think in a modern way. It’s a strength. ... A modern way of thinking, and the courage to always go on, these conditions are present. And to a large extent Steve has been the stimulus of this. ... A modern way of thinking exists, and a will to always make improvements, of never being satisfied, but of keeping on with the improvements. The company is characterised by this. ... We have the competence. In my opinion, our knowledge of precision parts is solid. The weakness is the lack of strategic thinking, the goals: Where is the company heading? That’s highly dangerous” (David).

“I think ACTAB has enormous possibilities. I think we can double in five years, I absolutely think so ... or even more... with the right coaching and management, and if we not delimit ourselves mentally. That’s very realistic. We have superb market relations, and we have lots of exciting things in the pipeline. Actually, I see nothing but possibilities, if we just want to take them” (Ron).

However, in spite of the initial optimism the coming of the new CEO was not without difficulties.

“(When I accepted the job as CEO) I was wondering whether the former CEO and owner would be able to withdraw and accept his rolebut I think I did not really realise.....The difference between public and private companies are one thing, but when, as in this case, the owners work in the company and are responsible for central function, and moreover, having the former owner on a daily basis in the business, that process has been very difficult, and this I did not fully realise. It is a process, and a very difficult one, it is hard for both parties (external CEO and siblings). And in the daily running of the business it’s not really possible to neglect the fact that Steve and Marion are owners. But I try to deal with it separately by saying: ‘In relation to this issue, you have a functional responsibility. Ownership issues will be dealt with in the board room’. But the extent of these difficulties I did not fully comprehend beforehand. ... Of course, people who start their own business, or develop a business have been in the business for a long time. They have experienced success and gone through sleepless nights. Of course the strength of these people that own and manage... they are not anybody. They are quite powerful, and persistence is part of their personality. They don’t let go of anything without knowing what it’s all about, without having control” (David).

Although generally approving the changes, the siblings found it quite difficult to get used to the more formalised way of managing the business. With all issues being formally discussed and decided on in the management team,

Marion did not only regard things to be rather circumstantial, but she also found she had much less control than she used to.

“Now it is such a long process. We have always favoured quick and easy decisions. I mean, Steve and I took a decision. If he came to me and saying he had given a promise, I backed him up on this. And it was just the same the other way around. Also, he could come to me saying he wanted to buy a new machine, and then I just checked our account, and if there was enough money we just went ahead buying. Now the process is quite different. I am not at all involved the way I used to be. To me that’s a big change. I used to be involved in everything. I used to have much more information on things than I have now. ... The role does change, has changed a lot... Earlier I was more or less irreplaceable. I still have some areas where there should be chaos if I wasn’t here, but it is not at all the way it used to be. But actually this is positive, if you just get over... You mustn’t think you are doing a bad job or that you are of less value just because you... it is more of a possibility to work regular hours; I am really beginning to feel I do want to work less” (Marion).

When the leader role decreased in importance, the role became more apparent. Prior to the entrance of the external CEO, these roles were inseparable.

“They tend to be totally integrated and somehow this is typical for these kinds of businesses” (Steve).

Eventually the siblings seemed, however, to slowly start separating the two roles.

“I tend to start making demands like ‘we won’t accept anything below 10% return on investment. But we have never been imposed demands like these on ourselves. Well, it’s not the way I actually reason, but the thought has struck my mind. Previously, no one else but us was responsible for profitability and everything. Now it’s not us anymore. I don’t have to take that responsibility because other members of the management team are claiming to take exactly the same responsibility. Well, then they will have to show that they can live up to that. Before it wasn’t two roles, but now it gets all the more clear that it is. The line of division between owner and leader becomes clearer... now it is there, before it did not exist” (Marion).

The separation was however not easy. Ownership had never been in focus on its own terms. Traditionally, Steve and Marion had always worked with present operational issues, and never really put much attention to long-term owner planning.

“We have never had any kind of declaration of the owners’ will, ... our intentions with the company. That’s something, which we have to deliver now, because we can’t have a CEO working for us without having made

clear what we want with the company. We've never been thinking in terms of returns, it's just turned out the way it has, and even if it hasn't turned out very well it's been quite good anyhow. We've never had any dividend requirements, or the like, and I guess that won't be very different now. But I can understand that in order for an external CEO to be able to govern, our intentions must be clear: hat we want with the company" (Marion).

Even though Steve thought that in the course of time his role as owner would increase in importance, there was still uncertainty of what the content of that role would be, or should be. Steve doubted he would be able to live up to the expectations people might have of him in his future role as an owner. David explicitly asked for a declaration of the will of the owners', but the siblings were quite reluctant to provide this.

"It's too early... at the moment, I can hardly answer your questions, because my answers are largely based on my thinking one and a half years ago when these roles where inseparable. And yet, I've not really seen any clear line of division. Now I'm obsessed with working as much as possible with my business unit, in order to compensate the loss of income at the other unit. Right now, that's the only thing that matters, and nothing else. ... I've withdrawn as leader. Actually, I'd like to only make use of my role as owner. Several times he's been asking for some kind of declaration of owners' will: Where we want to head, what we are to do. And since I said that the roles as owner and leader were somehow blurred: We are going forward" (Steve).

Although generally approving the new management style, the siblings had tended to fall back into the old practices of interfering in operative details when, in their opinion, things were moving too slowly.

"We are...both him (Steve) and me are people of action. We do not operate from out writing desk. Things are to move on. And we have a hard time just observing things that don't work. It's difficult for us to just go by, and go looking for the manager in charge, and tell him" (Marion).

"I have to keep running. Well, now I don't have the time or the strength to run the way I used to, but when I do, I swear I'll get an out-of-order machine going. Last week there was one standing still for one and a half day. So I said: 'why is that machine standing still?'. But I had to ignore it,, because I'm not supposed to run around asking why the machines are not working. That's for the planners to handle. But I can't help asking when I pass by. ... And it took me only five minutes to solve it through a phone call with a guy in Germany, and then the machine got going. And I get so mad at these things. If I don't have the time to run around they can come to me in my office. I have a world-wide network to call. ... And it's these rigid constraints of the system which I, as entrepreneur, can never accept" (Steve).

Because this behaviour caused a situation of parallel leadership in the organisation, the employees felt uncertain of the rules of the game, and of who was, in fact, in charge of the business.

“In Steve’s opinion they are working in the wrong way, and then he wants ... And it’s not easy. I can understand that. I try to put myself in the situation of me owning something, which I was to leave, and after that have the feeling that: ‘I wouldn’t have done it in this way’. I can understand it’s terribly hard not to interfere, I really can. But with others, the further down (the hierarchy) you get the less understanding you’ll have” (Tom).

“David has been here a year and they (the employees) don’t notice very many changes, they don’t feel he has definitely taken over, and therefore they wonder: “will he really be able to take over this, will Steve ever allow it?” (Howard).

“Thinking of all the employees, I think that people listens more to Steve. ... But I think that slowly begins to change, but at the outset that’s the way it was” (James).

“Steve is Mr. ACTAB. And to me this particular thing with Mr. ACTAB....I experience how hard it is to make certain breakthroughs. It will take time, and the most important thing is for me to be aware of that. They still turn to Steve quite a lot. At the next staff information I will be even more clear: ‘Now the honeymoon is over, now I’m the CEO. Steve has this responsibility, Marion has that, and Tom has the responsibility of being production manager’, in order to make this clear. Because I have to have....I mean, that’s the difference: As CEO in the publicly held company I had it all. But still Steve has some of it here, that’s my experience. ... There are lots of daily questions, in which really the CEO should be involved where I feel.... It’s not a lot. I don’t see it as a problem. But there have to be certain breakthroughs, in order for....I mean.... CEO for 25 years, raised here, with precision parts in his genes... But Steve and I talk a lot about this, and he understands. He acts as if I am the CEO, no doubt about it, but then there are certain situations where he sort of falls back into the same old routine” (David).

Even though Steve knew he failed from time to time, he strived not to interfere.

“A lot depends on me, and they say: ‘ACTAB, that’s Steve Johansson. And I guess even the presence of the new CEO has not changed this.. When David talks to customer and colleagues they often reply to me, that is my experience. And I would hate to stand in the way for anyone. I am trying to be less

visible and to withdraw. I have let go of the role as leader, at least I have tried to” (Steve).

“He has given up responsibility for the production of precision parts. I could agree with Steve that he has left the production of precision parts to a great extent” (David).

In order to be successful as an external CEO, and to get the owners to have faith in him, David’s strategy has been to put much time, effort and money in implementing the changes as fast as possible.

“...investments, consulting, planning activities.....the costs increased by 4.5 millions during my first year as CEO.but I have sort of closed my eyes to this. I just went on to have a breakthrough, but the negative result makes it difficult. We have to show an increase in turnover and in return on investments. When this is the case, I will have quite another position, then my capacity has been proven. I don’t think I yet have the full approval. ... But I’m convinced I’m doing the right thing. That’s why I keep coming back to the fact that I have to make visible a positive sales trend, and that the profit rate must increase. When this is the case, my situation in the company will be a whole lot different. That’s the key to it. And after all, that’s why I’m here: To make the company grow, and to earn money to the family. I mean, that’s rather obvious” (David).

“I think that’s what’s essential, that the results come. And together with all changes that are made we need to have some luck. ... (Luck regarding) the market conditions....We are at break even, which means that every order we get makes a positive contribution. If we only have some luck with the market conditions, the results will come relatively soon” (Howard).

To the owners, the effects of the changes did not always come fast enough, and eventually they got all the more frustrated with waiting.

“Sometimes we talk about that. When Steve is of the opinion that there are no results. Steve is very action oriented. Things are to be done fast... And David might be a bit different in that respect, he has can see these changes in a longer perspective. In that respect, I think they are quite different. It doesn’t go fast enough. Now the results must show. Now there has to be a change. From time to time, Steve has come home frustrated because of their different views on things” (Annie).

“Still, after one year, there are things that are not fully implemented the way we thought, and that’s a sign of this being rather difficult. I think we’d expected a bit more to happen. (Marion).

Slowly, the process improved. People in the organisation started to realise the benefits of the changes and David was gaining more and more legitimacy as CEO.

Although David was unfortunate to work in a time of recession, he was quite optimistic about the future. However, the optimism was somewhat restricted by a fear of not getting enough time.

“I am totally convinced that we are on the right track, we will succeed, but this recession is very unfortunate. But I am convinced that my way of leading the business, including the management team, with a slight reservation for Steve and Marion, once we can show results, they (the siblings) will back off. But as long as we...I mean, during the last three years the results have been negative. Therefore they tend to be very cautious now, as owners and as members of the management team. And of course this overshadows the result of my work. But if we only get the time to work with this, it will turn out fine, I am totally convinced it will. ... But it's a question of how long it takes before the receipts come, before the increase in efficiency are notable, and before the money gets here. Because money is what this is all about. And it's about time. I'm not sure whether I'll be given enough time” (David).

Unfortunately, in spite of all careful preparations, the good intentions of the owners not to interfere, and the promising potentials of the company, David's fears came true. Eventually the situation reached a point where no further cooperation was possible. In September 2001 David left his position as external CEO of ACTAB.

6. Atlet

*”...ingen som hört den karln
betvivlar att Atlet är hans skötebarn
För sen kommer ingenting och ingenting
och sen kommer hon som Du en gång gav en ring
Så jag har önskat många gånger med en suck
ack den som ändå vore en truck”
(Ragnvi)¹*

”Ever since childhood it had sort of always been there, that I wanted, that I would have some kind of business, and I found mechanical engineering interesting, preferably something with a technical orientation. Somehow this was all the time in the back ground ... I simply wanted to create something. Growing up I always thought I wanted to do something to end up in a position different from that of my parents. And then I had to try to get myself a bigger farm, or else some other kind of business of a certain size. I guess these were the initial thoughts. But once I was started and had this business going I couldn't remember having these thoughts. Then I had decided to expand, then the question was how to make it work” (Knut).

From typewriters to chain saws – How it all started

”From my second year I have a memory from the farm. The threshing-machine was standing at the barn. The tractor, Munktell, was standing at the courtyard. This was the only time it ever stood there. I can still recall the special sound coming from the tractor when the sheaves were sucked up. It was like music” (Knut).

This is the story of a man who turned a technical interest into a multimillion (SEK) family business. It began about 80 years ago in the southern part of

¹ A stanza from a poem written by Ragnvi which was performed on Atlet's 25th anniversary Nov.15 1983. The main sections of this case are each introduced by a group of lines from the poem.

Sweden, where Knut grew up on a farm with his parents and four siblings. As a child he was very sick and later ended up with heart problems. This prevented him from taking over the farm. His doctor had told him never to take a physically demanding job. Completing the 7-year-long mandatory primary school he had to look for other jobs. Pursuing his studies was not an option, due to his parents' attitude.

"I have an older brother who, after much persuasion from the teacher, went to junior secondary school. She found him talented, and strongly recommended he should continue. To my parents this meant that the cup was full to the brim. Supporting one child was hard enough, backing several was near impossible. So further education was out of the question" (Knut).

In the four years after primary school Knut had a number of casual jobs as car mechanic, dairyman, and the like. Because of his heart problems and his knowledge of cars, he was a car mechanic also in the military. This was exactly what Knut wanted, because it gave him the chance to continue practicing his main interest, namely mechanics. Soon he got to know a couple of young men who were about to take part in a distance preparatory course necessary for entering a technical high school. Knut decided to join, and after his military service between 1945-1950 he joined both the preparatory course and the high school. Practical experience was part of the education, and Knut worked in a variety of fields among them ship construction, machine shop, construction of electric equipment, and foundry. After the course and high school he enrolled in ASEA and joined an engineering training course. After half a year he decided to pursue his studies at Gothenburg's technical university. His master thesis was a project for his former employer. One day, he ran in to a couple of men at the factory, struggling with a problem that they had been unable to solve, for a long time.

"There was a department grinding cog-wheels and I walked around there to have a look. And every morning I heard them swearing and cursing, so I walked over to them and asked what the problem was. 'It's crazy', they said. 'Look at that cog-wheel. Yesterday, when we left work, it was almost finished, and now as we start again something is wrong. There is nothing left but throwing it away. But I asked some questions: 'What happens here during the night?'. Well, that was what they couldn't understand. 'One thing happens at least: in the evening the machine is warm, and in the morning it is cold, and here we are discussing thousandth of a millimetre. Of course it must have an effect. When you start in the morning the machine doesn't have the same temperature as in the evening. Could this be your problem?'. It was decided that next evening they wouldn't interrupt the work but finish it. And it turned out that the problem was solved. This gave me a lot of goodwill. I was there as a student, even though in my last year, and managed to solve

Atlet

problems that they for years had not been able to come to terms with. So I had pretty good chances there” (Knut).

Knut's graduation as a civil engineer in 1954 was nothing that impressed the family. On the contrary, his parents more or less considered education a waste of time and money and never encouraged him to go on with his studies.

“Not the least. They didn't even come to my graduation. They had no feelings for this, and couldn't see any benefits. It was a kind of passivity. They couldn't see the point of it” (Knut).

Having shown high technical competence, his former employer ASEA appreciated him even more, and immediately offered him a job. But the circumstances wanted things to be different. Two issues made Knut reject the job. His friend Ragnvi, whom he had met as a student in Gothenburg, was making headway in Gothenburg and was very resistant to moving. Also, he had his own small business which he had started to finance his technical studies. He imported and sold technical handbooks and slide rules.

“That was my start in the business world. Later when I studied at the technical university of Gothenburg I kept running this and sold equipment to the technical high schools in Sweden. That was my way into business life. So as a matter of fact, it was nothing new to me when I started Atlet. I had already been in business for eight years. And that meant I had learnt about money in and money out, book-keeping, how to handle money” (Knut).

Unwilling to give up these interests, Knut decided to settle in Gothenburg. Soon he got a job at a logistics department in Volvo, one of the main car manufacturers in Sweden.

“This came to be decisive for my future. Logistics would become my life” (Knut)... “It was not the job of my dreams, but I had to live by doing something. Now it has lasted over 40 years” (Knut).

Being employed was only a temporary solution to Kurt. His goal was to start a business of his own.

“He has always wanted... As a child he dreamt of a mansion. It was his big dream in life to have a mansion, because he was raised under very poor circumstances. So he wanted to have a mansion. Well, he didn't have a mansion, but he did have Atlet” (Ragnvi).

“Ever since childhood it had sort of always been there, that I wanted, that I would have some kind of business, and I found mechanical engineering interesting, preferably something with a technical orientation. Somehow this was all the time in the back ground ... I simply wanted to create something. Growing up I always thought I wanted to do something to end up in a

position different from that of my parents. And then I had to try to get myself a bigger farm, or else some other kind of business of a certain size. I guess these were the initial thoughts. But once I was started and had this business going I couldn't remember having these thoughts. Then I had decided to expand, then the question was how to make it work" (Knut).

The first business idea tried out by Knut was chain saws. Knowing that Sweden was comparatively rich in forests, his intention was to mass-produce saws in order to get low production costs. This was just after World War II, and through his work at Volvo he had come in touch with this new way of producing.

"It was a rush after the war, car-building was a world-wide trend, and it was about mass production. I have always been very interested in working rationally, so I saw my chance in the car industry. But then I had this idea with chain saws. That was my initial idea. I thought that the rationalisation potential was even bigger with chain saws. A chain saw is a rather limited entity, so if it were mass produced it would really be the thing" (Knut).

Knut started selling chain saws as an agent besides his job in Volvo. When it turned out that the quality of was not good enough, he decided to construct a chain saw of his own. At that time, there was only one Swedish manufacturer, and Knut decided to compete by constructing a much lighter saw. In spring 1958 he resigned his Volvo job. However, he promised to stay for the rest of the year to finalise the project on the condition that that he could take off the time he needed to start his business.

This decision was not popular within the family. In fact everyone but his wife discouraged him from going ahead with his business plans. Knut had, however, made up his mind. He wanted a business of his own. Soon, however, he discovered that pursuing this idea would not work. His initial Swedish competitor had started to sell a saw that was even lighter than his. On top of that, two other companies had started competing in the industry. As they all were established companies, Knut realised he had very little chance and decided to give up the idea. He did however not give up his plan on a business of his own.

"Then the most natural thing to do would perhaps have been to return to Volvo saying I had changed my mind. But I didn't because I had my little reserve" (Knut).

The birth of a company

“...vilket liv det va
den dan Du upp Dig på Volvo sa
Alla olyckskorpar kraxa I kör:
‘ni vet inte vad ni gör’ - - -
Men vi bet ihop tänderna och tänkte: ‘vänta bara’
vi ska nog detta klara. - - -
Vi fick nog allt försaka då
men vi hade en affärsidé som vi trodde på
Och ett sjudjäklar anamma
att någon gång en vinst hemkamma
(Ragnvi).

“Shame on the one who gives in. If one can produce chain saws then one can produce trucks” (Knut). “The thing was that (at Volvo) we used a lot of trucks, including small hand-driven stackers produced by BT, which were very unstable. Several accidents had occurred and from time to time their use was prohibited. And then I thought: ‘Why is it that their construction is so stupid. It must be possible to do it better’. They were three-point machines, and my intention was to make four-point machines, and make them lighter, more stable and cheaper. I contacted a class-mate who had worked as a constructor for ASEA, and he helped me construct a stacker. And then I happened to have another class-mate, who during our last year at the technical university had caught tuberculosis and had ended up in the hospital, and I thought he might need some therapy work. So I contacted him and gave him ‘Stora Industrikalendern’² and asked him to make a list of all companies with 50-200 employees. And that turned out to be about 200 companies. This list was good for approaching customers. Doing commercials I had no truck to take photos of since I had not yet produced any. It was only an imaginary idea. So I had a truck drawn, and we added the technical information, and did a prospectus, which was sent out in 1800 copies. And I had replies from SKF, ICA, Almedal, and sold to them. That made me going” (Knut).

At the same time as “Elitmaskiner” was founded, Monika, the first of five children, was born. In connection with this, Ragnvi quit her job as a dental nurse. Besides taking care of the baby, she started working as Knut’s secretary: “Our only employee resigned, because he didn’t think there was a future for the company” (Knut).

² Stora Industrikalendern was an overview of manufacturing companies.

In 1958 Knut had customers, but – with the supply time being as short as a couple of months – he had no trucks to deliver. Further, he had almost no component suppliers, no engineering plant, and no money. He still used his salary as a part-time employee of Volvo to finance the products.

"It was an enormous challenge. Action was required. An old friend from the technical university helped with construction. I was on the hunt for suitable suppliers. Some components could be found within the car industry. Through the yellow pages in the telephone book I found workshops. The first machine was put together at the experiment workshop at the technical university of Gothenburg. Careful calculations were done parallel to the construction work. Some of the payments were done with the help of my salary from Volvo. We got credit from the workshops. By selling a store of American chain saws we got some money. Now, my experience from the business I had run in my spare time was very valuable. I had knowledge of book-keeping and of how the business could be financially secured. I knew that bank loans are out of the question, unless one is able to provide security. Since we couldn't we got no loans. From the very beginning, we therefore had to learn how to economise on the resources" (Knut).

With a slight delay, the trucks, named Atlet, were finally delivered and the customer was satisfied. Now, Knut had his business going and in 1959 he left Volvo. (Knut). Now his knowledge of logistics and his experience as a truck user was very valuable.

"My only advantage was my experience as a user. But that advantage was strong, since I knew the weaknesses of the existing machines and I had experience of logistics. Hereby, already the first machine could be made attractive in terms of weight, stability, design, ergonomics and price. Not before long, it was a success." (Knut).

"Building trucks is not enough. One has to understand how to use them. And that is really the most important reason why Atlet has been able to grow. Already from the start we have had an understanding for the use of trucks" (Knut).

"I got practical training at Volvo. I was the only one working with the logistics. I had no one to learn from but had to learn by myself. And during these four years I made a couple of mistakes, and also succeeded with a number of things, and so I figured out how to arrange things for them to work out. And then I figured out what a truck meant. It must be small, and it must be able to handle a lot of goods within a certain space. It must be able to stack at high levels and it must be stable. When sitting in it, it mustn't cause back problems, and, if it is an order pillar, there mustn't be the risk of

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goods falling on the driver's head. It must be able to brake the truck, and its acceleration capacity has to be high. (All of this) to be able to handle the flow of goods in an economic sense. From the very beginning I had this knowledge, and the company is created on the base of it" (Knut).

As there were a number of larger competing businesses in the market, Knut's strategy was to find out a better, and cheaper way of constructing and manufacturing. This was the embryo to a product development strategy which ever since has characterised Atlet. There has hardly been a year without the introduction of new machines or equipments.

"Over the years this has been our style. We have always tried to find a better way of doing things" (Knut).

Not only did Knut benefit from his experience at Volvo as a truck user. From his former employer he had also gained insight into rational production methods, which he now applied in his own company. The core of the production concept is to use basic modules and related components. Four basic chassis are used, on which numerous different models and versions are built. Also, Atlet uses only about 3,500 components, which is far less than their competitors' 10,000 or more. Through this production philosophy, the special needs of every customer can profitably be fulfilled.

"There has been a long-term philosophy, the same philosophy Knut adopted when starting the company. There are certain basic elements of this philosophy which still hold true, and which are valid today. For instance the using of subcontractors for production instead of producing in house. Initially he had no money, which forced him to sell through other channels. He sold through retailers. Other businesses made the components. In order to have a flexible production, few spare parts, and few components we try to build as many versions as possible from as few basic modules as possible. We market ourselves by being consultants to our costumers. In order to get a higher price we provide solutions, we offer the customer added value. And these are his basic thoughts, which he, over the years, has tried to implement. We design ourselves, we use industrial designers for the exterior, and we buy all the components. So relative to others, we are quite few people. We are more white-collars than blue-collars. In this respect he was ahead of his time, building on the Volvo and Saab Scania concept. Modules, and subcontractors, and flexibility" (Lars Gustavsson).

The very core of the business idea is, thus, not the truck as such. What Atlet offers its customers is knowledge of logistics. An essential part of this is guidebooks on the efficient handling of material, which ever since 1961 have served as important marketing devices.

"Talking to customers was very time consuming, since I had to have a dialouge on this (how to handle goods with a truck). And then I thought that also this issue had to be somewhat rationalised. So I put together guides that pointed out certain things to consider when handling goods, and when investing in racking systems and trucks, and how to calculate the space needed and things like that. And over the years, we have kept working with this. Now it's made through computer simulations" (Knut).

"It was smart of him to start marketing his things by having the counselling attitude. He doesn't talk about the price. The price is irrelevant. It's high becuae the product is good. 'If you invest these 100,000 you will have space for many more pallets. You can reduce the rent. You don't need as many people to handle the goods'. He focused on what the customer got, and not on the price of the product. Not on what the product is, but what it achieves. But then he has the philosophy that the best product should render a higher price" (Lars).

Since the beginning Atlet's strategy has evolved on becoming a high quality producer and consequently the company charges 5-10% more for its trucks compared to the other actors in the industry. Though Atlet faces hard competition, it has always been very restrictive with discounts, even if this sometimes means losing a customer.

* * *

Expansion has always been a top priority for Knut. During his time at Volvo the number of trucks used by the company had increased from 3 to about 1000, which made Knut realise that this was a growing market. With a sufficient quantity of machines, he believed he even could grow further.

"Therefore I decided that a redoubling every second year would be perfect. I made calculations and came to the conclusion that it would be possible to keep up. This meant a 40% increase per year, since extracting the root of two makes 1.4. So I decided to redouble every second year, and I kept that for 15 years. Actually it turned out to be 47% a year for 15 years. I guess that is kind of unique. It's perhaps, I guess, it's like you say that most people do it as a way of making a living. And in a way I did too, but at the same time I thought that: 'if I shall run this as a one-man company for the rest of my life it is a much better option to close the business down, return to Volvo and try to make a career there" (Knut).

"He had his vision about Atlet, how it should develop and grow big. It was about expansion and about building a large company" (Lars).

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In 1959 Atlet started to expand on the international market. The first customer was a Norwegian company, which learned about the products through an industry magazine.

“When making business I have learned that everything is a combination of chance and of seizing the opportunities. Somehow we had to make ourselves known, and our means was direct advertising. With the help of the classmate we made a selection of a number of companies, to which we kept sending the prospectus, and it paid off. Now and then we got a couple of responses and sold a couple of machines. But I wanted to reach out to a wider spectrum of customers. At the time there was a magazine for handling of material, in which I put an advertisement. And I got a reply. It was a goods handling consultant with a customer in Norway who was in need of the kind of stacker produced by us. When I told him we didn’t have any agent in Norway he said he had good relations with the second largest truck selling company in Bergen, and he would find out if they might be interested in being our agent. And they were. This is how I got established in Norway... Then I thought: ‘There must be a number of these companies in Europe. In every country there must be a number of companies in need of supplementing their program’. And I systematically started to look for distributors in the neighbouring countries Finland and Denmark” (Knut).

* * *

The business grew, but financially it was still very tough.

“We started with a debt of SEK 17,000. We were just married and had a growing family to support... The first year, the local tax authorities did not accept my declaration. They were, of the opinion that the income wasn’t big enough to cover the costs of living” (Knut).

But there was nothing wrong with my declaration of income. The financial situation in the company did simply not allow Knut a higher salary than what was accounted for. For the family this meant among other things that the monthly rent hardly could be paid; “the income tax officer was always after us” (Ragnvi).

“I think it was tremendously tough in the beginning. Things you don’t notice as a child, but understand in retrospect. I can’t understand how Ragnvi could cope, always having to stint herself. We hardly had food for the day, and no new clothes, we took over one another’s clothes, and patched. It was tough, we didn’t travel, didn’t get any weekly pocket-money. It was always like that. If one was going on a trip during a holiday, one had to pay out of his/her own pocket. And work, there was always work for us here at Atlet. There were always some paperwork to do” (Marianne).

Since the banks were very reluctant to lending money to a newly founded company, Knut had to make sure his business made enough money to finance the expansion.

"The trick was to always make calculations to make sure there was some money left. The bank presented a computer-based system with the help of which it would be possible to calculate the amount needed to finance the business, but it wasn't very good. I was of the opinion, that there should be a mathematic relationship instead, which I figured out³. And then I knew what profit would be required to keep the solvency equity ratio at an acceptable level in order to enable a continuous expansion. And it has actually worked" (Knut).

Despite these difficulties Knut and Ragnvi struggled on with the business.

"I think it was because one had taken the first step, and then there is no reason to give in. Then one must try one more time, even though it might be heavy. And there is also the fact that we actually did increase the rate of turnover with 47% a year for 15 years. Even though the figures initially were very small, it was an increase. The market was growing, and we were successful. There were no setbacks. Our customers recommended us to others. So even though it was financially tough, it was, in a way, still successful. If this hadn't been the case, the situation would have been impossible" (Knut).

"If one had known how tough it would be, one would have hesitated. But the thing is before one has tried something out, one has the tendency to underrate the problems. There are always lots of them. I guess that is what entrepreneurs have to learn to live with - to take the setbacks as challenges" (Knut).

"I think we trusted each other. I had faith in Knut, because I thought he would make it, and he had faith in me that I would handle my things. And we were in love" (Ragnvi).

"It hasn't been for the money, that's all I can say. To dad it has never been for the money, but for the sake of creating something. He has no interest whatsoever in tangible assets, even if he right now happens to have a nice car. But apart from that he is not the least interested. To him tangible assets are totally irrelevant" (Lilian).

The fact that they saw their business develop was one driving force for Knut and Ragnvi. The almost total lack of support was another. A desire was born to

³ Today this formula is used by professional institutions (Styrelseakademin) giving advice to expanding companies.

show all the people that did not believe in the idea that they were wrong, that somehow it would be possible to create something for the future, contrary to what everyone else seemed to believe.

"I think my parents supported each other. Ragnvi is a born optimist. The word 'problem' doesn't exist in her mind. There are no problems. There might possibly be some difficulties, sometimes that might be the case; to her everything looks positive. And Knut is so structured. I could imagine they wanted to prove both to themselves and to others that it actually was possible. They kept going because they believed in the idea that somehow everything is possible, and they had a will of creating something, I think" (Marianne).

"We wanted to show everyone who didn't believe in us. We would. We had a passion to succeed. People coveting us said: 'You are crazy. It will never work. Why does he leave Volvo?' Even my parents said to me: 'why is he leaving Volvo when having a good job in order to start something as risky as a business of his own'. His own parents and siblings almost turned their backs on him because of what he did. To them living like a pauper was completely absurd. I mean we had less to live from then. But I also wanted something better. I don't think we ever had the thought of us being wealthy. I don't think so. Our big dream was to have a Mercedes. Our first goal was to buy a Mercedes. But many years were to pass before we were able to. (Ragnvi).

"I think that deep down was a longing for revenge, to show the rest of the world... The relatives and the ones who refused to lend him money when he wanted to start, the ones who were of the opinion he had a safe job at Volvo. I think that was the driving force to show them that 'I am able to do it. I'll show them even though they are not willing to back me up'. I think that has been the driving force ever since." (Lars).

"That was the driving force. I have read the book by Göran Kropp⁴. He said that the fact that no one believed in him made him all the more resolute. It made him try even harder. Perhaps it was the same for Knut" (Marianne).

Without any support from the extended family, the support from Ragnvi meant a lot to Knut.

"He didn't have any support whatsoever, so mum has been very important for him because all the time she has believed in him. It's quite obvious how tremendously important she has been to him. (Lilian).

⁴ Göran Kropp is a Swedish adventurer who decided he would bike from Sweden to Nepal in order to climb Mount Everest.

"If the attitude of my wife had also been negative, it wouldn't have worked out. It required at least someone who was supportive. It is not easy, being all alone, with everyone else against you" (Knut).

Not only was Ragnvi a moral support, she was also an important discussing partner.

"I have always known what has been going on at Atlet, and when problems have occurred we have always discussed what to do. If he has followed my advices is another question, but at least we talk" (Ragnvi).

"She has always been a discussing partner, and she has been complementary to Knut who has a technical focus. She is more for "soft" issues. That has made his messages more nuanced, which has been very good" (Marianne).

And a lovely hostess, too.

"(I remember) that suddenly strange people talking foreign languages could appear for dinner, since he saved money by letting Ragnvi do the cooking instead of taking them to a restaurant. And that was actually quite clever, because to them it was great fun with five small kids running around. Especially for foreign guests it means a lot to be invited to someone's home, so that was a clever move. And then Ragnvi always had to run to the hairdresser, and go shopping. All this she had to do quickly and then cook" (Marianne).

* * *

Not only the business but also the family kept growing. By 1966 the family had four children: Lilian, Marianne, Lisbeth and Margaretha. Devoting all his time to the business, Knut was rather invisible within the family, leaving much of the responsibility to Ragnvi.

"There is no reason to make a secret of the fact that I have taken the full responsibility for the family, because Knut was never there. During the first five years he only came home to eat and sleep. And Saturdays and Sundays he always sat working, always"... "This implied that I had the responsibility for the family. I had to make sure we had clothes and that there was food on the table, and that Knut had clothes, that everything functioned back home. Because it had to function, or else he would never have been able to cope. There had to be food on the table even if he didn't come home until 9 pm, and things like that" (Ragnvi)

"The first years all my time was spent at the firm. It was ten hours a day, seven days a week. The children rarely saw me, and one day our oldest

daughter asked Ragnvi why she didn't have a father just like the rest of her class-mates" (Knut).

"What was obvious was that he wasn't at home. But strangely enough, it was nothing that I, Mum was always at home, and dad was never at home, and mum tells her favourite story about me asking if I didn't have a father. I can't remember having said that, but that's how it's told in the family history. But I always felt I had what I needed. I didn't miss... somehow it was self evident that dad worked a lot. I didn't miss anything, and didn't reflect over it. During the week-ends he was at home, and when needed he helped taking us to the scout activities and things like that, so he was there after all. But if one should start counting the hours of course it was a fraction" (Monika)

"I think I regarded it as a part of life. Before you came today I sat thinking about when I first got aware of us having a business and I am not sure. I mean, I've always understood that dad is working. Because he has worked a lot, he wasn't at home very much when we were young. Or he came home for dinner and then he buried himself in work for the rest of the evening. But I think I did realise it quite early. I think it was when I was in one of the first grades that I understood that there was something else in the family. Somehow having a family business is like having another child, that's my experience.... To me it was sad that he was absent that much. I can remember feeling that. We waited for... you heard the sound of his car when he came home... Somewhere there was a sense of missing, or longing. And at the same time the emotions were very mixed, because at the same time you knew he was doing something good. You knew that what he was doing was something rather important, and that therefore you couldn't really be angry. It was a kind of conflict" (Lisbeth).

"When I was younger I don't remember having a dad. He worked all the time, and when he was home there was always a lot of business in his head. Today I can see I am much the same way... In high school maths and physics got more challenging, and I remember that I often asked him for help. And it was just the same thing in upper secondary school. I studied natural sciences, and there was a lot of calculations in chemistry and physics, and I remember that he always had time to help me with that. But at the junior level I don't remember having a dad, I don't" (Marianne).

"No one can imagine what it feels like for a mother when the children come home and ask why they don't have a father. It kind of cuts you to the heart, because after all they have a father... But she (the oldest daughter) didn't think she had one. But on the other hand, when he was at home he devoted

himself to them. He helped them with their homework, and if they asked him for something, he never turned them down. When he was at home. Now I am talking about the ten first years, then it got a bit better... Of course it was dreary, but I had made my choice, so there was nothing to do about it. And I had other interests by the side. And at that time everybody was at home with their children. I had lots of friends who were at home with children. At the time it was not very common for women to work outside of home. So I had a network of friends, with whom I had daily interaction" (Ragnvi).

Not only did Knut work seven days a week, also the family vacation offered business possibilities.

"Knut put Ragnvi with five kids in a caravan, parked her on a camping, and went looking for customers every day for four weeks. Then we went home. And there she was in the caravan. It was hardly possible for her to cook to five kids. What fun is that? And it was supposed to be vacation. To whom? We, the kids didn't suffer, we had great fun when playing with all the kids on the camping... And this was) in a foreign country" (Marianne).

* * *

With the support of Ragnvi, Knut developed Atlet. Because he did not have a proper engineering plant workshop, the work had to be done in his former student apartment in which, during the first five years, the kitchen served as workshop, a big cupboard was used as stock room, the living room was used for construction, and the bedroom served as office.

In 1964 the company had 14 employees and time had come to move to more appropriate facilities: a workshop in Källered (Gothenburg). Now Atlet could start to also produce the trucks themselves. As a part of the plan the company also started educating its own service technicians. "We quickly learned the importance of keeping the customers' machines rolling without interruption. That's why we always made sure to have the service provided for, before accepting the order" (Knut).

During the eight years in Källered Atlet faced a very rapid expansion. The number of products increased at a steady rate. Apart from the manually driven fork lift truck, the company developed a number of electrically driven fork lift trucks such as stackers, order pickers, reach trucks and power pallet trucks. There was constant product development resulting in new versions with improved capacity, lift height, mast type and battery size. Gear boxes, hydraulic systems, mast systems, stabilisers and electrical systems were constructed. A service organisation was built up, with the goal that no truck would ever be out of order for more than 24⁵ hours. Today, the service technicians have their own districts, with every customer having his/her personal truck specialist to turn to.

⁵ Today, some customers demand service within only six hours.

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The fact that Atlet uses relatively few components enabled the company to develop a mobile “quick service” strategy – specially equipped cars that could reach the truck in need of service within a couple of hours.

Further, the company structure was developed. A sales organisation were taking form, and marketing activities was part of the company’s regular activities. In 1965 a reorganisation of the company was made. Prior to this, Knut had been in charge of all activities, but now separate functional departments were created. In 1968 the number of employees had increased to 40, and although the company had been able to expand to neighbouring facilities, there were not enough space for the business. To be able to continue the expansion a Barracuda tent was raised in the yard, which during the years 1970 – 1972, served as mounting workshop. Moreover, the family caravan had to be used to make room for the increasing number of administrative staff. Of course, these solutions could be nothing but temporary. Again, Knut had to start looking for new, and bigger, facilities.

Soon Atlet had a variety of machines good enough to attract a number of international agents who needed the trucks to supplement their own program. In the end of the 1960s, the company was, thereby, established in several of the most important countries in Europe. Due to a lack of financial resources, the international market was approached through agents. In most countries, this worked out quite well. The exceptions were England, Germany and France, where the local manufacturers made it difficult to find agents willing to compete.

”And then we thought we might better start ourselves. We saw that’s what our main competitors did. And then there was the question of where to start, because we would not be able to start in all three countries at once. So we surveyed the market to find out about prices and competition in these countries. And we figured out that England would be the best, because it had the highest prices and the least competition. And so we started in England (1969), and that was a good thing to do because the English subsidiary has always been profitable. That is an example of that one can just not go ahead, but one has to have a basis for one’s decisions” (Knut).

Looking back on the very first year, Knut summarises the development:

”During these years a strong pioneering spirit was characterising the company. We grew fast with good profitability. On the other hand we often ran into seemingly insuperable problems, which made people tell us ”it’s not possible”. This made us mint the saying: ’then we have to do the impossible’, which could be to construct and produce a completely new kind of stacker and order picker in just a couple of months because the truck was already sold (without having been produced); or it could be to find a new supplier in two weeks, because the first had failed; or to reconstruct and produce machine houses when the supplier had gone bankrupt; or to start selling in districts,

and in countries where we were not established. We were flexible, and we tried out new ways of doing things. The organisation worked purposefully, and results were made” (Knut).

Expansion as an established business

*“Sen var det bara att ta de nya lokalerna I besittning
och nog kände Du I magen en sprittning
När Kjell-Olof Feldt invigningstalade
och en massa vackra ord memorialade
Men Du hörde kanske inte på
Du tänkte nog: 'hur ska jag Atlet effektivare få?’”
(Ragnvi).*

To get rid of the problem of constantly having to move to bigger production facilities, Knut decided to build a production plant of his own. After tough negotiations with the bank – which included among other things the mortgaging of the family house – he was able to obtain a big enough loan to realise his plans. In 1972 the new production plant in Mölnlycke (Gothenburg) was inaugurated by the then Swedish minister of commerce.

As building the plant made it fiscally beneficial, half of the share capital was, on the advice of the accountant, transferred to the five children. Now Knut started to think of his business as something that could be succeeded by coming generations.

”When building this we had reached the point of an established company. We expanded 47% a year, and we had enough capital to finance the business. I think it was when building this that I really built myself into this business. Having built this we were established, physically, in another way than before. We were established in the industry, and in the near society we were de facto a real industrial group” (Knut).

The rapid expansion continued, which soon made a 100% extension of the production capacity necessary. Hardly had this been finalised, when Atlet was struck by its first crisis consisting of a severe rise in costs and recession, causing a 40% plunge in the company’s most important markets. For the first time in its history, Atlet had seriously thought of sacking employees. But before this was realised, the trade conditions improved, to the extent that no one had to leave.

”At that time the whole of Sweden was facing a recession. Then the government financially supported us for building trucks to keeping them in stock. But our idea is to produce according to the specific needs of the customer, so it was doomed to be a failure. In the end, all trucks had to be

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rebuilt. It was not the right mast height, or the right width, or.... We had to remake them all, and made an enormous loss. Then the situation was rather troublesome” (Marianne).

In spite of the 1974-75 difficulties Atlet continued its expansion, and with the trade conditions improving the company started to grow even faster. As before, new products were developed. But novel business ideas were also launched. In 1977 the "Truck Driver School" was started. This idea of starting the school was built on statistics from the Swedish Board for Occupational Safety and Health, showing an increasing number of accidents due to the use of trucks. Often the human element was the cause of these accidents, implying a need for education. In the mid 1970s' Atlet launched a safety guidebook on how to use the trucks. Moreover, courses were offered to both the drivers of the trucks and their foremen. After a couple of years, the company was the largest provider of truck driving education in Sweden. Today courses are given both in cooperation with other organisations and at Atlet's four own education centres. Over the years the number of students have increased at a steady rate, and recently the company exports its safety material and guidelines.

In 1976 a sale subsidiary was started in Germany. The German market is very large with many important actors competing for market share. Two of the biggest truck producers in Europe have their main production facilities in the country. When Atlet decided to enter Germany, it knew it would not be easy. And it surely has not. The German subsidiary has had lots of problems over the years, and although much has been done to improve matters, the company has never been profitable⁶. In spite of this, selling the company has never been seriously considered.

"Not really. After all it is a question of calculation. If you include it in the calculation for the company as a whole, the result is that closing it down wouldn't improve matters, because then it doesn't provide a contribution margin to the Swedish company. Closing it down would only imply a preservation of status quo" (Knut).

"France and Germany are the biggest markets. When it comes to trucks, you have to be there. You can't have 1% market share in a country like that. Earlier we haven't had the right products for reaching big volumes, but today we have... We have to be successful in Germany and France, that's where you find the big volumes." (Harry).

"My way of thinking in relation to that question is, in a way, similar to Knut's. It's important to be present in Germany, because, after all, it's the dominating market, and our toughest competitors are there: Jungheinrich

⁶ In 2001, after this study was completed, the German subsidiary was, for the first time, profitable.

and Linde. And I think that you prove you are a serious company by being established in Germany... Germany counts for about 30% of the market... I'm determined we will make profits (in Germany). If that means selling through agents, then we should do that, but leaving Germany is not an option. (Marianne).

The fact that the German subsidiary has been kept does not mean it has not been subjected to repeated discussions over the years.

"The development there (of the German subsidiary) has cost Atlet a lot, and it would never have worked in a publicly held company, or with a powerful board of directors. It's due to Knut being very firm in relation to the issue, and that it would have been a loss of prestige to close anything down. It has always sustained losses, but it's sort of still there for the sake of prestige. I think that has been a bond. Except for this things have developed very well. But the healthy parts have had to pump money into it, which has impeded development in other areas" (Lars).

"Of course it has been questioned by the board. But I think that here one can see the fact that profitability doesn't always come first. It is more prestige, pride over having one's own subsidiary in Germany, and France, and England and so forth. And I think Knut is very firm on this, and then you have to accept having the loss, and that the company makes a less positive result. And I think he does. Of course there has been an ambition, and a driving force to see something being built up, and grow and become bigger, and I think having subsidiaries is a representation of that. There should be subsidiaries, because that is a sign of being an international and a relatively big company. I think that has been a bit of a driving force for Knut too, and not always the bottom line, the result" (Peter).

Atlet's expansion continued during the 1980s' when customers raised new and increased demands. Their store rooms got bigger. They increased the height of the staples of goods, and they started working 24 hours a day. To meet these needs, new products were developed, and old ones were improved. At the end of the decade the company had one of the worlds most extensive truck program for internal handling. The service organisation continued to grow. In order to make more efficient use of the sales and service organisations, Atlet became distributor of Toyota counter balance trucks in 1981. Once again, the continued expansion made it necessary to restructure the company, this time into a divisionalised form. Moreover, Atlet again ended up in a situation with a too small production plant. Therefore it was further enlarged during 1984-85.

When Atlet in 1986 chose to start its own subsidiary in France it had been present on the market through two agents for a number of years. Unfortunately, both agents ended up with financial problems, wherefore Atlet decided to establish a sales company of its own, a venture which turned out very

well. In 1990 it received a price as the most successful Swedish subsidiary. In 1988 a subsidiary was started in Chicago. The US is known for being a difficult market for European actors, and not many foreign truck companies have succeeded to get established. Atlet decided to go for a niche strategy. Whereas most American customers chose cheap, mass-produced trucks, Atlet decided to focus on customers of particular industries looking for high quality solutions to their logistic problems. "This does our products justice and is economically beneficial for the customer, even though the price for the truck is higher" (Knut.) At the beginning of the 1990s' subsidiaries were started in Holland and Belgium. Together with the Swedish sale organisation the six subsidiaries account for 80% of Atlet's total sales. Moreover, by having its own sale organisation, Atlet is able to work also as a consultant for logistics (manuscript 35), and make sure after-sale service, such as reparations, work satisfactorily. With its extensive contacts the company is also a well-respected player on the international arena.

"He has a tremendously good reputation among the international actors. We cooperate with organisations in Europe, and Japan, and the US, and they know of Knut Jacobsson and Atlet. The company has a reputation of being nice and well-run, a company you can trust" (Marianne).

In the beginning of the 1980s' the family started to be more actively involved in Atlet.

In 1982 Ragnvi entered the company to replace Marianne, who at the time worked with the company statistics. With only a week's notice, Marianne was accepted as a student at the university of Uppsala, which made it necessary to very quickly find someone to replace her. This someone turned out to be Ragnvi, who accepted her position with the intention to just help out temporarily.

"I have always said I'll never start working for Atlet. I'm a social welfare worker... It was the closing of the books for the month, and Knut said to me: 'We have to have someone who does it, why don't you?'. And I said I could do it until we found someone else. And then the union approached me and said they needed someone who could take care of the guests, and show them the production, and give an introduction to the products. And the same thing with the newly employed. At that time we had no formal introduction for the employees, but there was a need for one, so I made an introduction program. And after that one thing has led to the other. Again the union approached me: 'Wouldn't it be a good idea to make something out of the company magazine "Trucksvärtan"', which led a languishing life. So I caught that as well. And then Knut's secretary resigned, and the new secretary said she didn't want to be responsible for the travel arrangements. And then Knut asked me to do that. And that's the way it is, and here I am. In May I turn 67 and now I work Tuesdays and Fridays" (Ragnvi).

Not only Ragvi but also the daughters got more involved in the business in the beginning of the 1980s' when they started taking part, two at a time, in the board meetings. This was initiated by Knut who is of the opinion that ownership requires having a certain amount of knowledge of the business, and sharing its responsibility.

"To understand the meaning of running a family business, of being a family business, and of the responsibilities that are attached to it, it does not imply only being a share holder. Somehow you have to be involved in the problems and have a knowledge of what it all means" (Knut).

The siblings', however have mixed feelings about the board. On the one hand they find it interesting and rewarding in terms of the increased understanding they get of what goes on in the business. On the other hand they feel a bit like outsiders, since their lack of knowledge of technology and business administration as well as of the truck industry makes them feel "non-professional" and uncomfortable.

"In a way it's kind of exciting, but for me it's a bit hard being on the board because I sort of feel I am. As a medical doctor I have a lot of power, and I am respected, and suddenly one sits there like nobody, that's what I find hard. But apart from that I think it's interesting. It's kind of special being part of such a context " (Lilian).

"I like it. I really do. It has been a topic for discussion among all the siblings, and we all feel we are lacking knowledge. One feels one gets more engaged in the business. And it's just like dad says, everyone does listen to us if we say something. The other (board members) don't complain, but we don't feel we have any impact. We don't have the same value, or function, as an external board member. That's not the reason for us being there... This is how we feel. I wouldn't be elected as board member in another truck company's board. I'm not on the board because of my knowledge of business administration or the like, but I am there as a representative of the family. But of course one sometimes feels one is there mostly as a listener" (Monika).

"I can tell I do it with mixed feelings. I think it's interesting when I am there, but I think it's so terribly embarrassing that I don't have more knowledge. To me it's humiliating not to say anything... But when sitting there I think it's interesting to hear the discussions. And it gives you a fairly clear picture of how the company is doing. And it's much better than just reading the statistics I prefer to sit there to get the information" (Margareta).

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Father, founder and front figure

*"Du får nästan alltid rätt
Din hjärna är skarp som en stilett. - - -
Jag fattar inte hur du är skapt minsann
det kvittar vilket ämne – Du svaret kan".
(Ragnvi).*

"Somehow dad is Atlet. He is the one who founded... and the company is permeated with his values" (Lisbeth).

Atlet's success is the result of many years of hard work. From the start until the mid 1990s' Knut was the central figure. Even if many others have made important contributions, the company has been stamped by Knut's personality. The well being of the company has always had highest priority and the means of success have been goal orientation, planning, analysis, calculations and a technical focus.

"Without doubt you can tell it's a family business, and that Knut has been in the centre... How should I put it? It can be told by his influence on the business. With his engagement he has influenced the whole business. He has been a part of it ever since they started, he and Ragnvi. And when the company was small he was able to control it all. He had to work with all functions. And that has influenced...as long as he was CEO he was very engaged in product development, and production, and financial matters.... And he has had his own way and become a central figure within the industry, and in the business... It has been run by Knut's vision, and his iron will, and that's still influential. (Lars).

Over the years the company has been rather imprinted by Knut's rational, analytical thinking.

"Knowing is better than thinking. I've always been of the opinion that one shouldn't guess, one should know, one should find out the facts. But unfortunately, people have a disposition towards going straight ahead, and then there is 50% risk of it getting wrong, and then it gets costly" (Knut).

"Knut is very patient and keeps turning a problem over in his mind again and again. He starts by doing one calculation. 'But one can see it from another end', and so he takes a new paper, and does a new calculation. 'Well, it is possible to see this from a third point of view', and he takes yet another paper, and makes a third calculation. And then he weighs the pros and cons... He is tremendously goal-directed, and doesn't give in very easily. If it doesn't work out one way, then it works out the other. One should always be

persuaded by facts, not with emotions or simply by expressing an opinion. It has to be facts. He is always tremendously updated on everything. From the tiniest screw, to some kind of global subject, he always has the facts. And persuading such a person is very difficult. One really has to be updated, and one often feels inferior, since he always has all the facts. However, I think that has led the employees, and the banks to place their trust in him. They trust that, somehow, he will solve the problem” (Marianne).

”Knut is very structured, analytical, and bent on control. But he is also a gambler. Sometimes he can take a chance. If a possibility emerges, he doesn’t hesitate to take it. One example is the acquisition of Lafis, the German production company, which was bought two years ago. It was done very quickly, almost a bit surprisingly for us on the board, because then Knut was in a hurry... I guess growth was the reason. Everyone else in the industry was acquiring companies, and then he also acquired one. Profit was not the reason. He didn’t see any clear synergies... Of course, we (the board) wanted a bigger market share, but not more production capacity for its own sake, that wasn’t necessary. Through the acquisition we got both... It happened very quickly... It was not part of our planning that we had to have more production capacity in Germany. But we all agreed upon wanting a bigger share of the market, in order to increase the volumes. But then Lafis happened to be out for sale, and I guess it was mentioned in the board, and we had no deviating opinions, and then he quickly went ahead” (Peter).

Due to Knut’s technical interest and talent, product development has always had the highest priority within the company.

”No one beats him when it comes to technique and analysis. At the age of 77 he is more creative than well, all our designers, I would say” (Harry).

”Knut has been the technician, the innovator, the constructor... The company is very product-oriented” (Peter).

Determined to succeed as a businessman, Knut has ever since the start been very goal oriented.

”Knut as a leader... he was the organiser who liked to steer towards both short- and long-term goals. Long-term planning has always been a part of this company. We have looked at trends, and developments to decide what to do. We have always worked toward goals. And I think that Knut already from the start tried to imprint a goal orientation into the employees. They should aim at something in order to have something to fight for every day; every day something should be done to get closer to the goal. And I think this has been implemented in the company. Already in the 1970s’ we talked

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about management by objectives, and I think that renders an engagement” (Harry Wester).

Because of his technical and analytical talent, and the successful expansion of the company, Knut is a very respected man and has come to dominate Atlet.

”He can be rather diplomatic, although it’s difficult to explain. Sometimes he feels there is consensus within the group, but since he is charismatic, and has a rather commanding presence, he doesn’t always realise... I try to tell him. He says a decision has been reached on consensus, but he is the one who, through his logical way of reasoning, has taken it. I mean, he is very logical and structured, everything turns into tables and the like. He sort of builds... He begins at one place, and then he builds up a logic scenario which ends with two alternatives, for example he would say: ‘I would suggest this one because of these consequences; if we go for the other one the consequences are rather different. Well, do we have an agreement?’. What is there left to say? He sort of has all the facts on the table...Everyone has trusted him, everything has been built around him. It has been one-man show. The subsidiaries have had a life of their own, but back home Atlet is strictly governed by Knut” (Marianne).

”I think people have a great respect for him. He is the one having developed the company. To him, the company owes much of its values; the goal orientation, the focus on expansion, and on profitability, which have imprinted the company. He is greatly respected as a person, and as a leader” (Harry).

”Respect and admiration, largely for his engagement, all the way through. Everyone respects him, and that’s not because he gets on his high horse, quite to the contrary” (Lars).

”It has been part of Atlet’s spirit, implying that everyone is good at what they are doing and on top there was someone with the competence to connect it all” (Harry).

Even though Knut realises that his personality and his way of leading has come to characterise the company, he does not think of himself as a symbol of Atlet.

”I can’t see it myself...But I think my... well, you really should ask others about this, but I think the company is rather stamped by my way of thinking, I can’t imagine anything else” (Knut).

”He doesn’t regard himself as a symbol. I have told him: ‘ You have to understand what it means to an employee when you go out talking to him.

He lives on that for three weeks'. Knut doesn't understand that. He can't see how it can be of such value. He simply wants to ask why the cord is drawn that particular way. But I think it's typical for mechanical companies not to look at soft issues, we are very good at the harder ones, but the soft side is not at all as good. I mean, human resource management, development programs for leaders, these are things that we have started to work on now. We have a new human resource manager, who works with these questions, like celebrating successes and things like that. (These things) have never existed in Knut's mind. The technique was the important thing; to solve the customer's problems" (Marianne).

To Knut the well-being of the company has always been in focus; by and large his time has been devoted to technical and economic issues. Human resource management has never been a central part of the business implicitly Knut has just expected everyone to contribute by doing their very best, just as he himself always has. Every year the company invites the employees to a traditional Swedish Christmas table in the company restaurant, but apart from that social gatherings and celebrations are very rare.

"Well, I don't really know. I haven't given it much thought. All the time I have run the business according to the principle... the well-being of the company comes first: the company must be able to expand, and go on, and turn into something" (Knut).

"The company has been characterised by a Volvo-attitude, goal-oriented to the end. After that comes nothing, and after that nothing and after that comes, perhaps, the employees. There is nothing wrong with that, but that's the culture" (Harry).

"A business leader of today, a CEO who wants to spread his business idea has to be somewhat of a priest, a missionary who likes to gather 100 men from the production and say: 'This is the goal'. Neither Marianne, nor Knut does that, but they have used the written word. Here we have never had a leader who really has gotten the employees with him or her... If you go out in the company and ask people in general what about Knut's business idea, or vision, their knowledge is rather poor" (Lars).

* * *

With the result at hand, Knut has, without doubt, been able to realise his business idea, and he is also the one getting credited with the successful development of Atlet. The same personal characteristics that enabled the growth of the company might, however, perhaps somewhat paradoxically, have impeded an even higher expansion rate for the company.

"On the world arena we suffer from being too small. That's why I have all the time had an expansion policy. And in that matter I did not even get support from our board. They were of the opinion that I took too big risks and pushed the expansion too far. And I didn't get any support from the employees, since they found it too hard to expand. Actually, I have had to drag the company with me" (Knut).

"It has been very focused on him as a person, and perhaps sometimes employees have ended up in the background, because he has been the one running it. Things have been sent up the hierarchy, because it's known that Knut can make the decision. And perhaps they haven't dared. And also it's been a way of evading the responsibility" (Marianne).

"They employees might have felt as if their wings got clipped. I mean he was dominant. He knew what he wanted, and that might have had a restraining effect on some individuals who perhaps refrained from taking initiatives out of fear of being criticised afterwards... And instead they were made passive, and so Knut had to take the initiative all the time. One can say that he has been very competent when it comes to the actual, rational decisions, but he hasn't been a coach. He has known everything, and he has been running this according to his own head, but he hasn't had the talent of a good coach who gives people responsibility, and lets them fail, and makes them take initiatives of their own. He is more a facts than a peoples person" (Lars).

"He looks for security, but there is also an element of intuition and feeling for what will succeed on the market. That's the one side of his personality; a bit of feeling. But much is based on analyses, sometimes the analysis have been to thorough, and so the train have passed... It's a good company to work for, it's an interesting industry. What I have pointed at here is not a critique. It's a great company to work for, perhaps because it's a family business. It has a family feeling, the doors are open, it's not - how should I put it - it's not a game in the way it might be in a big company as Volvo where people play each other off, and try to make a career. Knut and Ragnvi and there family are down-to-earth. And that is, I think, something which is mirrored in the company. You will find no manager coming in at 10 am to leave at 2 pm for the golf club. In that respect he has been worthy of imitation. He is ambitious and doesn't give himself any rewards. There are many positive things" (Lars).

Turning into a family business

*“Och nog blev Knut mer än gla’
När hon en dag kom och sa
Jag kan lika gärna truckar som läkemedel sälja
så nu kommer jag att välja
att på Handels gå
för att rätt utbildning få”
(Ragnvi).*

”Succession is often a problem in family businesses. This was the case also with Atlet, which, in 1995 had been built up during one generation, had 800 employees, and a very technical orientation. There were many waiting with excitement for what would happen, especially as we had five daughters who all had chosen academic career, though not within the field of engineering. In 1988 I turned 65. Maby the sons-in-law could take over? No, noone wanted to” (Knut).

At the end of the eighties, the issue of succession had for some time been on the agenda of the regularly held family councils. Being very reluctant to hiring an external person to replace him, Knut remained CEO, secretly hoping that someone in the family would be interested in taking over the company. The reason for Knut not wanting an external CEO was a desire to keep Atlet within the family, not the least because he considered this to be best for the company. Besides having the same responsibilities as an external CEO, a family member was tied to the company by his duties to the rest of the family. As his daughters all had chosen non-technical/non-economic careers, he thought that maybe some of his sons-in law, educated as engineers and business administrators, would be interested.

“For some time I counted on their interest. I waited a year. Then another year passed, two years passed and so forth. I had also thought that one of the children might be interested, but as they went in for other careers they, one after the other, went down like ninepins. And suddenly there I was. Trapped. The situation was such that the time had come to sell the company, because there was no successor... I was, and still am, of the opinion that it’s very difficult for external persons to run this kind of family-owned business. It’s a very demanding business... The risk of doing wrong is so much bigger than the chance of doing right, may it be product development, the choice of which markets and sectors to go for, the choice of what customer groups, finding out how to build up the service. It’s a very complex business... It’s not easy for Marianne either. But, if you are an outsider and it doesn’t work out, you might just quit... She (Marianne) also has the family responsibility... I myself

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could not imagine to just shrug my shoulders and leave and say: 'well, someone else has to take care of this', I don't think I could" (Knut).

"I think he has a point there. I think it's very difficult being an external CEO. It would never work out, because he knows he would never be able to keep his finger out of things. It's very difficult" (Marianne).

"I think we felt he wouldn't be happy about that (employing an external CEO). Somehow that would make him sad because he wanted it to be someone from the family. It was not that I thought that 'I am the one responsible for it', but more a feeling of 'well, this was a bit troublesome, what should we do about it?'. But somehow we are so used of dad taking care of everything. He solves problems. So I don't think we saw it as our responsibility. We trusted that things, somehow, would be all right" (Lilian).

The years went by without any family member succeeding Knut as CEO. Although all siblings had work experience from Atlet no one had shown any interest in joining the company on a permanent basis. Nor were they encouraged by the parents to do so. Instead, the message to the children had been to independently create a life of their own. Accordingly, the sisters all had their own careers. Monika was a dentist, Lilian a physician, Marianne a pharmacist, Lisbeth a psychologist and Margareta a schoolteacher. Even though Atlet had always been present at the dinner table, no one of the siblings had ever thought of it as part of their own future.

"I don't know whether they got too much of Atlet at home, but I could imagine that this was the case. I mean, there was almost nothing but problems. That's what we talked about when we came home, and in the end I guess they were so tired of the problems at Atlet so they simply didn't want to. But now they say: 'It's a pity, you should have tried to get us more interested" (Ragnvi).

"I started doing it (working at Atlet) when I was 12 years old. I put papers in files and things like that. But to work at Atlet was never anything that stood out as a possibility. I was so much into this with health care, and mum and dad sort of didn't talk about it, and even if they would have, I guess I wouldn't have been very receptive. We have talked a lot about this, because it's kind of strange. We always heard about it, it was always the topic for discussion at the dinner table, and we worked there during our summer holidays. I didn't make an active choice not to do it instead I chose something within the health care sector. It wasn't a deliberate choice not to work at Atlet. It was more that I thought... I never felt it was an alternative. I didn't even consider it... For a period I felt it was a pity, because I could feel it could have been interesting. But then one sees what an incredible responsibility it

is. It's tough... I can't say I regret it, but now I can feel it could have been an alternative, a possibility. I shouldn't have left it without consideration. But I can't really say I regret it... Of course it's always possible to learn something new, but I don't see what my contribution to Atlet would be now. I mean, my knowledge of computers, or marketing or business administration is very poor. And to be there as a kind of assistant I can't imagine doing that. I have an independent job and feel confident in my professional role, and I don't feel the least attracted by the thought of coming here as some kind of assistant. But that doesn't mean I don't feel any engagement for the family business. I think it's interesting, and I have said that at the board meetings, and I want to know what is happening. I wouldn't want to be a totally passive co-owner. I really wouldn't. But I want to feel I know what is happening in the company" (Monika).

"Dad is the one who has started the company, but I have never felt that dad has... I think that somehow he hasn't incorporated us enough. It has only been him. He is the one governing and he is the one who founded this company. Today I can feel I would have wanted him to push me a bit more, because then I might have had a bigger interest. When I was at these FBN⁷ meetings thought: 'wow, this is really interesting'. My feelings for this go up and down. Sometimes I have the feeling: 'why didn't I go for it?" (Margareta).

"I'm not sure whether it was that I didn't find it interesting, but I don't think that was the reason. It was something I just didn't reflect over, because dad was the one being so smart. He was the one who could do it. I think we had the feeling that this was something we would never be able to do, which is somewhat of a paradox, since we all were very successful at school. In the eyes of others we are very smart, but I think we had the feeling that dad was Atlet, and he was the one running it. As kids we had no thoughts of this being something for us to take over, those thoughts came later as we got older and dad realised he wouldn't live for ever to run it by himself. Then these questions were raised, but then we had other careers, and so we never really felt it was imperative" (Lilian).

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In 1988, Marianne suddenly decided to leave her career as a medical representative to start working permanently at Atlet as she went ahead with her bachelor degree in business administration.

⁷ Family Business Network, FBN, is a European organisation for family businesses.

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"I took care of the administration of the finance company, and, in my spare time as Ragnvi always says, I took a bachelor degree in business administration at Gothenburg school of economics. And I guess those were very tough times, but everything is manageable. I can't really see myself how it was possible. But of course I didn't work full-time. I worked perhaps 75%" (Marianne).

A decision was slowly reached. The rotating board membership had made her very interested in the business. When the time came for her to temporarily leave her board position, she felt she did not want to be totally cut off from the company. On her initiative, preliminary board meetings were arranged the day before the actual board meeting with the purpose of giving the siblings a chance to better understand the issues brought up and the vocabulary used. In short, to become better prepared for the meetings. As all siblings take part in these meetings, irrespective of them having a board membership or not, Marianne was not completely separated from the business.

"On top of that I was a medical representative. And through the combination of me being out selling and taking part in the preliminary board meetings, the thought started to grow: 'Perhaps I should start working in the business after all'. It was something that just came to my mind... I thought I gave so much to the other firm, and the firm was OK, I had a good time... But I thought: 'if I can give so much here, then I might as well sell trucks. And then I started to realise that Knut was quite old... Me and my ex-husband used to discuss a lot, and he raised the question: 'Have you thought about the business and what you should do, after all Knut is 65.' So he sort of led me to these thoughts" (Marianne).

Initially, Marianne wasn't sure she would be able to, or that she wanted to, succeed Knut as CEO.

"To me it wasn't self-evident that I would take over the business. I had no interest in that. But I wanted to learn more about the business. I wanted to understand more, look after the interests of the family. I guess this was my thought... (I wanted to) look after the interests of the family, in order not for anyone to come in and make something stupid. That kind of thinking was rather naïve as if I would know much more than an experienced industrial man or woman. But that was my way of thinking" (Marianne).

In January 1992 Marianne graduated from Gothenburg school of economics and started to work in Atlet.

"Taking over, I didn't realise what it meant. Everything was so self-evident and I thought that everything that Knut did could be done differently. Not that it was wrong, but 'I would do it like this'. But now four years later I realise that I started here at a real job in 1992 when I had graduated from

Gothenburg school of economics. I started working with projects in the subsidiaries, then I was export manager, and then, in 1993, I was sales manager” (Marianne).

”Our situation was that we had problems with our sales managers, therefore we recruited a suitable sales manager (i.e. Marianne). Generally it’s a problem finding the right people. Those that have been good have quit, they have been head-hunted (to other companies)” (Knut).

”I ask myself how could I remain for a longer period, more than average, and in a recession. Either there was a greater acceptance of my mistakes, or he thought: ‘I will still be the one running it’. In retrospect, it was completely crazy to put me in that position. Only one year after my graduation from Gothenburg school of economics I was to be head of sales. When thinking of it it’s really absurd... I guess it was because he knew he would still be working in the business, and I think he saw this as his chance of keeping the business in the family, because then he was 70, and that’s a rather advanced age, so what was the alternative?” (Marianne).

It was under rather difficult circumstances that Marianne began her career in the family business. In 1992 and 1993 Sweden was facing a rather severe recession including a devaluation of the SEK. Atlet with had a lot of international business and also debts in foreign currencies, was struck rather severely. For the first time in its history the company had to reduce its workforce. And the one behind it was Marianne.

”It was tremendously tough in 1993 due to currency exchange losses, and the considerable contraction of markets in England and Sweden. There were enormous changes. The market shrank 67% in Sweden. There was only 33% of the market left. In England it decreased by 50%. And on top of that the currency exchange losses. We had loans in foreign currencies. If you look at the annual report of 1993 you can see how poorly we performed. If we don’t consider the currency exchange losses our results will be good, but if you take them into account they will be negative. And that’s when I entered the stage, and was appointed manager. My task was to lessen the number of employees” (Marianne).

In 1994 Marianne became vice CEO and head of production and a year later, in 1995, she succeeded Knut, who then took the position of chairman of the board, as CEO and group executive. For the rest of the family, feelings of happiness and relief were mixed with a bit of worries and scepticism: Was Marianne really capable of doing this?

”I think they were surprised. And I think that perhaps they thought: ‘As long as Knut is there it will be all right’. A bit like: ‘perhaps she doesn’t know so

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much about this, but it doesn't really matter because Knut is still there" (Marianne).

"Both parents and siblings heaved a sigh of relief, because then we were old enough to understand that dad wouldn't live for ever. It sounds completely crazy, but before that we somehow didn't reflect, we didn't think about it. Somehow, Atlet was just there. It was an institution, and we didn't reflect over what would happen later... To start with I was a bit... I shouldn't say sceptical, because at the same time it was a relief that Marianne took over. But still one felt: 'how will she manage?'. I wasn't sceptical, but a bit hesitant. I didn't feel a spontaneous confidence of: 'yippee, now everything will turn out just fine', because I couldn't be that sure" (Monika).

"My reaction was first and foremost: 'What a relief! We have someone doing this'. But then I thought: 'My dear, can Marianne really do this? What will it be like? And does she really think she can handle this? Well, let her try, but dad...'; one thought, 'dad will notice whether she is capable or not'. And then there was not much to worry about. But still we were somewhat sceptical" (Lilian).

The board of directors were much more sceptical not to say negative to having Marianne as their future CEO and group executive.

"I know that they had discussions about whether it was right, and the chairman of the board ran into me one afternoon saying: 'It's impossible appointing a pharmacist as CEO!'. But after a while he calmed down" (Harry Wester).

"But that has to be understood in the light of that their knowledge of her was limited. We have a rotating (board membership) chart, and she had been participating during two, three years, but then she was younger. And then she left to study pharmacy. And that's quite understandable that, I guess, they were taken by surprise. It was not what they would have imagined. But the fact is that, during her board membership periods, Marianne always distinguished herself. Although being young, from the start she distinguished herself by asking questions and by being engaged to even a greater extent than the employees. She has distinguished herself, and proven to be interested, and sometimes she asks questions that make one astounded and make one think: 'How can she possibly know this?'. (Knut).

The employees were, however, not as critical. In fact, one of the reasons Marianne got appointed was the support she was given from both the white collar and blue-collar trade unions.

"I think that in general I can't remember any critical discussions, but I think that somehow I think it fell into pretty good ground that it was kept within the family. Perhaps a few have expressed other opinions, but in general I think they are quite satisfied. I know they were a bit astonished by the fact that she did sacrifice herself the way she did when taking this over. I mean, she was away for many years, and got herself another career and she, in spite of that, took on the responsibility of working for Atlet" (Kenth).

"Everyone was positive... Several were of the opinion something had to happen... But I know that there (on the board) there were many discussions whether it was right... But I have the feeling she has got acceptance from everyone, both from the board and from the employees" (Harry).

"There were many employees feeling very relieved and secure when Marianne took over. But I don't think that goes for all employees. I don't think that those who have only worked a year in the production... . But there are many faithful old servants at Atlet, and they very strongly feel that Atlet is a family business, and that we are concerned about it, and that now there's no risk that this will change" (Monika).

"I think that many of the employees are pleased that someone in the family has taken over. I think that as Knut turned 60 and 65 they started to think of what would happen. I think they are kind of happy about it, then they could stop thinking if there were anyone among them who would be able to take over, or if it would be someone external to the business whom they didn't know. I have worked here since childhood, so they know me... (They have) adopted a wait-and-see policy: 'Lets wait and see what she will do" (Marianne).

* * *

Having left his position as CEO Knut found himself in a rather different situation. Used to devote all his time to Atlet, most of the decisions were now taken without him being involved.

"My first reactions when she had taken over and I didn't even attend the meetings was then that I felt a bit like an outsider. It was kind of hard. But after a couple of months I had got used to it. I could see that it moved on, and that it worked anyway, and then I accepted it... It's a very big difference between being chairman of the board with only a partial contact with what's happening, and to be part of the daily operations" (Knut).

As for most founders, it has been a bit difficult for Knut not to interfere when things run contrary to his own beliefs. However, he has tried to keep out of most daily matters.

"This is not so much the case nowadays, but in the beginning when she attained the position of CEO it was... . Knut had his opinions, and I think you are entitled to when you have made a company grow in this way. But at the same time there has to be acceptance of the fact that a new individual has ideas, and sees things from other perspectives. It's not an easy situation to have a dad who is also the boss" (Harry).

"He wants to help out, but sometimes, and I can understand it's difficult not to interfere. Sometimes he sees that I, as the business leader, am doing totally wrong things, and that I am about to run my head against the wall. And I am very persistent. So I want to make things my own way, and sometimes I won't listen. But think that we, compared with how it was two three years ago, have got used to our positions now... In the beginning I often turned to him with questions. Four years ago it happened more or less every day, but now we meet perhaps once a week to discuss solutions. And the character of the problems are different" (Marianne).

Even though Knut has much less control over the business than was the case prior to succession, he is still highly involved in it. Every day he is there in his office and, besides his board chairmanship, he is still the driving force of product development.

"The fact that Knut is still here, and has an office here, and keeps coming in almost every day means that it's still very much influenced by Knut's entrepreneurship, and by his thoughts" (Peter).

Taking over a business so clearly stamped by the founder is everything but easy, especially when the founder still has various central roles in the company.

"To me she is the CEO, but dad is still Atlet. Marianne is not Atlet" (Lilian).

"Knut is still active in the company and his spirit, well, not only his spirit but also his presence impedes the culture to a large extent. That Knut is sitting upstairs and perhaps not running the daily matters is still a factor to reckon with. And because of this you know that, in the end, he is the one who decides. And of course this is a dilemma for Marianne. She is the daughter of Knut, she is a woman, and even in these days of equality she has to work harder, it's just the way it is. Perhaps she doesn't have the experience that others in the same position would have had. Sometimes, in relation to certain questions, she is overcome by her dad. To many, Knut is still the one who

decides, which means that Marianne is not taken, I don't want to say seriously, but they rather ask Knut, or they wait for Knut to say something, instead of listening to her. This brought matters to a head. She has a difficult role. I mean, Marianne is very competent and smart; like the rest of us she falls short on some things, but that very father – daughter relation, CEO – chairman of the board, that's complicated" (Peter).

"It's kind of different. To some it (the succession) hasn't really made any difference for the way they work, and some say: 'At the end of the day, Knut is the one who decides', and things like that. But I think that Marianne is competent. When compared to him, she has another way of doing things, but one has to understand that her job is tremendously difficult. Very difficult. She is stuck between her desire to work in a certain way and, I mean, she can be of an opinion, of which she, in a discussion with someone, is certain is right, and then she should have it supported by Knut, who might have a completely opposite opinion. This makes her end up in a position in which she cannot decide which interest to pursue, which I wouldn't know how to handle... After all it's a family business, and there is no one outside of the family who could have the role of Marianne, and work that close to Knut" (Lars).

"I've been asking myself the question: 'I wonder what it would have been like if I had a chairman who wasn't my father'. I think that cuts both ways. If it hadn't been my father I think I would have worked much more formally with meetings, and I would make sure to come prepared. I do prepare meetings with him too, but perhaps not in the same way. It's easy to be too relaxed. I know it's not the right way to do it, but that's how it is. It's easier to just ask a quick question, than to prepare an issue. If I knew we would only meet once a month things would be different. I think I would have been much more independent if I had had an external chairman, who wasn't my father, I really think so. I simply would have been forced to; it really cuts both ways. And then perhaps I would have used the board members more as mentors than I do today, or I would have tried to find another mentor, a true one, so to speak. Then I think it would have been different... There are lots of aspects to this issue. One of the aspects is that the chairman of the board is my father. Then there is the aspect that the chairman is the former CEO, that's a thing in itself, and the founder... Of course you feel confused. In relation to different contexts I sometimes have to think: 'Am I a sister now, or a CEO, or a board member, or what am I?'" (Marianne).

Not only does the combination of roles make things complicated. The situation is sometimes also made difficult because of the attitudes of the employees and because of a strong culture implying a certain kind of – sometimes rather dysfunctional – behaviour.

"Somehow Knut is projected on me. I am supposed to be just like him. I think that by now it has gone into most minds that I am not like Knut. I don't now how many times I have said that: 'You can't expect me to be Knut, because I am not, and I never will be'. I have the same values, and the same basic thoughts, but I am a different person. And they've understood that... (It's been) very difficult. It's been difficult for all of us, since Knut is still here working with product development. The contrasts are very obvious, because our ways of leading are completely different... Knut is very... he is tremendously updated. First he solves the problem, and then he makes sure he gets consensus. With facts he leads them to the solution with a big S. And then there is consensus within the group, so to speak. I say: 'We have this problem', and then I expect them to try and solve it. And that doesn't always work out, because they are not used to work like that" (Marianne).

At the turn of the century Marianne was facing further problems with regard to lower sales profitability, shrinking market share, and a company with a declining productivity figures when compared with the past. To redress the situation, Marianne took a number of steps among them cost rationalisation programs and a reshuffle of the people holding key positions in Sweden and abroad. But it takes time for such a steps to make a difference in terms of better financial results.

"If I had known in 1992 what it meant to take these steps from sales manager and head of production in Sweden to group executive in 1995, then I think I would have tried to postpone it a couple of years to get more used to it. As a manager those were tough days. I really worked hard, but didn't myself see any results. To me everything, nothing I did was really good. But afterwards I realised that, after all, a number of things were probably not that bad... These were tough years. Almost every day I had the thought: 'What am I doing? Am I really the right person?'. Sometimes I still have that thought: 'Am I really the person to do this?'. But then I think: 'What's the alternative?'" (Marianne).

"Did it ever occur to me to leave? Of course it did. Actually, we have had that discussion, because I'm of the opinion that one always has to ask oneself the question: 'Am I the right person?'... I think I've done much to improve things, and then I see the result from last year, the annual report, and then I get very disappointed. And then I get the thought that I am not capable enough. So I brought up the issue with Knut and said: 'If this is about me not being capable enough, I think we should have that discussion. I shouldn't keep working in the business just because I am a family member. There are a thousand things for me to do, either in Atlet, or in another business'. Then he said: 'No, that's not the way it is'" (Marianne).

Despite the difficulties and occasional personal doubts Marianne is determined not to give in, but to show she is capable of changing the situation.

"Sometimes I think: 'Why on earth am I doing this?'. But I am so very persistent, so I also think: 'I bet my life that it's possible to make 6% profit next year'. I think that's the explanation: 'I bet my life that I'll show them'. It's like when I was about to get a licence for driving a motor-bike. I struggled. I ended up in the hospital twice. At one point Lisbeth said: 'Marianne, you have to come to terms with this. You can't be good at everything. You will have to stop thinking of running a motor-bike. You have to realise that running a motor-bike is not your thing'. But that just made me try even harder; it made me think: 'I will have that licence'. I don't know, perhaps that's my personality. I remember having a hard time with maths and physics in the beginning, and I really worked on it. I asked Knut for help and studied, and studied, and studied additional books and things like that, because I was firm I would learn this. And in the end I had good grades. But I had to work on it... I haven't really given it any thought until we talk about it now, but think the case might be that without really having thought about it have set the goal. If Knut could expand and make money, why wouldn't I be able to? 'I'll show them it's possible'. And I won't leave. If I ever should leave the company, I want to leave it in a good condition. I want it to be a well-run company. I want the customers to like Atlet. It's a serious company. I think that we the Jacobssons' are like that. We want to show what we are worth... I think that might be part of the reason. Then I also think it has to do with the fact that I like things to be the way I believe are right. Now I am chairman of the tenant society in the house where I live, although I really didn't plan to... Why do you do these things? And Knut is just the same. It's how entrepreneurs are. They want to have a finger in the pie everywhere" (Marianne).

Marianne is a persistent person, but the main driving force not to leave her position as CEO has been the responsibility she felt not only towards the company but also her family.

"I guess that's an answer to your question why I stay when I get so mad and feel like just taking my bags and leave. I feel... what is our alternative?. Not that I'm exaggerating my own value, but imagine I left. It's obvious that Knut can't remain (as CEO), and we don't believe in an external CEO... Who will be the CEO in a family business, when there is such an active chairman? I don't think it would work. It's a very special relation" (Marianne).

Keeping track in a different way

*”Kan själv’, som liten tös hon sa
och hon genomfört det minutiöst vad det än va’
det hänger i än ida’
Så om Knut kommer med, i hennes ögon, omöjliga förslag
så säger hon: ’vem är VD, Du eller jag?’”
(Ragnvi).*

The succession to the position of CEO has not meant any radical changes in the strategic direction of the company. By and large, Marianne has tried to make Atlet prosper, grow and develop according to the tradition.

”This is my way of reasoning: ’If Knut has made decisions which have turned out fine in this company for at least 45 years, then there has to be some substance in his way of thinking. And that means his experience is something you just don’t throw out of the window” (Marianne).

During the 1990s’ Atlet continued to focus on quality improvements, product development, and international expansion. In 1988 TERGO, the truck ergonomic division, was launched - a project aimed at developing the best reach truck possible. Together with Commission for Research on Transport, the industrial health service, specialists such as physiotherapists, and a number of the most frequent truck users, Atlet launched a six-year research and development program, which turned into the world’s most extensive study of musculo-sceletal disorders. As a result, the new truck had a completely new profile with a scientifically framed ergonomics and a completely new design. And the efforts paid off. The new truck was very well received by the market. Moreover, Atlet was twice awarded for the new design; in 1992 by Svensk Industridesign, and in 1994 by Utmärkt Svensk Form. These awards were, however, not the first in the history of the company. During the eighties Atlet was awarded several times for its being a well-run expansive, international and successful company.

Atlet continued to expand also on the international arena. In 1999 the German company Lafis GmbH, one of the leading producers of small pedestrian low lifters, was acquired, and Dambach GmbH started producing combitrucks for Atlet. Hereby, Atlet had a complete program of warehouse trucks by the turn of the century.

Even though most of the actions taken are in line with traditional strategies, it is important for Marianne to run the business according to her own convictions, and to create an identity of her own within Atlet.

”That’s important to me. I kind of want to have things my way. But at the same time the point of departure is that it should be what’s right for the

company, but there are various ways in which that could be accomplished... Because I want to leave my stamp, we can't live on Knut's spirit for ever. Even so his spirit - and Ragnvis' too, although she tends to be forgotten - prevails in the house" (Marianne).

"It's very important. I definitely think it is. No matter what, she can't copy dad, since they are so different. Marianne feels she has to go her own way and decide how, and she has told dad, she has told him that there might be mistakes sometimes, but she has to do it in a way she believes is right" (Monika).

"Knut doesn't want to get involved. He doesn't try to change things. She is the CEO and he doesn't interfere. But at the outset there was a lot of talk: 'Well, Marianne is the CEO, but Knut is the one who decides'. And Marianne wanted to end that, and perhaps she overdid it sometimes. She clearly showed that: 'I am the CEO, Knut is a part of this, but I am the one who makes the decisions. These are my decisions and I am the one to be made the scapegoat if things go wrong" (Ragnvi).

Even though the strategic direction of the company is much the same, the means of accomplishment are somewhat different, since Marianne has a quite different leadership philosophy compared with her father.

"My philosophy as a leader is to have a goal orientation, not to govern with control. Of course a certain amount of control is always a part of it, I mean you have to follow up a goal orientation, and to make the employees take responsibility. Together we agree on a goal; I think it's important that it's done through negotiation. I work a lot on having consensus, which is disliked by some people, because they are used to Knut's way of - as they saw it - take the decisions by himself" (Marianne).

"As long as Knut was in charge he was, in general, responsible for all decisions. Everything passed through him before action was taken. It's perhaps a bit of an exaggeration, but we, the managers, too easily forwarded things to him to decide on. That's perhaps also seen as a shortcoming by the managers, but as he was always there... And one wasn't really allowed to make mistakes, so instead of doing that we went to him... But Marianne is not like that. She demands from the managers that they make their own decisions. And I think that was Knut's weakness, and it's Mariannes strength; she puts demands on the managers and she trusts them" (Harry).

"It's a different leadership style. Knut led through his competence in every area. He listened to people and got impressed, he did, he always has, he has

listened, and he has been influenced, but somewhere along the way he has always made his own decisions. He has gone for what he thinks is right. Due to the fact that Marianne does not have as broad competence as Knut's in relation to all functions, her way of leading is quite different. She has to work more through the employees. She is another kind of leader" (Lars).

"That's the obvious difference between their way of working. She is fast. She lets people make their own decisions. Knut very much wanted to make the decision himself... He controls by details. He reads a document twice. Marianne looks at the top line" (Harry).

"Knut is the patriarchal type. He decides everything: 'I am the one who knows'. And actually, you can't beat him, because he knows everything. He really does. Marianne is softer. She wants cooperation, and she wants everyone to take responsibility, and things like that. There you have a difference. Socially, she is more engaged. Knut is not the least socially engaged. Perhaps he has changed a bit but at the start they were to do their job. That's all there was to it. He is the old patriarchal business leader... And now the drawbacks of Knut's way of deciding everything can be noticed. They can ask him, and they can discuss with him, but in the end it turns out the way Knut wants it to. And now that kind of impedes because now some of them hesitate to make decisions, because now there is no Knut to decide for them. Marianne wants them to take responsibility, but they don't know how to do that, because they never were allowed to. Well, perhaps the new ones, who have not experienced Knut as a business leader, might not have such a hard time. Their ways of leading is like day and night. And when Knut started 40 years ago, today's kind of leadership wasn't modern. It has changed" (Ragnvi).

"It has been very much focused on him as a person, and perhaps others have sometimes ended up in the background, because he has been the one running it. And things have been sent up the hierarchy, because they have known that Knut can make the decisions. And also they haven't dared, and then it's a way of escaping the responsibility. This is something in the culture, which I try to change, but it's not very easy. It's a gradual change, but it's still difficult, since they know he has always made all the decisions. He is so updated on technique, and economy, and market issues, and then it... . But it might also be something to lay the blame on, that this has been the case earlier. Perhaps he has tried to let people take responsibility, but they haven't wanted to, and then he has had to make sure things have to function in the business, and in the end he is responsible. And then they perhaps have felt like: 'What if I make the wrong decision? I don't see it that way, but I think the employees do. I think they have the feeling that if they make the wrong

decision they will be punished. I try to say that it's allowed to make mistakes, as long as they are not repeated. But if you make the same mistake a number of times, you'd better think through what you are doing. But it's a strong, implicit, culture" (Marianne).

This problem is especially noticeable in product development. Still, at 77, Knut is (one of) the most leading individuals in this area. This is not only due to his deep technical interest, but also to an expression of his dissatisfaction with the way this area has been run since he left the position as CEO.

"Unfortunately he has a point there. There we aren't as good as we should be, and I think that as long as the product development doesn't live up to the standard he finds acceptable, he will keep working there... But starting this month we have reorganised our way of working. Now we are going to work differently with product development... Partly I have reorganised because I have to secure our future product development. I have told Knut: 'We can't depend on you. You have built this, you know product development by heart, and you have been governing every little screw in this business. But that won't work in the future. They will never learn over there...I'm of the opinion that if you don't jump into the water you'll never learn how to swim. And since Knut is there, and holds the float they don't have to swim. He's holding it" (Marianne).

The implementation of a more decentralised company structure was the other change Marianne introduced. When she succeeded Knut she discovered she would have 18 managers directly reporting to her. Not only did she find this to be all too many, but she also found the lines of responsibility to be rather blurred.

"I brought up the issue in the board and said: 'I have 18 managers directly reporting to me, and out of these seven are responsible for main functions, either production functions, or sale subsidiaries. Moreover, all the Swedish production and all support functions are included in this. I can't handle this, it's no good, every one is waiting for me. I have to have another structure. It's not clear who is responsible for sales, and who is responsible for production, and among the sales people it's not clear who is responsible for service, and so on. There were no clear lines of responsibility. To Knut it was as clear as daylight, and to me it was not clear at all. And if I find it unclear, what then about the next level (in the hierarchy)?... And I took a fight to change that organisation. I said: 'I refuse to work here if I'm not allowed to make a reorganisation. It's going to kill me. I can't work more than 80 hours a week. I simply can't" (Marianne).

As a result of Marianne's leadership a change in the company culture is gradually taking place. From having been rather "correct", the atmosphere in the company is now changing towards being more caring.

Atlet

"Marianne has a modern leadership style, which I appreciate. It's more personal, and it includes more empathy, so to speak. She cares about things... I had a blood-poisoning which almost killed me, and I must say I was very happy and moved. She actually sent me flowers to the hospital, and I think that's very personal... It's a change in the culture... And she has really tried to make the management team to agree on certain values, and things like that" (Harry).

* * *

Meeting the future

*"Ja, nu när man sitter med facit i hand
kan man kanske säga att vi rodde det iland
Och man kan småle
Åt alla olyckskorpars kraxande."
(Ragnvi).*

"A newly founded company's existence is rather uncertain. Not the least this was the case for Atlet, since there were neither products, nor customers, nor organisation, nor money for financing" (Knut).

When thinking of the initial conditions, it is perhaps no wonder at that not many people believed in Knut back in 1957. But over the year Knut has managed to turn his technical interest into a successful family business. Atlet's history shows that with the exception of two externally caused downswings the company has had a rather steady development without any major crises.

"It has been stable. The curve has been positive, and over the years the solidity has been incredibly good. As Knut often used to say: 'When I wanted to borrow money, no one was willing to lend me any, but now as I don't need it, everyone wants to lend me money'. It's fantastic" (Lars).

The historic success is, however, by no means a reason for Knut to be satisfied. Although approaching 80, he still is full of plans and visions for the future Atlet.

"He happily makes long-term prognosis for 2015. His still considers what it will be like ten years from now... I think that as Knut summarises this, as he thinks about the development, his emotions are somewhat split. One the one hand he is incredibly satisfied with what he has achieved, that's a good feeling. On the other hand he is a bit annoyed over the fact that the expansion hasn't been even bigger" (Lars).

To successfully meet the future Atlet has a number of challenges that have to be faced. Among the more important ones are improved internal efficiency, market expansion and strategic positioning, and independence.

Internal efficiency

The succession of the position as CEO and group executive from Knut to Marianne has implied changes in structure, leadership style, and culture. Accustomed to Knut's rather patriarchal way of running the business, the organisation has had some difficulties adapting to the new situation. To maintain efficiency in running the company in the future, a number of internal issues have to be improved, including communication, cost structures, how to reach out to the customers, and the organisation of product development, which still depends very much on Knut.

"When it comes to product development Atlet has always been proactive. This advantage has to be kept. We must make sure to always be ahead of our competitors in foreseeing the development. It takes visions to do that. Looking back is not enough, because that only leads to copies of the past. We have to build our own future the way we always have" (Knut).

"What's important is that I have to make clear to the organisation that we will go through our cost improvement program and clearly mark what's new. I have to be much more distinct in the way I communicate as a leader. I have to work on that. These things are important for the future... We are discussing these things. They are important. Moreover, we have to secure the efficiency of our product development activities. I work according to the hypothesis that Knut won't work many more years. A topic for our next meeting in the family council is to find out how Knut sees this. In my opinion, if he is to think about the business, then he must think of it without him being there, and how I then should run it. We have to prepare ourselves, but of course it's not easy... And he haven't had time for... he started to play golf, but gave it up. It would have been easier if he fostered a big interest in something, a sailing-boat that lay waiting for him" (Marianne).

"The present topics for discussion are strategies for product development, and strategies for distribution - how we are to sell our products in a way that is as profitable as possible. And positioning - how to make a customer buy from us and not from someone else. And then we have the cost improvements in production. To me that is one of the most important issues. And the development of IT, business to business, to build systems by the use of IT in order to work with retailers and subcontractors. And speed up processes in general, and lead times" (Lars).

Atlet

"I think this company has all the possibilities in the world to be even better, and stronger, and to have a higher turnover, and make a higher profit. We have a competent management team, we have good products, we have a good sales organisation. In my opinion our after sales activities are the right ones for taking care of the machines at the customers. But why don't we sell more trucks from the Atlet program. Everything depends on us selling more products, and preferably in a profitable way; we can't give them away for free" (Harry Wester).

Market expansion and strategic positioning

During the last decades the truck industry has undergone big transformations and competitors have embarked on restructuring programmes to meet the new conditions. Many small companies have not been able to survive on their own, resulting in numerous acquisitions affecting also Atlet. Atlet was the Toyota dealer for counterbalance trucks in Sweden for many years, when the Japanese giant acquired one of its major competitors. As a consequence, Atlet had to start looking for new suppliers of counterbalance trucks, as many customer request a complete range of products. Eventually, Atlet allied with Caterpillar, thus securing its market share.

Besides restructuring, the industry is striving to globalise. To be able to compete one challenge facing Atlet is to find its position in the market.

"The consequence for the future is that we have to structure and limit our program to suit special customer segments. In relation to the customers we must be the best alternative, because it might be difficult to keep too broad a program. It's also a matter of having, from a selling and logistic point of view, an understanding of the customers problems and ways of working" (Knut).

Future issues are not just related to products, which markets to focus on, is also a matter of concern.

"The second thing is to start working without strategic position. Are we going to be strong in the Nordic countries? Then that's what we should go for, then we shouldn't keep trying in Argentina, and Brazil, but work on the Nordic countries" (Marianne).

Finding a niche- strategy might not be enough. To keep up with the competition, Atlet might very well need to start cooperating with other actors in the industry.

"Strategically, we have reached a very difficult situation. We are stuck. We are not among the three really big ones, but we are not small enough to be a true niche company... We are among the 4, 5 biggest in Europe on our kind

of trucks, and that is a rather tricky position. We don't have the volumes, but we still have a rather broad program to support, develop, market, and on which education must be provided. But everything depends on how you look at it. Of course one can say that this is a fantastic achievement, but we haven't grown as fast as the market. 15 years ago we were half the size of our competitors, but today they are three or four times as big as we are" (Lars).

"Expansion on our own is out of the question. We must start cooperating with other truck manufacturers, buy other companies, or we will be bought, but to expand alone is not possible. I mean, we say we are going to increase our market share, but that means someone else will have to relinquish his share. It's a question of taking from someone who has, and the question is who would be willing to accept that. No one of our competitors is willing to give up their market share, but it has to be taken from someone, and I don't think we can do that by ourselves. That's something which have to be done in cooperation with others. This is especially important in relation to sales. We have to have more outlets, more retailers" (Harry).

"Of course, when the market grows so does Atlet. But earlier, during the 1980s' we grabbed market share, but now we don't. Now the figures are not changing, and if they have moved we have made losses... The figures are not big, but still... you can tell at once by the volumes" (Peter).

Remaining an independent family business

"It's his life-time achievement... to a large extent it has to do with his identity. I think it means a lot to him" (Lisbeth).

"I think that it is important to Knut to be independent. Over the years he has had many proposals from actors interested in buying his business, but he has always rejected, because he wants to remain independent. I think that has been a driving force, and that's kind of unique, because somehow there is always a price tag attractive enough to make a deal. Sooner or later, private companies tend to be acquired by a bigger concern. But he has refused, and he still thinks it should be independent, even though - of course - when there is a decrease in profitability it might be tempting. When you see things are not as successful, it might be easy to change your mind and sell. But what will then happen to Atlet? Well, first you lose the independence, and second the trade-mark might survive, but what happens to the production plant in Mölnlycke? What happens to his life achievement?" (Peter).

Even though it might be difficult for Atlet to face the competition all by itself, selling the company is currently not an issue. The outcome of several discussions in the family council about ownership constellations is a decision to remain an independent family business. This decision is reflected in Atlet's strategy; "Atlet will remain a privately owned family company which grows by its own efforts" (Strategy 2003 p. 2).

"Concurrently with us getting bigger and bigger, over the years we have had several discussions about the stock exchange and OTC, and about selling the company, and various other possibilities. And we almost fainted, all of us siblings, when dad spontaneously brought up the issue that, with time, selling the company might be a logical consequence, because we thought... we sort of never thought... we thought that it was of overriding importance that the company remained a family business. But nowadays he says that he thinks the well-being of the company comes first. It's no use to keep it as a family business if it doesn't work. The most important thing is that the company survives and is viable. What he wouldn't like, though, is to turn it over to an investment company because of the risk of it being cut to pieces. And the most attractive alternative to him on which we all have agreed is to keep it as a family business. At the moment we have no intention whatsoever to sell. But the thought is not unfamiliar to him. And we had never really discussed that. Somehow we just took for granted that it was totally impossible, but it turned out it's not" (Monika).

"To me selling the company is out of the question. It's not alternative number one but on the other hand one must think like this: we have to have enough capital to make sure the company can survive, and if we, for some reason, would be in need of capital, say to make investments, well, then one has to consider an introduction on the stock exchange, and let other owners in. But it's not something I would want. To me, it's unthinkable" (Marianne).

But a family business has other implications besides the independence. Further advantages include trustworthiness, a long-term focus and – through the connection to the family – a special devotion to the business.

"It's definitely not just a financial security. It's more than that. It's very much this pride of both dad and mum. They have achieved something. To me, that's valuable" (Monika).

"I think that in a family business it means so much, and therefore one is perhaps more concerned about the company than would otherwise be the case. Because if you're not an owner. I think one is more concerned about the company if it's a family business. After all, it's dad's achievement, and of course then one has to have a somewhat different approach" (Margaretha).

"I have the feeling that the family is important for the business. I mean, this is a family business, and that's essential... We use it for our marketing activities... Seriousness and stability. The customers should know we are to count on in the future. And now the next generation has taken over. We have played a lot on that. We have external board members, but even so the role of the family is very important. And the siblings are part of it. We are engaged in FBN, and things like that. We want to be a family business. But it's also important... I don't think it's enough to make sure what's there is preserved, but I think it should be developed. (The company) should keep existing, and keep improving" (Marianne).

To succeeding generations, taking over a family business means to be accountable to both the family and to the business, not just to preserving the success of the past, but also to continuous development and growth. This knowledge challenging and from time to time overwhelming.

"Of course one can sometime feel like saying: 'What am I doing?'. Sometimes I can feel that way although not so much any longer: 'Should I have done something to help taking care of Atlet?'. (Monika).

"You sort of feel: 'oops!', when you attend FBN and other conferences, where everyone tell about their second or third generation family business. It feels like it's such a huge responsibility. This just has to be successful so that I can turn the company over to the next generation. And when I leave I want the successor to take over a well managed company. It's like when you change apartments, the one you leave should be nice and tidy... And it should not just be administered. There should be growth and development... It should go on in the family, and it's to be developed" (Marianne).

In order to fulfil the ambition to remain a family business, the family has already started preparing for the entrance of the third generation into Atlet.

"That's what my sisters do now. We split into small "bee hives" during our family council meetings to work with different issues. The youngest sister and I work with some of them, and the sisters who have older children work with the issue of how to introduce the third generation into the company. Because in five years from now we have to begin; then it's time, then they are 15-years old. Already now they have been here with their class to have a look, and to drive a truck" (Marianne).

7. Indiska

"As I was building my insurance company, the thought 'I will take revenge on the Orient' was in the back of my mind, particularly in the years before I bought the Indian Exhibition. It was a period of probation, during which common sense told me that one shouldn't take it for granted that one is as bad as it looks when things go wrong, nor as good as it looks when things go right. In between there are lots of circumstances beyond one's control, which have to be considered. And I decided to take revenge, somehow. I wanted to prove that my judgments were not bad the first time. I was totally convinced that what I had done was right. It had been hampered by circumstances ... When I bought the Indian Exhibition in the 1950's, an old gift shop on Regeringsgatan in Stockholm, it was the beginning of the adventure of my life and my lifetime achievement" (Åke).

Looking for revenge: Åke, the entrepreneur

"Åke is a person who is obsessed by an idea. He is artistically inclined. He is a singer. He has a feeling for order, I venture to say. He is extremely honest. He is an extremely persistent person, and I have been around long enough to know that persistence characterises most of these entrepreneurs, sometimes bordering on obsession. For them there is nothing but their companies. And this was the case also here. Åke lived with it day and night." (Rung).

Being an entrepreneur, Åke was in business all his life. As a child in the late 1920s, he was supposed to help providing for the family, consisting of his parents and siblings.

"Already as a young boy I started doing business to contribute to the household. I caught rabbits in the woods for which I got a few pennies. When I and my brothers got older, we picked up Baltic herring, which arrived to our village by train. Sometimes the man in charge of the transportation lost himself in a game of cards and didn't care about what happened to the boxes. We put the herring in one kilo bags and went around selling them to the people in the village. I also distributed small beer on Fridays and Saturdays for which I could get as much as five crowns and five litres of beer, which I brought home to my family" (Åke).

Doing business was, however, not a family tradition. His father and most of his brothers worked at the railway, and that was where Åke also had his first job. Besides doing business, singing is one of Åke's devotions in life. Since the pay from SJ (Statens Järnvägar), the Swedish railway, was far from enough to finance his singing lessons, he started selling insurances in his spare time. But still, his financial situation and that of his wife Majken was rather awkward. Åke decided to apply for a better position within SJ. But his attempt to improve his living standard unexpectedly ended with him resigning from the company.

"At that time a traffic engineer was considered a VIP, and you should better stand with cap in hand and hope for sympathy. (From the traffic engineer) I learned that the railway was not there for Åke Thambert. I angrily replied that neither was Åke Thambert there for the railway. I resigned immediately. ... I found he answered very undiplomatically. Surely I understood that the railway was not there for me, but I considered the interest to be mutual. They needed me, and I needed them" (Åke).

Taking into account that Majken was pregnant with their first child and soon would have to quit working, the resignation might have been a rather reckless move in a time of no social security system. A rather self-confident man, and with an offer of a position as a full time insurance inspector, Åke did, however, not judge this as very risky. Besides, the conversation was nothing but a triggering event. Already Åke had decided that his future was not with SJ.

"I was looking for bigger challenges than the railway. To my father it was a secure job. He wanted us all to go in for the railway. But I felt I wanted considerable bigger challenges. I can't cope with having everything staked out, knowing exactly what will happen. And the payment was rather low; it was a life without excitement. ... I think I was the only one in the family having that feeling. With time the others got fairly good positions within the railway security was regarded very important. But I thought: 'what should I chose, security or challenge?', and I chose challenge" (Åke).

Quitting the railway, Åke started to work full time selling insurances. The family was then living outside of Stockholm, but Åke, Majken and their newly born daughter Kicki, moved into the city centre. Even though selling insurances was more profitable than working at the railway, Åke's income was still not enough to support a family. Through an acquaintance he got in touch with a man owning a stock of oriental carpets, which he was allowed to sell on commission. As customser basis, he used the same people he was selling insurances to.

"Though not aware of it at the time, this was the beginning of a life-time achievement. Much was to come, and many years were to go by, before I had managed to create one of Sweden's biggest, and most profitable multiple chain stores with clothes made in India. But as I was driving around with

my Indian pastel coloured carpets in the trunk of the car, things were definitely looking promising” (Åke).

In the Autumn of 1946, Åke’s carpet supplier introduced him to an Egyptian businessman by the name Hussein Ibrahim, who was looking for someone in Sweden willing to put effort and money into dealing with Egyptian goods. Hussein and Åke signed a contract, Åke opened a trading company, and Hussein supplied him with shoes, crocodile skin, leather goods and fabric. As Åke expected, the interest in the products turned out to be quite big.

”It was after the war, almost anything was possible to sell, there was a need for everything” (Åke).

The Egyptian deal was successful. In 1947 Åke decided to visit Cairo, to try to find more products. The trip was made in close cooperation with Hussein, in the hope that Åke would take care of Hussein’s debts in Sweden. In exchange, Hussein would cover all costs of Åke’s stay in Cairo. Egypt was full of interesting goods, and shortly after arrival, Åke started to purchase goods for export to Sweden. Soon, however, he ran into trouble. He received a telegram from his office in Stockholm saying that, due to severe exchange rate problems he would need a license to import goods to Sweden. For three months, his office strived to obtain the license but to no avail. Now, his talent as singer stood Åke in good stead as he got an offer to perform at a famous night club in Cairo.

”For three months I worked there and managed to make a living. I am the born optimist, but after a while I started to doubt that my big plans would ever be realised in Cairo. My thoughts were often with my family back home, with Majken and my little daughter Kicki, whom I had not seen for several months. Majken and I wrote to each other frequently, but I felt sad always having to write about the setbacks. After all, our whole existence was dependent on me doing money in the Orient” (Åke).

Then, all of a sudden, Åke was asked by a Swedish company to help it import apricot seeds from Damascus, Syria, for use in its marzipan production. Åke immediately flew home to Sweden to make the necessary arrangements. After a week he was back in the Orient, trying to strike a good deal for the company. This however turned out to be quite difficult, and Åke had to spend more time than expected in Damascus. This meant he had to postpone his plan of returning to Cairo to ensure the transport of his purchased goods to Sweden. That he had left his pregnant wife (his second daughter was born during his stay in Damascus) practically without any money, naturally made the situation even worse. But there was more to come. A Cholera epidemic suddenly started to spread rapidly, forcing the Swedish government to prohibit grocery imports. In Cairo there was a curfew. Having spent all his savings, and with debts waiting for him back home, Åke had no option left but to return to Sweden.

"Farewell apricots, farewell all bags with goods, farewell all proud dreams of being a successful Swedish businessman in the Orient" (Åke).

Before leaving, Åke had to settle a number of outstanding issues with Hussein. Among them was getting his car back, which had been brought to Egypt by Hussein. In meeting Hussein, Åke had "the last big chock" (Åke). It turned out that his former so nice partner had changed completely, and refused to stick to any of their agreements. After a couple of days – and after having been threatened by Hussein "you would not be the first person to disappear in Cairo", Åke realised he had lost the battle and left Cairo without goods, apricot seeds and the car.

"This was the end of my adventure in Cairo. I flew home in November, sick and without hat and coat, and with what I considered being a debt of honour of 200,000 crones. My only comfort was the happiness my family showed over my coming home. They wanted me to stay, and abandon the thought of doing business in the Orient forever. But the Orient had gotten into my bloodstream and I knew that I surely had a future there. I deeply felt that one day I was to succeed." (Åke).

Apart from Majken, who despite the sacrifices she had gone through still had faith in her husband, Åke was quite alone in believing in a future success as businessman. To others, including his brothers who "almost declared him an idiot" (Majken), he was "a loser who really should not be doing business" (Åke). But Åke was determined to prove his capacity and started paying back his "debts of honour". At the outset, this was of course very difficult, as he borrowed money from one person to be able to pay the debts to another.

"I knew that if I couldn't repay the debts, I would have no future as a businessman. I had to repay them, with compound interest. And I did, although it took a while. I got a new job. I opened an insurance company, and it was rather profitable. With this money I could repay my creditors. And those I couldn't repay I made sure to keep updated on when I would be able to pay them back. Sometimes I paid back just a little only to show I was serious" (Åke).

One day, a close friend suggested Åke to meet with Larbi Sakkat, a Moroccan looking for a Swedish business partner. Soon, Åke started to sell leather goods, ferried to him from Marocko by Sakkat. In spite of all his misfortunes in Cairo, Åke had never given up the idea of doing business with the Orient.

"As I was building up my insurance company I thought 'I will take revenge on the Orient' in the back of my mind...particularly in the years before I bought the Indian Exhibition. It was a period of probation, during which common sense told me that one shouldn't take it for granted that one is as bad as it looks when thing go wrong, nor as good as it looks when things go

right. In between there are lots of circumstances beyond one's control, which have to be considered. And I decided to take revenge, somehow. I wanted to prove that my judgements were not bad the first time. I was totally convinced that what I had done was right. It had been hampered by circumstances" (Åke)

Struggling to find "the concept"

"In the Autumn of 1950, Sakkat said: 'How about us buying a store together?' That was the beginning of Indiska" (Åke).

The store, specialised in goods from the Orient, dated back to 1901, and was owned by the Hulek's who wanted to sell after 35-year ownership. Being very interested, Åke went to see the owners only to find out that the gift shop was already sold. The owners of the stocking boutique next door had bought it to expand their business, but they had not paid yet. Nonetheless, Åke still offered the Hulek's a ride home. On arrival, Åke found himself invited to dinner, during which the conversation focused on the sale of the business.

"...and then I tried to put things in a nice way. I said: 'excuse me, but I understood your daughter is working in the store, and that you will sell a company which just has celebrated its 50th anniversary, and which has provided you with a living...and, moreover, you will sell all your stock-in-trade. From what I know of retailing, this will be very costly; the general expenses will deprive you of the last penny. It will be very time consuming. Since the goods are very special it will take time to sell. I am willing to buy the company, and I will pay a little more than what he (the stocking store owner) has offered. On top of that, I will buy your whole stock-in-trade'. And I said to her: 'Wouldn't you like to see your business to survive somehow?'. I felt she started to buy my suggestion, and at 9.30 pm she phoned her lawyer and told him 'I have a person here who is interested in buying the Indian Exhibition" (Åke).

The dinner, and the fact that the prospective buyer had neglected paying on time, and a sudden decision by Sakkat not to remain in Sweden, turned Åke into the sole owner of the Indian Exhibition. With a bad financial situation, he again had to rely on friends lending him money. And again he was declared an idiot by the people surrounding him.

"It would take me 7-8 years to repay the new debts... Apart from that, there were a number of competitors in Stockholm, offering the same selection of goods" (Åke).

Besides these difficulties and misgivings, Åke was determined to fulfil his plans, seeing in Indiska a chance to compensate for his earlier failures.

"I am sure I wouldn't have jumped at it, had it been a flower-shop, or a grocery store, or a traditional clothing store ... I guess one can say that the reason why I bought the Indian Exhibition was my failure in Cairo. Everything began in the Orient, and I couldn't relax due to my complete failure, because I felt I had not been fairly judged. After all, there were decisions taken by the authorities which hindered imports, and I was not the one to be blamed for. This was rankling in my mind when I came home. ... I guess that was the impetus, all the people that kept nagging : 'Haven't you had enough of the Orient?'. And then I thought: 'Now as I have some experience of the Orient, and a complete different platform from which I can begin, I would be a fool not to take advantage of it' " (Åke).

Six months after the dinner, on March 1st 1951, Åke finally got the key to:

"...a rat's nest - there were lots of rats on the backyard - the floor was inclining, there was no WC, only a privy, no cooking facilities, no office, no stockroom. It was said the building was to be torn down, and I was promised to get premises in the new house, but many years were to pass before this was to happen" (Åke).

As the new owner of the business, Åke knew that he would have to find a new business concept in order to make a living. Ever since the start in 1901, the store had specialised in souvenirs from the Orient, a business idea that was no longer viable due to the increasing number of Swedes touring abroad. Åke realised that finding another concept was essential. However, in 1951, he had no idea of what this concept should look like.

"And that was my big challenge, owning this store, I had to find a new concept. ... I was very aware of this, I had read that no business can be successful without a concept, and thoughts, and a soul" (Åke).

While working to find a new concept, Åke started selling European merchandise in order to keep the business going. This situation was however not satisfactory. The change did not appeal to the customers who began to complain about the changes. Åke likewise was not happy with the development. Gradually, he felt a need to find his own niche for the business that preserved connections to the Orient. In 1953, he decided to go to India in the hope of finding something suitable. Having financed the journey by selling television sets, he finally arrived in India, without knowing anything about the country. To his big disappointment and frustration: *"I had to find goods, I felt so constrained - it was a matter of the survival of Indiska - that I got filled with agony" (Åke)* – he did not find anything of interest.

"I was shocked not to find anything new...there were three to four wholesale dealers in Sweden, and one in Denmark selling Chinese and Indian goods, and they had everything there was. I bought some harem trousers and harem shirts, but had no success in selling them. So when I came home from India I was rather worried" (Åke).

But Åke had no intention of giving up. Determined to realise his vision, he started to rebuild and repair the poorly-kept facilities. Since the store did not provide very much, he had to rely on additional sources of income to finance the reparations and support his family. Besides singing, Åke had a big interest in cars and used to practice rally driving. In 1955 he turned this interest into business, signing a contract as a professional rally driver for Ford. Still he had not been able to find the concept he was looking for. At night, before falling asleep, he used to lay awake for hours, pondering over what to do. He tried out various ideas, but to no use. One night the idea of selling clothes made of natural fabric, like cotton, occurred to him and he decided to give it a try. In the 1950's, clothes were often made of synthetic, such as nylon, which Åke personally disliked. Confident he had found the right concept, he went to India again, looking for suppliers.

"...and then again, I was completely shocked by the fact that I did not find one single supplier, not a single one offered something ready-made to import ... There were no factories, nothing, there were just small businesses with a few pedal machines...and no design" (Åke).

The problem was not to find clothes made of cotton. India was one of the largest cotton producing countries in the world. The problem was to find a supplier big enough to provide him with the quantities, quality, and design needed. During the 1950's Åke kept going back and forth between India and Sweden, desperately trying to find proper partners to supply him with high quality, natural material-made clothes.

"I was there very often, almost every year, searching...searching....visited exhibitions....one thing leads to the other" (Åke).

In spite of the difficulties, Åke was confident that clothes made of cotton would be the future success of his business. On one of his trips to India in the beginning of the 1960's he had cotton shirts made. *"And then I was almost declared a fool in India too, because the Indians use cotton crepe to make scouring-cloths"* (Åke). In Sweden, the shirt was, however, successfully sold under the name "Lion of India". But the problems were not long in coming. When washed, the shirt shrank with 50%, and in an article in Expressen, one of Sweden's biggest evening newspapers, it was described as "The One Time Shirt".

"We had no choice but to confess to the facts. And then I thought: 'what if they have a son?' We put up one washed and one unwashed shirt in the shop-window to show the difference. And we put out the article together with a sign saying: 'yes it is true, but if there is a son in the house the shirt is a perfect gift, for it does not shrink in the second wash'. And then we sold the whole lot" (Åke).

In spite of the problems, the hard work eventually started to bear fruit. A number of items, such as the "Beirut bag", were very popular and sold in large quantities.

"It was a tremendous success. We had long queues outside.... The Beirut bag... a shopping bag in three different sizes with two pockets and a zipper. It was like if we have had a pop artist in the store, writing autographs. It was incredible, people literally fought over the bags. ... The people making the bags were disabled. Dad got in contact with a man in Beirut who owned a factory, and this man had a very generous heart, and so does dad, so together they started developing this factory. This man only employed disabled people. Everyone sewing the bags was disabled, who otherwise would have had to go begging in the streets" (Helena).

Single items proved to be relatively successful. The concept was far from developed and many challenges were still to come before Indiska would be a recognised business within the industry. Constantly short of money "he had to borrow from one to repay another" (Majken), Åke struggled on.

"After a while I found it very humiliating to borrow money.. To phone acquaintances, often I had to borrow at 40% interest. It was very expensive money. And it implied incredibly hard work, besides running the stores. The first 15 years I had to do it all by myself. Taking care of the stock, getting and unpacking the goods, travelling to India to buy them, developing.... It was tremendously hard work. ... I spent very little time at home. ... And on the week-ends I had the rally-competitions. And I was out singing. I had to have money" (Åke).

Since Åke had little time left for things other than business development, the upbringing of the three children was the sole responsibility of Majken.

"The first years were pretty tough. We hardly had housekeeping money. Then he bought Indiska... and had his rally at the same time. So he was never at home, never. I raised my kids all by myself. But I never felt like giving up, never. But if I hadn't had people who could baby-sit.... I don't think he ever did that. But I was surrounded by people who did. I had my mother, and my aunt, and a good friend". --- "There were many people saying to me: 'I don't understand how you can stand it'. But we always had a very good relationship, we have been married for 57 years. Many times it has been

messy but, we have sort of grown together. And we are very independent individuals.” (Majken).

The absence of Åke was not only a challenge to Majken. The children also missed their father.

“Our daddy - we didn’t see him very often - one looked upon daddy as a kind of idol, having a dad travelling to Egypt was kind of exciting. But he never accompanied us to athlete competitions, or shows, or Christmas breaking-ups, never, and of course one missed that. ... I wanted us to be a family going to the country-side, and having a summer house just as my friends...going fishing with daddy and things like that; I dreamt of that. So when I got a family of my own, these things were tremendously important to me, doing things together in the family, almost to the extent of exaggeration.” (Kicki).

“Åke was never at home. In the early years I did not have a real father. And by that I mean someone who is at home and comes with you to sport or music events. We saw each other a few times during the week, a good relationship in spite of this, but we did not see each other a lot.” (Anders).

With Åke mostly absent, Majken came to play a central role in keeping the family together.

“Majken is a wonderful person. Humour....she personifies....with a person like Åke the ground shakes, rifts, and gets kind of insecure unless someone is there to provide structure. And Majken structures things, She organises. She’s the one carrying all the bags. She provides the family with security and balance” (Anders).

“I think Majken is....she means a lot, her stability and way of being...always easy going: ‘It will be all right’ ... She really has a positive....a survival instinct. She is a very strong woman. You rarely meet such strong women, particularly not of that age, and this in spite of having lived with a man who, at time, almost disappeared from the family, and concentrated on the business. She has always been there as a strong counterbalance” (Maria).

Crisis, focus and concept development

Besides business development, Åke continued spending a lot of time on the rally track. In 1962 he had a serious car accident, which almost cost him his life. It caused the loss of sight on one of his eyes, and tied him to a hospital bed for three months, during which his two employees, Majken, and the siblings kept the business going. This became something of a turning point in the

history of Indiska. When he finally recovered, he decided never to take part in a race again. Devoting all his time and energy to the business, it started to develop much faster than before.

"He was injured in a car crash, and lost an eye...and somehow this was a turning point. 'It's an ill wind that blows nobody any good', as I often say, because then he started to engage more in the business, and then it started to get going. Before that we only had this store (the first one), and it was rather profitable, but he didn't really commit himself to it until after the accident. Then he dropped everything else" (Majken).

"Åke wasn't focused on Indiska until 1962. It was more fun and a splendid part of all his different activities. But he wasn't serious about it until 1962, after his accident. Then his talent was shown, his knowledge of details, his mercenary soul... The business wouldn't have existed today hadn't Åke then stepped on the gas...and started an expansion race through franchising" (Anders).

In 1964 the second store was opened in Stockholm. By 1965 the number had grown to five. The first boutiques outside Stockholm were opened in Växjö and Luleå in 1964. As with many of the future boutiques, timing and location were the result of Åke catching a possibility in flight.

"We were walking down Bäckgatan (Växjö), me and a friend of mine, when he suddenly told me: 'This dairy is for sale'. And in we went. I had no thoughts of opening a business in Växjö. But as we went out we had shaken hands on me buying it for 15,000 crowns. ... And with it just opened, a man from an insurance company called me. He was involved in building a shopping centre in Luleå and said: 'Åke, I have a store for you here'. I had a look at it and decided to go for it" (Åke).

Inspired by the Indian way of doing business, Åke organised his stores as small ware houses, displaying quite different things together.

"In spite of what all crooks said, I managed At that time everyone told me: 'It's impossible to run the stores as you do, with all these different things'. Then I decided to prove that I would be able to work with an 'organised Oriental mess', as I then called it. I tried to structure the stores in an exciting way, with an Oriental touch. You see, all stores in the Orient have millions of different things. But nobody...especially advertising agencies believed in this. No, it had to be distinct, 'you can't have all these things'. But this is something, which we have managed to prove, and we don't know of anyone else doing the same thing. We travel a lot around the world, and we have never run into someone selling as many things as we do. We have interior

Indiska

decoration goods mixed with clothes. For us it's, for instance, natural to put a tie on a brass pot" (Åke).

In 1966, Paula started to work in the business. Paula had come from Germany for a three-month visit to the Hulek's, her relatives. Ever since he bought Indiska, Åke had stayed in contact with the former owners, and now Paula, who was interested in learning some Swedish, got the opportunity to work as a sales woman in one of the stores. Realising Paula's competence, Åke, shortly after her entrance in the business, made her work as his right hand woman, which turned an intended vacations into a 14 year long stay, during which Paula more or less became a family member. Step by step Åke and Paula worked on building up his concept: a complete selection of goods made of natural material. Having quite different personalities, they supplemented each other well. To Åke running the business meant exploring his interest in the Orient, showing the possibility of successfully doing business there. Spontaneous, visionary and idealistic, this was done without much formal planning. Instead, the opportunities were more or less caught in the flight.

Åke's spontaneity was well balanced by Paula's more calculative manner. A structured person, with a high working capacity, Paula took care of things like budgeting, staff, and organisational routines, issues which Åke had very little interest in.

"...incredibly competent. She should really get credit for much of the development of the company, above all financial matters and survival. Paula was the compass, the map, the control, the order" (Anders).

"My way of thinking was much more economic than Åke's. Money is not his thing, which sometimes was a bit problematic for me. I had to keep control of the money in order for it not just to float away. ... When we were out purchasing together, he sometimes bought things, which I, from an economic point of view absolutely disapproved because we couldn't afford it. But he bought them to smarten up the store. But then we did not make much money. It was always bothersome, always" (Paula).

In order to reduce prices and to be more competitive, more stores were opened. While agreeing on the importance of this, Paula and Åke sometimes had differing opinions of the way in which this should be done. Even though realising it led to a rather rapid, beneficial, expansion, Paula sometimes had a hard time coping with Åke's impulsiveness.

"To me he was sometimes a bit too quick, because one also has to consolidate, and he didn't always realise that. If someone phoned and said he knew of a suitable store Åke went looking and 'yes, this is something for us'. Then I

often said: 'Åke, we can't manage. It is also a matter of organising and stock-keeping'. On this we sometimes disagreed. In one respect his ways of thinking was correct. But on the other hand, how would we manage to organise it? ... But issues of organising are something Åke has no feeling for. Everything should just work out by itself, but how, that is quite a different matter. When you have several stores, there is the stock-keeping issue, which is tremendously important... Perhaps it sounds ridiculous that I mention it, but it has to be organised. You have to have staff, it is costly, and it has to be calculated on. And he did not always do that. To me he was too impulsive" (Paula).

Together Åke and Paula struggled to build up the company. Apart from a constant lack of financial resources - *"The banks were not willing to lend me money until I had had Indiska for twenty years"* (Åke). There were problems in terms of shrinking and running colors *"I don't know how many sofas we replaced due to our clothes having lost their colour"* (Åke), late deliveries (spring collections arriving in the middle of the summer) forcing the company to sell off the goods, and the like.

"We had problems every day. I can't think of a day, or a week when I could work in peace and quiet. There were always problems... the suppliers... We had nothing but problems. And that's what made it so exciting. Every day you had to solve new problems. The goods did not arrive. There was no money. Then it got stuck at the customs. There were no papers. And everything was at an initial stage, nothing worked smoothly. ... It wasn't that we did not try to plan, but as things were with India then... the unreliable deliveries made it impossible. You can make all the plans in the world, but nothing will work according to them, nothing turns out the way you thought it would ... You have to try to think everything through as carefully as possible and to work according to your knowledge and intuition. With time you get sort of a feeling for what works. You always have to have several balls in the air in order for the store not to be without goods. To the extent possible, you have to have a plan A and a plan B. We did also import from China. The deliveries were supposed to be here after six months, but the goods arrived after two years. What will you do? You can write to them, you can phone them, you can send a fax ... All the time it was challenging, it was fascinating" (Paula).

Finally, in the end of the 1960's, the real breakthrough for the company came, much thanks to the political movement of the time. The left-oriented "hippies" mainly dressed in the clothes sold by Indiska. This led to:

"...an enormous boost.. PR. Indiska's name and position engraved itself into the mind of the Swedish consumers during the flower-power and hippie era. We mustn't forget that, that was our break-through. Everyone who experienced that time knows Indiska and what we stand for. ... This was

Indiska

1968-1971. Then it died out. On the positive side it implied that Indiska's trade mark was known once and for all. Our trade mark is very well known in Sweden, also by the younger generation. On the negative side is that it changed our image as a different, perhaps somewhat exclusive representative of the Orient and India, to one of a low quality supplier, grunge, which we are still trying to change" (Anders).

Despite the problems there were also many issues to rejoice. Not the least this was due to the way Åke, but also Majken, cared, and still care about the well-being of the employees. Over the years, this has fostered a warm and caring atmosphere within the company.

"Majken...she was a moral support...She helped out. She came with buns. She was always positive. It was very personal" (Paula).

"Surely, she must have meant a lot. In the 1960's and 1970's mum was a very strong profile in the company. She spent a lot of time in the stores then. At that time, there were more parties and staff gatherings a couple of times a year, and mum always arranged these. She arranged the food, and took care of housing. She was the one always fixing up these things" (Kicki).

Humanism, consideration, and warmth, have always been Åke's leading principles, which have imprinted his – and with time also his childrens' – view on how business should be done, and how to approach employees and customers.

"Humanism and commerce were always parallel, always" (Paula).

"Every individual working here must feel she is a human being and not an employee. They are co-workers, in the best sense of the word, which implies they should be listened to and not just run over through ignorance for what they have to say ... To me being a leader is a mission...It's what you do to the benefit of people, and it shapes the business culture ... You have to feel responsible for everyone ... A business leader...he succeeds through his actions...eventually every leader has an image. ... I think I have created a pretty good atmosphere in the business... they (the employees) say 'Indians - I am an Indian - it's way of life and a way of looking at doing business... (An Indian) feels he is part of a work which is a bit more unusual since we are working in the third world, we want to help these people to a good work, we have to have a sensitive ear to what we can do, and to what we can't." (Åke).

"Åke has a talent. He knows how to talk in order for you...He is only talking to you, and you sort of get elevated by what he says. He has a wise word for everyone he meets, and in my opinion there are not many people who have that, who know how to broaden the perspective" (Maria).

"He always tried to help. If someone had family problems, if the child was ill...then they could go home and we tried to find someone as replacement...or else Åke took over the work in the store himself, or perhaps I did...in order for the employee to be able to go home and be with the child." Those little things which are only possible in a small company. And in a human company. There might also be small companies in which nothing but money counts. This was definitely not the case in Indiska. ...He spoke a lot with the employees. When they had private problems he always listened and always had an advice to give. Whatever problem it was, private or professional, they could always come to him ...He was always there, and they knew it. ... He wanted it to be like a big family ... Having a boss like Åke...It's very rare one gets a person like him as 'co-worker', as he calls himself. Through his humanity he has so much to give, and it is infectious. ... That we, despite all the difficulties were able to make some progress, is for sure due to this humanity which was always there" (Paula).

"Åke has brought with him so many positive things. He knew the names of the employees in the stores. He brought buns and chocolate and, well, just spent time with them. He does this from his heart, and they feel it. He is very warm person, Åke....They have experienced a very warm and caring atmosphere and humanity. To them Åke is the soul of Indiska, and this is my feeling too. So as the leader of the business. I think he is very human, but very unstructured. He is not the person to organise" (Helena).

"Åke has been a very beloved leader, and I think his strength has been...he has seen the employees in the stores, and I think it is very important that a leader knows how to do that, and he sees people. During all the years he has visited the stores frequently, and he has made something special of it. On Christmas Eve he brings his sherry and he arranges small dinner parties. In the summer he takes them out in his boat. He tries to make something special for the employees. He has been very appreciated. The business has been very much imprinted by Åke's social commitment, and humanistic values. Every individual should be cared for. In many respects, Åke has been a role model as business leader. (Kicki).

"There is a genuine belief that thriving employees are beneficial to the business...And especially to Åke this means listening. It means an unconventional way of interacting. Personality is more important than

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behaviour according to some "norm"... You get very much appreciated the way you are. I have an example. Many years ago we were about to recruit a shop manager to a store that was to be opened. I had already met her in her hometown, and now she had come here to meet the family before the final decision was made. She met with Åke and Anders and when we were done Åke came out from the kitchen saying: 'I am just about heating some elk steak, would you care for some before you leave? It was left-overs which he had brought from home. He was preparing his left-overs and invited an applicant being here. And he is chief executive and owner. It would hardly be expected that he starts preparing left-overs, and invites the people coming by. But to me it was completely natural. I did not find it strange at all, because this is the way things are done in the family' (Charlotte).

Humanity, warmth and consideration are not only directed towards the employees in Sweden, but are an integral part of the business philosophy, mirrored by the way Indiska works in the third world.

"You should have been there to see what the working conditions looked like, it was the most primitive.... We worked very hard on making it more human, because when we got there and saw the sanitary conditions....It was horrible. It was....It's beyond words" (Paula).

In spite of being the born optimist, Åke frequently considered giving up doing business in India. This was mainly due to the destitution he faced and its ensuing ethical problems.

"Child labour, the social conditions, the environmental problems. ... It was tough facing this the first years. And then we were too small a company to be able to do something. I often asked myself: 'Is it fair that we are earning money on this'. But then I thought that 'if I leave now, I will never be able to do anything. If I stay I can make a difference' ... I cared a lot for the people, I cared a lot for our suppliers, and I felt an enormous responsibility for all our suppliers. ... The ones having stuck to our intentions are still with us. Today six thousand people make a living through us. ... I feel sorry for the ones doing business only for the sake of the money...then one should not work in the third world. When you do business in India, and you know that the standard of living of the entire family is dependent on you paying the right price, you can't simply lay hands on every cent, because then they will hardly survive. There has to be ethics involved. I have always derived a satisfaction in experiencing what our work means to them. I have seen the factories expanding, and their standard of living rising ... Today I am happy I decided to stay. We've had a lot of influence".(Åke).

One of the event that triggered India's involvement in India was a dinner where Åke started talking with representatives from SIDA.¹

"...and they were malicious. 'You are commercial', they said. And then I thought: 'Why should one be looked down on just because one is commercial'. It was then I came to think of that I would try to work with 'commercial aid to developing countries on a humanistic basis'. Luckily enough, I happened to run into an elderly Indian man with five hundred weavers in his family. In his little village in the southern part of India there were sixteen weaving families, and there he had a small office and a small stock. I suggested us to do an experiment together. The idea turned him on. I said: 'We have to be clear on this being 100% commercial, no charity work, 100% commercial, but we will involve more humanism than is normally the case in business. You have to guarantee no children are used for hard labour. Every child in the village has to go to school four hours a day, and with this condition fulfilled we are willing to pay for their school uniforms. In the afternoon they might help with lighter occupations in the family, for instance tying fringes, but they are not allowed to weave'. We made sure a school was built. We helped them to build a hospital. My daughter, who is a nurse, helped them with equipment. It's now twenty-six years since we started, and knowing the result, not a single child has remained in the weaving industry. We know that some have taken a Master of Law, some a Master of Engineering, some have become teachers, and they have become middle class. And there has been no child labour. But we have earned as much money there as we would have if we had produced in another village. And this was what I wanted to prove. Take the word commercial and honour it - if you mix it with moral and responsibility" (Åke).

Finally, the business started to make enough money to be able to concentrate on building up production, and to work systematically with quality improvements in India. The latter did not include only the quality of the products bought, but also the working conditions of the people producing them. In trying to build long-term relationships with its suppliers, Indiska has had the possibility to improve the working conditions for the people in the factories.

"When it comes to the depth of the relations, no one can beat us. We have a considerable impact when we say something. We get respect, it's like a family, sister to brother. There are not many suppliers with whom our family, or our long-term employees, haven't spent a considerable number of hours. We have been their guests, we meet with them several times a year, and by raising central issues, they get a feeling for what we talk about and what our intentions are" (Anders).

¹ The Swedish Industrial Development Agency

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"Indiska is a very respected name in India because...for one thing we create a relation with our suppliers. We try to see the individual behind the machine working for Indiska. The environment...how can we improve cleanliness? We enter a dialogue, as Åke has always done, with the suppliers in India not conducting well, be it insufficient illumination or people working late at night, lousy working equipment... He has always discussed with the suppliers how to look after the employees, to which they have listened. Åke is very respected in India. And we are also very strongly engaged in the countries of our suppliers, and care for the people in India working for Indiska. I guess this characterises the entire company, including our employees." (Kicki).

What 'commercial aid to developing countries on a humanistic basis' is all about is paying the right price for the products, a price leaving both seller and buyer as winners. Finding this price is a matter of negotiations, and deep knowledge of costs of raw material, costs of different methods of production, as well as quality.

"You have to know the costs of production in India. If the market price is one dollar we should pay one dollar, not one dollar and one cent. Not too much and not too little. Not only the buyer should make a profit. It should be shared between the buyer and the seller ... But I must never lose money, because then I jeopardise all employees and my business" (Åke).

As explicitly highlighted by Åke, and also other family members, "commercial aid to developing countries on a humanistic basis", is not about Indiska giving away profit for nothing. Rather, it is a means of gaining a long-term advantage.

"We are of the opinion that, in the long run, this is to our advantage. ... We feel that our presence leads to improvements for people, and for us as well, because we're not just there to give aid, that's not the way it is. We are there because we enjoy working with India, and we love the products, and also, we are supposed to make money from it. I mean, it's all intertwined. At the end of the day, we have been driven by the conviction that, humanism and social responsibility aside, we believe that we get better products by taking this responsibility, and by working long term. So there is a thought behind this social responsibility. A commercial thought. We work commercially, we are a company and we need to make money in order to provide yet more people with work" (Kicki).

Turning into a family business

“When Anders and Kicki joined, then India started to flourish, that’s when things started to happen. It was then it started to take off” (Helena).

In 1971, Anders, the youngest of the three siblings, joined the company. The children had occasionally helped out though not on a regular basis. For Anders it was important not to rely on Indiska, but to make a living on his own.

“Through senior high school I didn’t really know what to do. But one thing was clear: I would not join Indiska. I belong to the generation of the forties...and at the time the reasoning was: ‘make a living of our own’. It was a lost of prestige to sit down at a table ready laid, it was a pride, I would never ever...But when I was between eight and twelve years of age I helped dad a lot in the stores. After senior high school I, moreover, worked at a store at Drottninggatan, because I was quite flexible. It was just that I couldn’t imagine my future or living to be with dad. I was someone on my own, you know, pride and character” (Anders).

Having a great interest in textile and clothing, and inspired by his wife who shared his interest, Anders went to a number of design schools to learn more about these things. The purpose was, however, not to prepare for a future career at Indiska, but rather to work within the fashion industry, preferably with an own business. After school, Anders applied for a job at one of Sweden’s largest clothing companies, though his father had approached him to join Indiska. Failing to get the job, he and his father again started talking about his possible future within the family business. As shirt sales were increasing rapidly, they reached an agreement saying that Anders would start an independent wholesale business, IP, mainly focusing on shirts, with Åke as owner.

“My idea was to benefit from my knowledge of clothes and shirts. I knew the market. I had a reasonable sense for what could be sold. I wanted to sell to other companies in Sweden. I wanted a business of my own, but was willing to cooperate. He would finance and own the company, but I would be the one running it. With this, I had fulfilled about half of my requirements, and some of Åke’s. We had reached some kind of compromise and things had turned out fine. (Anders).

Åke was very happy about the agreement. Prior to this he had been troubled by the fact that none of his children showed any serious interest in the business.

“Of course that was what I hoped for, but they were very clear on ‘never, never’. When we had dinner at home and talked it over they said: ‘no, never’. ... Of course they thought I worked too much; especially when they were not yet out of their teens this was evident. I was very interested in

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knowing whether they wanted to continue in this business. But they clearly told me that working in the business was out of the question. My son said to me: 'I don't want to live my life the way you have lived yours, I don't want to feel that enormous responsibility'. And my daughter said just the same. ... I was a bit sad about this. I felt: 'I have managed to build a good company, and there will be nothing left but to leave it'. Then I know one other thing. It takes a family to work with India. The Indians work much more honestly and fairly with family members than with hired employees coming from multinationals. In India, the family is everything" (Åke).

In starting his business, Anders could use the same suppliers as Indiska. The customsers were, however, not the same as Indiska's, which then had 12 stores all over Sweden. To avoid direct competition, Anders concentrated on customsers in other cities. The overall advantage of this arrangement was that the purchase of large quantities would decrease prices. The drawback was the still poor quality of the shirts. Too often, Indiska had to hold a sale for shirts, which had been rejected by IP customsers, something which Paula, who was not supportive the IP business idea, had anticipated.

"I knew about wholesale, the goods have be of top quality, and from India we could not guarantee that. At that time it was completely different compared with how it is today. Today you can find good quality, but then it was not possible. I knew we would get, perhaps, 75% reclaim. What will you do with it? ... The best things you leave for your competitors to sell, and the trash you sell yourself. We always had a sale." (Paula).

Anders ran his business quite successfully for two years. An old friend of his was hired, and together they developed the business. Probably they would have continued doing so had it not been for a sudden crisis.

"It happened in the autumn of 1973, when quotas on textiles, mainly shirts, were introduced. 40% of the turnover at Indiska was of shirts, which my whole budget at IP relied on. And there was a complete halt because the Indian and Swedish negotiators were unable to reach an agreement on the size of the quotas. Between October 1973, and I think it was March 1974, we were hardly able to get a single shirt through. I had between 30, 000 and 40, 000 shirts laying in the harbour of Bombay, which were supposed to be delivered to the Swedish market" (Anders).

Because of this crisis IP was closed down, and all efforts, including those of Anders', were concentrated on saving Indiska.

"Indiska was shaken to its very foundations. We were on the edge of liquidation. We had a tremendous problem. And then one should know that Indiska was not financially strong. This tied the family together, and I joined Indiska, because now we all had to help one another. To continue running

IP was never any question. The question was: 'How can we solve Indiska's budget problems? What can we replace the shirts with?'" (Anders)?

The import restrictions caused tremendous financial losses and the banks threatened to withdraw their recently granted loans. As Indiska had four new stores under construction, paying back was not the issue. Quite the contrary, the business was in need of additional financial contributions. With this in mind, Åke approached Sören Rung, the only banker who had ever granted him a loan. Though hesitant, Sören Rung finally agreed to help him out.

"I believed in Åke, actually I always have. I was also able to persuade the bank. It depended on me. Had Åke failed it would have been a boomerang on me, too. But it turned out just fine. He had an idea. He knew what he did and he is a charming guy, gorgeous, and you have to be that.... You have to be a bit crazy in the positive sense of the word, and you have to be filled with your idea. And he was. And what I found sympathetic was that he never provided himself with money... He lived in rather modest circumstances... He invested everything in the business" (Rung).

Within Indiska desperate attempts were made to save the company. There was only Åke, Anders, Paula and Elisabet, the recently employed fashion directress to do the job. Being Indiska's first educated directress, Elisabet made an important contribution to the company by introducing a professional way of working with measurement charts, styling, fitting and coordination. Together with Anders, Elisabet now travelled through Europe trying to find things to sell in the stores. To finance the project, *"several of us let one month's salary stay in the company, in order for us to be able to pay for the new goods"* (Kicki). In the meantime negotiations continued with the banks to have them cancel their plans to withdraw the loans. The banks demanded that a consultancy firm be hired to scrutinise Indiska. The firm's report showed that Indiska had no future. Moreover, the bank forced Indiska to hire three new staff to secure the company's efficiency.

"There were troublesome times, because the troika criticised the concept and suggested measures which were not in line with Indiska. The consultant also turned to the troika with his questions, and completely ignored the employees who had been with us since long - the true mainstays. Then I decided to, in cooperation with the mainstays, to answer with our own analysis concerning the future prospects of Indiska. When it was ready I asked two good friends with high dignity within the Swedish business world to check both the consultant's and our own analysis. ... When their checking was ready we had a stormy meeting with the bank where all individuals involved were present to discuss. I told them our view of Indiska and suggested a change in image. On the basis of our analysis I had decided that the company should no longer be a typical low price company, but it should sell good products at acceptable

prices. Thereby our margins would be raised. Finally I got the bank to agree...and within a week, the three new employees had left the company.” (Åke).

On top of all these efforts, The Swedish Minister of Trade was approached in an effort to get the import restrictions revoked.

“It was tremendously turbulent. And it tied Åke and me together. And it made me drift into Indiska ...and I have been here ever since. In the beginning I had a role as purchaser. I helped Paula. I travelled a lot in India, spent a lot of time with the suppliers. I had the kind of formal education, which no one in the company previously had. It meant I had industrial knowledge. I knew how a factory should be built up. I knew of inspection activities, of different levels of quality, seams, fittings, and the like. So, apart from purchasing men’s wear, my role was to work with supplier development, not only clothes but also regarding our other lines. Also, I kept running IP, together with this guy, for another two years. So I sort of split my time there. I moved around rather freely in the business.” (Anders).

After about half a year, the import restrictions were revoked, things settled and Indiska was able to more than recover financially. Looking back, Åke regards this as one of the most important milestones in the history of the company: “then we proved what Indiska stands for” (Åke).

With the crisis behind them, Indiska started to work rather differently. The difficulties of 1973-74 had brought an awareness of the vulnerability of the company and of the necessity to be better structured and more focused to be able to be competitive.

“The crisis united the family closely together, We threw out some fuzzy ‘suites’ and we started to....and before I don’t think we were ready to do that, started to develop purchasing, budgets, we introduced equipment and furnishing (a line). ... We focused. We concentrated. We could not live from simply selling single hits, single products ... We were very unstructured in terms of purchasing budgets, sale coordination, economy. ‘Wow, we are selling lots of shirt, lets go and buy some more. ...’, ‘Wow, that bag was a hit, let’s buy bags’ - totally unprofessionally. This was the embryo of a structure. We got more closely united. In the stores, this meant the introduction of separate departments; before, it was a complete mess. We started to produce a base collection of clothes made of tricot. After the hippie era came a romantic period the white, light, embroidered, which actually was put on the market by Indiska. We made a difference then, i.e. in terms of trend-setting, not in terms of the size of the business... We introduced that fashion on the market. We had a number of hits in the non-hippie segment, in the new product groups which we developed. It gave us a lift” (Anders).

In 1974, Kicki, the oldest sister decided to join the company. Until then, she had never had thought of working permanently in the business.

"I guess I was the one in the family early taking my own lines in life. I was very devoted to theatre, music, dancing... That was the kind of profession I wanted" (Kicki).

But the business was always a part of the family life, and as the oldest child, she felt an (unoutspoken) obligation to help out in the business.

"The family business was always there at the side, and at that time, I was the oldest in the family, and I was a teenager, so I helped out a lot in the store. On Sundays I used to sell carpets and when I was free from school I used to help although I hated it. I rather worked as a table clearer, earning 2,50 crowns an hour. I wanted to do my own things, but I guess I somehow felt obliged to do this. Of course, I wanted to show I was willing. But at that time the products were not of my interest. I have always been interested in clothing. At a pretty young age I started sewing my own clothes and went to evening courses for sewing and design and found it very amusing. But when I was a teenager, Indiska was mostly about carpets and porcelain...It was a complete different kind of business. But still you had it around you, somehow I think it has imprinted the whole childhood...we were part of what happened...business for better and for worse, business acquaintances. ... The business was always part of the discussions during the family dinners" (Kicki).

Though closely connected to the business, Kicki was, just as her siblings, determined to have a professional career of her own.

"Perhaps one was fed up with Indiska. That might have been the reason for us not wanting to join. I have not thought of it that way before, but it might very well have been the case. I don't think anyone of us wanted to do this really, because we wanted to do things of our own...and prove we could do without this" (Kicki).

In 1974, Kicki started to feel she wanted some change in life; being a teacher was not as challenging as it used to be and did not provide a way for her to develop personally. Already as a teenager she started making her own clothes, and took part in various courses on sewing and design. Since Indiska now focused a lot on textile and clothing she decided to take a year off from her job as teacher to work in the business.

"Things started to happen in Indiska and I got all the more involved. I talked to daddy and made suggestions. I made him models, which he brought to India. I saw a potential and couldn't really keep my hands off, because

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besides working as a teacher, I spent a lot of time sewing, decorating, and painting. This was my main interest. My fingers were itching to really do something in Indiska” (Kicki).

Her first job was to go through the different products and suppliers to systematise her tasks. More important, however, was that she began developing the products, for instance by colouring them in a way more suited to the Swedish customer. Resulting in a remarkable effect on sales, this was the start of a more systematic product development and design. From having sold mainly ornaments, Indiska now started to develop collections articles for everyday use and home furnishing (matching bedspread and pillows, kitchen fixtures and the like) designed to suit the Swedish customer.

“The way I see it, it was important when Anders and I joined the business and started seeing things with fresh eyes. Paula was part of it then, and she and Åke went purchasing in India. I think a difference was made when I and Anders came in with our fresh eyes. We saw a potential. We, too, saw all these wonderful things, which Paula and daddy had bought over the years, but they saw them as products ready to sell. Important for the development of India was that Anders and I saw that ‘if we make this product only half as big, and recolour it, we can turn it into a new product, and from that product a whole new concept was developed, enabling us to sell many more items. This means we started a kind of product development which had not before existed in Indiska ... During my first trip to India, we were there to buy textile. But this textile turned out into bag-packs, and toilet bags, and dresses and bedspreads, and suddenly we had, say 50 new items because of my visit in India. I did not simply see the textile as such, but I saw it with different eyes: ‘This can turn into something completely different’. Before very nice things had been bought, but they had mostly been considered ready to sell as they were. Prior to us, no entire concepts had been created” (Kicki).

“Kicki has been responsible for purchasing, and she has indeed contributed to a raise in quality. In the beginning, bad quality was the Achilles’ heel of Indiska, but today the clothing is acceptable in that respect. And this is very much thanks to Kicki. She has improved the way quality is thought of in the company, and she has worked very well with India” (Rung).

As a part of the focus on product development, Indiska started to employ professional designers by the end of the 1970’s.

“We felt we had reached....I mean, we had no formal education of design, but we have a sense for it, which we can transmit. We felt this was an area where much more could be done, and we wanted educated designers who could develop patterns, and colours, and textile...you name it. ... We wanted to create a niche of our own, I think we always have...mentally....I think we

have that from Åke, we have wanted to create our own concepts, our own niche in the market, not looking too much at the competitors” (Kicki).

Today all items sold are designed in Sweden by a team of designers working at Indiska’s head office. Still, India has a central role as the main source of inspiration. Also, much production is located in this country.

“We have to create a style which is possible to sell to the Swedish consumer. You have to be deeply inspired by India, which is full of textile and colours, and you have to see the possibilities in India. But in the back of your head you have to remember that ‘this product will be sold on a November day at Drottninggatan in Stockholm” (Kicki).

Over the years, Kicki has been able to run and develop this department quite independently, without much interference from the rest of the family.

“I have been able to realise many things because... I have always had a job on the side of Åke, I have worked up this department, the selection, the new way-of-thinking. I have been a part of that process. Somehow the interior has been my little business within the business. I have been fortunate, because I have been able to work with this department with big freedom. ... That has been the enchantment, and the thing which I have appreciated most with working with my father: I have come up with so many crazy ideas which I have been allowed to try out” (Kicki).

Until quite recently Kicki’s main focus has been overall product design and development. Over the years, with the increasing size of the company, her role has changed from rather hands-on work to that of a coordinator of employees working with different product groups.

The impact of the second generation

In 1979, after a career of 14 years, Paula decided to quit Indiska.

“It was for two reasons. Above all it was the family reason. I got to know a man who lived in Brussels and he wanted me to come and live with him there. And then I felt standing a bit in the way of the development of Anders, the son, I mean, all the time I was beside Åke. It was much later that Anders joined the business. I found him mature enough to take a bigger responsibility, but I found myself standing in the way of this. It is rather difficult to explain. ... He is the son. He is nice and competent. It is a family business and it should remain a family business. ... I tried to put myself in the shoes of being the owner of the company, being a certain age, with grown-up children, and I can see my child developing in the right way... He is really the one to take over after me. Then I want him to get the chance. But on the

other hand I have an employee who has helped building up the company. I can't just throw that employee out or give her a job as, well, downgrade that person, I simply can't" (Paula).

When Paula left, her responsibilities were divided between Kicki and Anders. While Kicki continued working with product development and design, Anders took over Paula's role as purchasing manager. As before, Åke continued to concentrate on the overall business development, including working with the stores. In his new role, Anders was able, for the first time since he joined the business, to work rather independently and to pursue ideas of his own.

"I travelled. I got to know India and the production centres. I know India much better than Åke or anyone at Indiska, he has never travelled that much. These areas (production, quality and supplier development) were mine, something I knew I could. I was able to provide others with knowledge. I was the 'transmitter'. I made blunders, of course I did. India is a difficult market. But it was a wonderful feeling of self-confidence to have that knowledge, to be trusted in the company. This is something which is difficult when you join; 'who is he?', 'what's he doing?' 'o yeah, he just happened to slip in... You know, all these things, which perhaps mostly are things existing in your own head, a feeling of having to work twice as much, showing twice as much strength" (Anders).

Sharing with the father the values of business ethics, Anders devoted much time and energy on building up long-term relations with the suppliers and on improving the conditions of production for the people working for Indiska.

"They (Åke and Anders) share the same basic values that underly the way we work in different countries. Anders has turned (these) into something concrete... different projects...a devotion to environmental issues, to the suppliers, to doing something about child labour. He devoted tremendously much time to these issues. ... Anders has turned it into something concrete. He really has. He has worked with different projects. He has taken over Åke's ideology and made it happen" (Kicki).

Moreover, Anders concentrated on professionalising the overall organisation of the company.

"Åke himself testifies to issues of organisation and administration being the ones he is worst at, and the ones he finds most boring, the things that are required to realise his vision. And I say this without depriving him his instinctive feeling for what we are doing...the market, the customers, the trends. He feels it..... And I am very much like him in that respect, because I also work very much through intuition. But I want structures. I want to make a profit from what we are doing, and then it is necessary ... So my aim was to structure a purchasing department, and supplement it with more

purchasers and assistants. We supplemented design, the number of stores increased, as did turnover. Our people in India started to do really well. Everything grew. The possibilities were enormous. In the beginning of the eighties we employed stylists. We build our present main stock and head office. Those were incredibly tough times. And economically we did not do very well at the time of my entrance on this post. We had an enormous stock-in-trade, lots of things that should never have been bought. ... 1979-1981 were some of our worst years in terms of sale. You would never believe how much goods we had, and how lousy our control over it was, and here we talk about thousands of items. We invested a lot of money,, and we were very vulnerable. ... We had no logistic worth mentioning. I realised we would have to computerise, and I ran into problems here, because no one in the company saw the benefits of it. I spent a lot of time in India. We still had enormous quality problems to solve, and problems regarding how to choose our suppliers, how to work, how to organise, how to handle delivery follow-ups. Finally it got overwhelming. I couldn't handle it all by myself, but had to start setting up an organisation in India. We needed support on the spot ... So it was rather hard work getting everything going in the years between 1979-1981. But we sort of managed with questionable profitability" (Anders).

"Anders has been more,...and that is natural,... the business has grown, focused on getting the organisation tailored. Åke was much more management by walking. Anders makes sure there are areas of responsibility. And he has been the driving force behind the IT-development, which has been very good. He has worked a lot on improving the economic system. I guess one can say that the company is more professionally run today. The entrepreneur's dilemma is that the business turns, in the theoretical sense of the word, unprofessional. They have the whole company in their hands, and that is possible for some time, but with time it grows and then there has to be a structure. And Anders makes a good job there. ... Anders is the one behind pretty much of the development here. Personally he has made sure things have been realised" (Rung).

In 1981, Indiska was struck by one of the most shaking incidents in the history of the company.

"One morning when we opened the store at 9 am, we observed a couple of men outside the store, who we thought were from the family owning the house in which the boutique was located. But when we opened they rushed in saying: 'Now you have to make up your mind whether you want to close the store or if you prefer the customers to see what we are doing, because now we

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will be in command...'. It was tricot...they claimed we had no designation of country of origin, that it was not made in India. They threw together everything in garbage bagsWe felt very uncomfortable. I immediately phoned Åke. And the operation was reported on the radio and TV. They (Åke and Anders) would be arrested....and it was tough....And considering the customsers it was of course not good. They thought Indiska was cheating and things like that" (Harriet).

The mass media were quick to carry the news: Father and son accused of smuggling.

"It was a question of not giving way to panic. What hurt me the most was the way they jumped on at Åke. I gathered all journalists around me, but I wasn't good at handling the media. I had no experience. And on top of this all the local newspapers started to call... and eventually Aftonbladet² called half past midnight... And then this article full of lies appeared " (Anders).

To Åke, who at the time was in Kalmar to open a new store, this was something of a chock. Not involved in purchasing, he was not totally updated on the daily operations. Even though not the main defendant, he was deeply affected by the accusation. Ever since he started doing business in the Orient, he had always felt that he had fighting spirit: No matter how difficult the situation, problems had always egged him to try a little harder: "When I run into setbacks, I sort of get twice as much strength. I am almost afraid of successes. They make you passive " (Åke). Deeply affected by the accusation he now, for the first time, felt like giving up.

"Åke is very emotional and doesn't want to do anything wrong. He likes to be able to have a good night's sleep. He was extremely unhappy. And in the stores the employees were shocked and scared and kept asking questions" (Kicki).

"It was a crisis. It was an incident which could have completely knocked me out, because I was so concerned about Åke. He felt really bad. He aged ten years. This gave the management and the employees the worst knock on the nose I have ever experienced during my time at Indiska. It also took place under rather dramatic circumstances, with raids on the stores and them grabbing the clothes. I was sitting here in my chair in the morning when customs officers suddenly appeared. For a couple of weeks I had been to a number of discussions and questionings at the customs authorities. And still they see this as a lesson to others" (Anders).

In the beginning of the 1980's the Swedish textile and clothing industry was having serious difficulties. High wages and over head costs made it difficult to

² Aftonbladet is one of Swedens two main evening newspapers.

compete with low price imports from third world countries, resulting in all the more restricted import permissions. In this situation, the Swedish authorities kept a watchful eye on Indiska's operations. Before the raid, Anders was occasionally interrogated by the customs authorities concerning goods that had been worked up in Kuwait, and imported from there. Due to restriction on import permissions, this was a common course of action in the industry. Prefabrications - goods that had been cut out in one country - were shipped from countries on which high import curbs were imposed to be worked up in states from which import were free. Providing the buyer had certificates affirming the country of origin, this was perfectly legal. Indiska was now accused of just having shipped them via Kuwait, without ever having them worked up in the country - so called transshipping. As head of purchasing, the main accusation was directed at Anders.

"Part of my role was to be responsible for production with other countries, Nepal, Bangladesh, Sri Lanka, even the Arab countries, above all Dubai, where they have much production. And when this tricot supplier in Bombay by which we used to buy hundreds of thousands of garments a year, wanted to have 42 000 garments made in Kuwait. It was done after just a dialogue. I didn't go there myself, which was my normal procedure, because I had just a month ago left India. So I made the mistake to accept 42 000 garments to be linked (in Kuwait). 'I have cut them. I have labelled them. I will have them sewn by this very person in Kuwait' (the Indian said). I got advance notification of the export certificate. So I allowed this. And the garments arrived" (Anders).

In order to make some sense of the chaos Anders immediately- with the customs officers next to him - contacted the stores to keep them informed about the situation.

"I squarely and fairly explained it as it was. For one thing 'smuggling of goods', then we talk drugs, money. That was my first....I am clever enough to understand the reactions to such headlines. So my first ambition when calling was to say a few words about what was going on. 'It's not money. We have paid duty for the goods. It's not drugs. The argumentation is about whether x number of seams have been linked in India, as they say, or in Kuwait, as I say. They want to make this a lesson to others' " (Anders).

Even if the situation with time got less chaotic, daily life at Indiska was affected by the accusation over a period of more than two years. In the stores, the employees were annoyed by the customs officers: *"They often went there prying about, looking at labels and things like that"* (Harriet). Also at the head-office, their presence was disturbing, causing a tense atmosphere.

"One felt exposed. One didn't really understand what was going on, we all felt like that. I myself turned grey in a week. It was really a dreadful feeling.

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You started to imagine that you had done something wrong, something illegal. This went on for a rather long time. Just experiencing the way this was handled by the authorities... Suddenly they just appeared, and required some files. Then they wanted other files ... And they did not knock on the door. They just opened it and said: 'We want the files from 1982, where are they?'. It was so unpleasant. I think it is the worst thing I have ever experienced. I can still remember that feeling ... And it kicked us out of business. We all took it very hard. And I think Anders, both being accused of this, and on top of that probably feel responsible for Åke, who took it so extremely hard. Anders carried double burdens so to speak. So of course it was really tough for him" (Kicki).

On the advice of their lawyer, the family kept a rather low profile while waiting for the district court proceedings to take place, in the firm belief that the certificates would imply a verdict of not-guilty. From the Swedish embassy in Kuwait the customs authorities had, however, been provided with different information saying that no production facilities existed at the address in question. With the two statements contradicting each other, the jury's verdict was contradictory to what the family had expected.

"We ran our heads straight against the wall. 'You should have been there to see with your own eyes: We'll nail you'. I was sentenced to jail. Åke was given conditional sentence, and again there were big newspaper headlines ... And this... I was the victim, or rather, Indiska was the sacrifice on the altar of protectionism. At that time the crisis was monumental in Borås, with thousands of sewers being fired every year. And we were the villains. We symbolised this closure in Sweden ... Now I was completely devastated, and decided to quit. I could not continue working at Indiska with this sentence hanging over me. I was an enormous disadvantage, Indiska is a well known company, with relations both in India and here" (Anders).

Soon, however, Anders' fighting spirit was back. Already in the car on the way back to the head office, the family and their lawyer were determined to turn to the court of appeal.

"I think that once you have something to prove, you get some strength. You don't just give up but you say to yourself: 'we're going to make it!' I think that's what we all felt like". (Kicki).

From now on, much time and energy was spent on preparing the proceedings in the Court of Appeal. An important part of this was the journeys to Kuwait undertaken by Anders and the lawyer. While Anders took photos of and filmed the places where the clothes was said to have been produced, the lawyer met with the export authorities and representatives of the Swedish embassy to clarify the validity of the export certificates. As it turned out, all these efforts were well worthwhile. At the proceedings, the family was able to demonstrate that it was

likely the garments very well could have been linked in Kuwait. Furthermore, they were able to prove the validity of the certificates. Anders and Åke were declared free of charge, and, in 1983, after more than two years of turbulence, the family could finally breath freely.

As a consequence of the troubles caused by this crisis Indiska still today applies a very restrictive purchasing strategy.

"Today they consider us to be very cautious in China, and other countries, because we are so afraid of importing something which we do not know for sure it is watertight. (Kicki).

"Indiska does not take up this again. Our purchasers, our purchasing managers are forbidden....if they just suspect a trans-shipment.... With our own eyes we are to see the unit of production, in order to be able to make a judgement" (Anders).

After this pain, it was a great relief for the company when the quotas were repealed in 1991. This increase in freedom however, came to an end a few years when Sweden joined the EU.

"It was really a relief when the quota system was repealed...It was a lift to Indiska because then we could start looking for the right products, start working with quality and, above all, start purchasing from the best suppliers. Prior to this we were in the hands of....and this is the same in the present situation.... We are in the hands of the suppliers that have export quotas. If I want to buy a dress from a supplier, which I know is very good at making a certain kind of embroidered edging, I might not be able to do that because he has no quotas. Instead, I have to buy from the second best that have quotas ... But thank heavens many of our suppliers have good quotas, but of course it's a bit of a complication" (Kicki).

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Slowly recovering from this confusion, the daily work went on. Concentrating fully on the business, Anders started to realise that the long-term issues such as the company structure, strategy and image needed to be far more worked on. In order to be able to devote more time to this, it was decided that Anders would take the position of vice CEO in 1993, leaving the role as head of purchasing to Kicki. As vice CEO Anders faced many challenges.

"We had a very mixed assembly of stores, with no store looking like the other in terms of size, in terms of the way they were run, in terms of how the customers experienced them. Over the years a very mixed strategy of establishment had been applied. We had no clear line of selection and no clear strategies for this. We talked a lot about this Kicki and I. After ten years the stock here was completely....by then the volume had grown considerably,

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and our stock here was a disaster. With professional help I started work with the logistics. We enlarged the facilities and made a terminal. We worked on a strategy concerning which stores to keep and which not, as well as the locations of future stores. We also started reconsidering the use of franchising. At the most we had sixteen stores run by franchisers. When Åke started to expand he had no money so the only means to grow as fast as necessary was to use franchising. Few of them didn't work professionally. Our long-term strategy was to either change these franchisers, or simply to close the stores down. We also started to work a lot with making sure the same support was offered to all our stores. We created a small market department and employed a person to work with the coordination of the stores" (Anders).

Besides working with the company structure, Anders also started to work with Indiska's image. Customer surveys showed that Indiska was apprehended as "some kind of leftover from the hippie era, lousy quality, a fun business, different, but a leftover", which, of course, was not what the company wanted. During the 1980's Anders had given Indiska's business idea lots of thoughts, which later was translated into an advertising campaign, aiming at putting Indiska's soul on the market. The result was very positive, both internally and externally.

"Indiska, a part of another world, it was a brilliant formulation which made all employees realise 'of course, we are not from Portugal or Borås'. ... That was incredibly important for the development of Indiska, this gathering around the business idea, and our role in the market" (Anders).

"A milestone was when Indiska began to market itself because it led to a better structuring in the stores, which made a much better impression on the customers. A men's wear department was created, and a furnishing department. Overall it led to better orderliness" (Charlotte).

"It was a big thing when we started with marketing and advertising. It made Indiska known. Today everyone knows what Indiska is, but before they didn't. It was because of this marketing of our image that it really started to flourish. This, in turn, led to the employment of additional designers and purchasers, and to the adaptation of sizes and design to Sweden. The clothes started to get a different design" (Helena).

Because of a decrease in demand for their selection of home furnishing, Indiska focused on creating a look of their own in a manner more consistent than before.

"We started to rethink that department and changed everything. We dared being ourselves. We did not look as much at the competitors, but decided to go our own way, the Indiska way, to create something of our own. ... It was

quite a change. Prior to this we had a more traditional Swedish way of thinking. Now we stoped thinking like that, and made something completely new. We made it more Indian. We stopped slavishly following the fashion. And that turned out to be an enormous success, which has elevated us in to a role model for others. ... We created a style of our own" (Kicki).

Another image aspect was evident during the first half of the 1990's, when a debate concerning the use of child labour flared up in Sweden. Since trading with the Orient, where child labor is common³, is part of Indiska's business idea, Indiska was a natural eye-catcher. Both mass media, and customers turned to the company with criticism and questions. For the family, who since long had been confronted with these kinds of issues in India the challenge now was how to explain the situation regarding their business deals with the sub-continent.

As vice CEO Anders had to face and deal with all these questions in rather close cooperation with his father, implying less independence compared to his prior role as head of purchasing. Anders, who was used to a relatively high degree of freedom, now found himself working much more in the shadow of his father.

"It's not easy for any one to compare favourably with Åke Thambert, especially not if you are his son.Somehow, Anders has not really had the chance of appearing (until) he took over as CEO ... Anders has had a very low profile in the company" (Kicki).

"He (Åke) has been running this in a very patriarchal way...He has had difficulties of letting go. I mean, he was CEO until just a couple of years ago. He has been ruling this with a rod of iron. He has had very clear intentions... Although he is a very amiable person he has always been sure of what he wants" (Rung).

With overlapping responsibilities and not always the same opinion on how these should best be fulfilled, father and son tended to run into more or less intense arguments. Even though this has never been his intention, Åke think he might have acted as a check on his son.

"I realise things have not always been easy for Anders in his role as vice CEO. It is quite natural that the one leading a business turns into some kind of legend" (Åke). - - - "I guess it's hardly impossible for a son to work under the one who built up the company without feeling inhibited ... Of course we have had our confrontations..." (Åke).

³ Out of the world's 250 million working children, 50-60 million live in India.

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In spite of arguments and difficulties the hard work eventually started to pay off. During a ten-year period starting in the mid 1980's Indiska went through its most rapid expansion culminating in a financial success.

"Indiska had a tremendous success between 1989 and 1994. In terms of profit and overall company development it yielded enormous profits. We were put on the map. We were progressing. We made a success of everything we touched. For the first time in the history of Indiska we had money. ... During these years we created the solidity of today. We repaid all our loans and credits and was in cash" (Anders).

From 1995, things got troublesome again. The fashion of the late 1990s (minimalistic, synthetic fibre, one-coloured) was not in line with Indiska's collections. In the end of the 1990's an ethnical trend was back, but now Indiska was no longer the sole player in its niche. In the years of Indiska's success, the competitors had had their eyes opened on the potential of doing business in the Orient and Far East, and proactively started working in these countries.

"We started a little late, and were a little too slow. (We had) too many new employee, ... We were too coward. We were not the champions of our own business" (Anders).

In 1989 Helena joined Indiska. Just as her siblings, she had been very reluctant to work in the family business. Even though she helped out a lot as a child, it has always been important for her to have a life of her own.

"We helped out a lot. I remember I started working at the stock and helped out at fair trade shows and things like that. I was quite young when I started working at weekends. After having finished school I worked in the business for two years, but I never really wanted to be in the business. I wanted to stand on my own feet, and I wanted an education of my own. So after two years I quit at Indiska and started studying to become a nurse " (Helena).

For many years Helena worked as a nurse. With a keen interest in alternative medical treatment, she also devoted much time to learning acupuncture, Indian ayurveda, chi gong and yoga. During this time, she was now and then asked by her father to come and work in the family business, an offer she repeatedly turned down. After having worked as a nurse for more than 15 years, Helena felt she needed to do something else. Not knowing exactly what to do, she again got an offer from her father to join the family business. And then Helena decided to give it a try.

"Then I came here. I took a great pride in being a nurse. I mean I was good at my job, I taught students training to become professional doctors, and nurses, and was used to do things of which I was very competent. And then I

came here, at the age of forty. And I felt this small coming here. I didn't know which would be my office, and I didn't know what to do" (Helena).

Her first job was to work with company security, an area totally new to both her and to the rest of the business. Interested in learning new things, this was not a problem. She went to some courses to learn about the work and started to build up the security routines of the company. For several years, this was her role in the company. A very social person, she spent much time in the boutiques to introduce the system, to get to know the employees and to represent the family. Discovering that this job also had its drawbacks, Helena decided to quit after seven years.

"After seven years I couldn't take it any more. We had lots of problems with employees stealing... It's distressing to see people you have known for seven or eight years and for whom you care very much are guilty of very serious things, in some cases it was huge amounts of money. And sometimes there were family tragedies. So I felt: 'It's just too much. I don't want to be cop anymore... They called me 'the sheriff'" (Helena).

Leaving security, Helena started working with environmental issues, an area which previously had not been given priority. Again, she had to learn a new area, educate the rest of the employees and build up a system for handling the questions of packaging, recycling etc. Having done this for two years, Helena decided to take a pause from the company.

"I asked for a leave of absence, because I wanted to feel my way. But I really felt lazy, because I am grown up within this spirit of enterprise. Everyone here is working very much. My sibling Kicki is incredible. She is always working. But to me life is more than just working. I have always felt that I don't want to rush like that, but that I want to withdraw. And I want to do other things in life" (Helena).

Changing roles at the turn of the century

In June 1997, Anders was formally appointed CEO. Moving on to the position as chairman of the board Åke withdrew from the daily operations leaving most decisions to his son. Prior to this he carefully made sure that the future development of Indiska would continue according to his, now rather clear-cut, business philosophy⁴, convinced as he was of the importance of a company's history for its future success

⁴ The business philosophy is summarised in ten "commandments": concept, profile, natural material, education, quality, loyalty towards the customer, business' history, focus on the individual, cost consciousness, and responsibility. (Carlberg, 1995).

"The first thing I asked my son was if he agreed on this or if he had another opinion. If his opinion had been radically different I wouldn't have let him take over as CEO – unless it had been something very much better for me, and the employees. Our employees have to be able to feel there is a steady development ... Just look at NK, that changed CEO every 5-7 years, and the new CEOs only had one goal: to change NK, to make it their epoch. They did not know where NK came from, or what it really represented. Many of our goals can be found in the history; how we were started, where we find our success, what we have meant for our customers, what we have meant to the market. If I sell shoes and want to switch to selling milk, but I have no history as milk-seller.... So many others are much better at this. I gave this a lot of thought, I read of a famous tycoon who wrote that 'a company whose employees do not know its history is without future'. In two years we celebrate one hundred years as a business. We are the oldest oriental business in Sweden. We have an incredibly interesting history, which the employees love to be told, because it unites them. We stick to our knitting, and we hold on to the mainstays of our business philosophy" (Åke).

Convinced his son did share his basic ideas, the formal appointment was made. For Anders this meant a notable increase in independence. Compared to his years as vice-CEO, he was now able to work much more according to his own head. The succession was very beneficial to Anders. For Åke, it implied entering a process of getting used to not being as involved after having been in focus of the business for almost 50 years at the helm.

"The children have chosen to take over a business in which I have worked, and ruled, and decided everything. It's worse for me to let go of this than it would be for someone having been a more distant CEO ... I have been used to doing everything by myself. I have tried to work on this. I have realised I would kill my children if I am always there, and then they will not manage once I am gone ... I see many things today in which I only a couple of years ago probably would have interfered, but today I don't, I let it pass. I am part of the management team, and I am chairman of the board, and as such I am mostly concerned with issues regarding the speed in which the company is renewed. I work a lot with the future, and in these matters I express my opinion. But then I don't interfere in minor things. There they decide for themselves" (Åke).

Even though the succession had taken place gradually over several years, and in spite of Åke taking great pains in not interfering in the daily running of the business, it meant a rather difficult struggle. In recapitulation, he feels, he has been rather successful.

"I have succeeded in withdrawing. It's a very difficult process when you have had your own business and have been used to being asked about everything.

Today I am asked about nothing. ... You have to observe yourself very closely. You must have a holy will to solve these issues of succession, otherwise you will fail" (Åke).

Also others give Åke credit for having succeeded in exiting the role of CEO.

"I must say he has been unbelievably good, Åke, at keeping away. ... He is really worthy of a great praise, because he has taken a big step back, and he immediately did that. He has been incredibly good at that, but he still can't.... There are certain issues..." (Helena).

"There were certain affairs of heart, which were more difficult to let go. And there might still be one or two today, but less and less" (Charlotte).

"Of course Åke, like all entrepreneurs, has had difficulties of letting go. I think it has been...sometimes it can be a problem... The young generation wants to do it its own way ... But Anders has created a rather distinct image for himself, and he is very competent... and he is concerned about his father. He does not seek confrontation just for the sake of it, but he makes sure his father feels he comes in for his share of it. And I think that is necessary for the cooperation to work out well. ... Now I think that if Anders pushes something it gets realised, if it does not mean letting go of Indiska and starting something else. But within the frames of the concept, there are various alternatives" (Rung).

For the second generation the freedom of action in running Indiska is delimited by some of the carrying ideas of the father's concept, among them "natural material", "being not the biggest but the best", and "organised Oriental mess: the small warehouse". To Åke, Indiska is his *"life-time achievement"*, and violating the initial ideas, somehow means, violating his identity; *"he is Indiska, he lives it"* (Anders). Therefore, suggestions challenging these ideas are very hard to bring into discussion, tend to be very emotional, and, in spite of their potential in terms of business development, are therefore often avoided or interrupted out of concern for family relations.

"Having tried it a couple of times you avoid it... You put it down and think 'oh, well, I guess it must rest for a while and then we'll see'. But somehow we have missed the bus, and I think that has had a restraining influence on Indiska. ... It's very easy to mix up these roles, and you tend to show very much consideration for...and I know it's the same with them. I feel it's difficult to be as straight as you would be in another business, out of concern for each other, for Åke or Anders. I avoid certain things because I know they are hot potatoes. Or I might think: 'Is it worth it, I know he is really trying'; you tend to cover up. Because it's your family you tend to be rather protective. ... Because the family is very important, to me it really is. ... We work

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commercially, but I still think we show too much consideration. We show very much consideration, especially for Åke, I would say. We are really anxious about not making him sad or disappointed” (Kicki).

The turn of the century brought with it changing roles also for the sisters. In connection to Anders appointment as CEO Kicki was to leave her role as head of purchasing and product coordinator in order to devote more time to the long-term strategic development of the company in her role as vice-CEO, and in cooperation with her brother. Although finding this change interesting, necessary and challenging, swapping roles is all but easy.

”Now I have entered a new epoch where I am exiting my traditional role as head of purchasing, being involved in details. For a year now I have been trying to, which, I must say, is not easy, to enter a more strategic role as vice CEO, in which I will work more with the overall business development of Indiska. I will still be involved in the choice of what assortments and which markets to go for, but I won’t be having an opinion of pink colours and the like ... Right now I don’t really know which leg to stand on, it’s very difficult, I must honestly admit. ... But I really want this, because things have to change. I have been working too much, and I am too involved in everything, and I think that the fact that I have been involved this long might have held the employees back. And then, I feel I want to go on and have some new challenges in the business, and I think this might be an interesting niche for me. But it is difficult, I must honestly admit. Mentally I have not yet arrived at my new job” (Kicki).

For Helena the change in roles implied being less connected to the company. During her on-year-long pause from the company she had given her role in the company some serious thoughts, the result of which was a decision not to return to the family business on a full time basis. Instead, in a more independent role, she started to work with the well-being of the employees. Interested in the oriental way of looking at the body-soul connection, she shared with them her knowledge of chi gong, yoga and the like.

“It has been great fun. I do what I love to do. This is my thing. And it was just what the employees out in the stores wanted. For one thing the business does something for them, for their well-being. And then I represent the family. I clearly notice how important it is to them that a family member comes to visit, and a co-owner of the company” (Helena).

Challenging possibilities of the future

"I feel very confident. We have only just begun. India is a big, fantastic country offering incredible possibilities for us to create a lot. It has so much: Culture, food, religions, everything, travelling experiences, which we would like to work with" (Åke).

Not only Åke, but also the other family members are very optimistic about the future. Following the tradition of the company, eyes and ears are always kept open to new possibilities of developing the business. As is almost always the case, possibilities and challenges are two sides of the same coin. In order to take advantage of the several possibilities the family envisage for Indiska's future, a number of challenges have to be faced. Among the ones standing out as most crucial are the challenge of putting Indiska's soul on the market, the challenges of continuous development in India, the challenge of finding a suitable governance structure, the challenge of finding and fulfilling future roles and responsibilities, and the challenge of keeping out of the shadow of previous generations.

The challenge of putting Indiska's soul on the market

"We have lots of strategic....The most important is that we, through our purchasing, through our products manage to realise our business idea, where we have a niche aside of our competitors. To live up to, and to be the champions of, our own business idea, that's the most important issue. The second most important one is to further improve in areas such as selling techniques, presentation of goods, customer satisfaction. It's all very exciting. We are starting to mix clothes, furnishing, and accessories. You will find a future Indiska going for the young customer, life-style focused advertising. ... We are working on strengthening our image of being unique, of being different. And we need more stores, we have to expand" (Anders).

As a part of the expansion ambitions, Indiska is now trying to get established on the international market. Besides its 45 stores in Sweden, the company is also represented with a few stores in Denmark and Finland. Still, Anders believes there has to be much more effort must be exerted to make the stores more homogeneous. As a means of accomplishing this, the franchising strategy will not be pursued. In the future, the company will own the stores. Expansion is, however, not only a question of the number of stores, but also of having the right selection of selections. Recently, this issue has been highlighted by a decrease in demand for women's wear, which have affected many chain store actors on the fashion market.

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"It means we have to let go on sale. Strategically it means that we probably have to focus less on clothes and expand other lines. And that is a big step for Indiska, since clothes, when selling successfully, comprise a fast selling line generating lots of money" (Kicki).

The challenge facing Indiska is to find other type of goods or services, which within the frames of the concept can supplement and to some extent even replace the selections already existing. Presently a number of ideas are on the agenda.

"Right now we're in the middle of something very interesting which still is in its infancy, but which might turn into something really new to Indiska: our sense-department, body and soul, where we are working according to ayurveda. It all started with the development of aromatic oils and incense, which we have had for quite some time now. When we travelled in India we suddenly noticed that these suppliers were also doing other things, nutrition additives, skin care products adapted to different personalities,...And so we got interested... 'What is ayurveda?'. And then we thought: 'Of course, this might be something for us, something very exciting' ... And we have started to cooperate with various experts. At the moment they help us to mix our own Indiska scents ... Skin care products, shampoos, body lotions. And our scents are all herbal based ... Once this is set, there is the option of selling these products via the Internet. We could start cooperation with various partners, Spas. This is how we see the future. We create a basic concept with high quality, and then you make it into something more by cooperating with others, widening it considerably. We are considering... We have a concept which we call cook shop, where we sell spices, and we are talking about cooperating with a restaurant, Indian take away, make a brand new type of store where we sell our spices and tea and other products, in which there also is a small take away bar....or something like that. This is what occupies my mind right now" (Kicki).

Not contradicting the initial concept, these ideas are also approved by Åke.

"It doesn't interfere...How should I put it...The old Indiska is still there. It's the base. But then there are different development possibilities. The "motherhsip" is still there, but from it different small sprouts can grow, that might perhaps get the third generation involved" (Kicki).

The challenge of continuous development in India

As the company grows, the family cannot longer be a part of every process in the company. Instead, many areas of responsibilities will have to be decentralised to non-family employees, who might not have the history, the concept, the values, and the knowledge on which the way of doing business

traditionally has been based. To be able to continue doing business the Indiska way, a future challenge is to make sure all this is, somehow brought to new employees. Not the least this is the case when it comes to purchasing, where "paying the right price" always has been one of the corner-stones of the business strategy. This requires knowledge of how the profit is divided between the different stakeholders of the value chain, as well as knowledge of the costs of different ways of production. Even if not always possible to realise, "paying the right price" is clearly an ambition.

"(The following is) a demand, and I want it to be our guiding star. A professional purchaser now and then has to make a complete analysis, from the thread to the finished product. In between there is the supplier. If this is one working with a pedal machine in a basement, with a very primitive infrastructure, then there are no overheads at all. You have to have knowledge of what the profit is made up. They should be able to make a calculation of the (costs of the) thread, the weaving, the colouring, everything including the plastic bag and the export. This is the way we do it, and this is the way it has always been done. I know how to do it, and so should a professional purchaser, or else he has to learn it very quickly from the ones that are more experienced. What we in the family Thambert, or Indiska, must try to transmit, is how you make sure the supplier is honest. If we have a tip-top producer, fulfilling all requirements of conducts, with a new assembly of machines, where everything is clean and the staff is being well taken care of, then the overhead costs are there. And we want them to be accountable for them. We understand and are prepared to pay 10-30% more to this producer, compared to the one in the basement. We have to do much more of these kinds of analysis. I know this will be the next big issue of the coming years, after the debate on poisonous clothes made by children. The next big issue will be pricing. But unless you have done your homework (know what you are talking about) you can not discuss in terms of paying too little or too much in relation to standard of living and things like this ... We have an ambition to pay the right price, we talk a lot with our purchasers about the importance of paying the right price. But then they have to have the knowledge. And that builds on having the facts, having a relation. ... It is an ambition, but today we don't live up to it. We have to have a better structure and better routines. And we will have" (Anders).

A further challenge it how to keep developing the cooperation with the suppliers in India. The efforts made by Anders during his time as vice CEO to start an organisation in India, has paid off.

"It has meant a lot to the progress of Indiska, when it comes to quality. Today we have offices in Bombay, and Dehli and Jaipur. We have 24 people. And this is a way of improving our quality... the working conditions, delivery

Indiska

control, price negotiations, finding textile, finding ways to improve logistics. There are lots of things, turning everything more professional” (Kicki).

Today Anders works on realising advanced plans concerning the further development of this organisation.

”Anders is working on setting up a distribution warehouse in India ... Instead of the main stock of today (at the HQ in Stockholm) doing the unpacking and distributing, all goods would be sent to the stock in Bombay, from where it would be sorted. Then it wouldn’t have to come here. It’s a revolutionary idea. We would have one more quality control, and be able to stop defective products. It’s much better to stop them there, but to pay freight and duty, and then having to stop them here” (Kicki).

Developing this organisation might be one means of dealing with the increasing competition coming from considerable bigger chain stores, now starting to get established in India.

”A number of companies have opened purchasing offices, and are now exploiting the Indian market. Many have their own design departments on the spot, many have sourcing departments, professional people. Today we are facing really tough competition in India. (We have to) pursue our own way of doing things . We face maximum competition in India today, and if we don’t do it the Indiska way, and continue to pursue things this way.... If there is an ethnically, or orientally inspired fashion, then we have the most trustworthy position, with Indiska’s logotype. And then we must live up to being proactive, and we have to be commercially better skilled” (Anders).

The presence of more companies actively operating in India is not just a challenge in terms of harder competition. Working in India implies a moral and ethical act of balance; in some respects, helping might imply encroaching. Together with other companies working in the Orient, Indiska has started working according to the slogan ”Clean Clothes”. This implies a requirement to follow agreed-upon codes of conduct, regarding the working conditions for the people producing in these countries. Compared to Indiska’s traditional way of working in India, these agreements imply a much more generalised way of approaching the suppliers.

”They are about forming an independent body of control: ”Dresscode”. They are supposed to look up the work places, they make follow ups, they are computerised. If someone is to buy from a producer, he gets all the information. We have a family relation with our suppliers, a mental understanding, and respect for each other. And we have always been very frank to our suppliers with what we see, and hear, and feel. But we have never had any written agreements, or code of conducts, or organised inspections. In the beginning I thought it was a gigantic intrusion, and was

very hesitant. But there are certain good sides to it, which I appreciate. Big companies with hundreds of purchasers get some advice, there are manuals” (Anders).

”I have often thought.... We have had many, and long, discussions in India about us interfering on... Our way of thinking is very Swedish. Sometimes I feel so uneasy about the way we are interfering with.... For example, through this new code of conduct, which everyone in Europe now is supposed to follow, the amount of working hours is regulated. And although we have had our doubts, we now have to stick to it. This might mean that a worker is not allowed to work more than, say, 10 extra hours per week. But in the sewing industry in India it is very common to live up in the mountains of Nepal and to have a small farm there. And then during the high season in the autumn they work 3-4 months, and then they would rather work 20 hours a day. They want to earn as much money as possible. And their families agree to this. The family stays at home, the workers (move away to) live close to the factories, and they want to work as much as they possibly can. Now we do not allow this, which means that instead of them working really hard for three months, they perhaps have to work for nine months. And they have to have somewhere to live, so they have to pay double rent for a much longer period of time. And all of this because we in Europe have decided they can't work as much as possible in order to be able to spend more time at home with their families. And these consequences make me really feel uneasy ... On the other hand, and this is the difficult part, if we go to Moradabad, where they make brass, and where there is much more poverty, where most people even don't have a piece of land, and where the employers demand them to work all too long hours. They work until 2 am because there is so much work to do, and it happens all too often. Then the discussion is different, because here we have to do with an extortioner. But this organisation wants to set a general standard for everyone to follow, and that's what makes it so difficult. ... Our strength earlier has been, we have seen that it is possible to be tougher with the brass producer, demanding more from him, because we've seen he does not live up to our social and environmental requirements, whereas I have a complete understanding for the weavers' situation. So I don't feel really good about this ... I believe in the overall ambition. I think it is a good idea having an independent body of control, trying to ensure that things are done in a fair manner. But as it is now I think there are too many details. ... But I believe this will change in a couple of years... that they will realise that they can't be that categorical. It doesn't work in reality” (Kicki).

The challenge of finding a suitable governance structure

One challenge sooner or later facing every family business is finding a suitable governance structure, including the difficult issues of the future ownership and leadership of the company. As many of the cousins are already grown up, and with some of them actively involved in the running of the company, the question of future family involvement has to be dealt with. Although important, this issue is far from easy, especially since many different aspects and opinions have to be taken into consideration.

"The entrepreneur passes through different stages: he builds up, he takes chances and risks, and somehow he manages... succeeds. Then comes another stage...a feeling of fear, of knowing what to have but not of what to get.' Now I have my business with all my children and grandchildren, and I won't risk losing it. All my family can have a place in the business. This leaves no room left over for the employees, but the entrepreneur can't see that: 'just let the cousins in, everyone....'. But for us it is a matter of keeping up the progress. If the train stops everyone will jump off: the customers, the employees. Our professionalism fades away, the interest, everything. What goes on here is not administration, but a development of a wonderful business idea. And in this respect I think family businesses are facing problems compared to businesses in which everyone is employed. Different generations have different ambitions, and different ways of looking at the business. On the one hand it is correct to view a family business as a country estate and not just as a bunch of money for anyone to make claims on... We build something together. On the other hand it is dangerous to start getting satisfied with the size of the estate. And I think that in a family business the ways of looking at these issues tend to be rather different" (Anders).

Among the family members, Åke is the one being most hesitant to external ownership and leadership, and the one strongest advocating future family member involvement.

"I want to integrate the family, the coming. I want us all... We are a family here...It emanates from my family. I am the founder of this....You have to make room for coming generations" (Åke).

Holding that the most important thing is a healthy development of the company, Anders has a somewhat different way of looking at these issues. To him, taking the full advantage of being a family business means assuring that, regardless of family membership, nominations to posts are made according to competence.

"In this respect I am very restrictive because I like building up this company with competent employees who can enrich us. We can't sit here and be a hinder to the career and development of competent employees ... It's so easy to

see through nepotism... When I notice it I just go crazy. We don't have much of it here, and it must simply not exist. I will personally guarantee that, and it goes for my own children too. There must not be any short cuts. I don't want anyone to join unless they, as opposed to me, have some experience from another company. Then they can contribute all the more, when they join. And we do not want any administrators, we want people who can help developing ... If the employees see that the family, or part of it, or people closely related to it, can do things, get certain advantages, then these employees quit and you lose the momentum. You will never be able to use the family feeling as something positive, as a wonderful environment to be in for those who appreciate it. It is fast, and flexible, and full of action. It can be very beneficial, but only as long as there is an openness and professionalism characterising the way-of-being, everyone must be equally treated" (Anders).

One issue where the opinion of the generations clearly differs is whether external management and ownership of Indiska is a future possibility or not. Whereas Åke is very reluctant, the siblings are much more comfortable with the thought.

"If we hire an external CEO to run this as a public company... then we must forget everything connected to humanism... Then there is nothing left but to work for greedy share holders who want to have every single penny for themselves, and no one of us would be interested in that kind of life" (Åke).

"I see no problems in hiring an external CEO, in which we have great confidence, me and Kicki. Who to 100% approves this (concept). We are the owners. We choose the board and the CEO is responsible in relation to it, in a much tougher sense than I have ever been. ... But I won't let anyone sit on this chair with less than two years experience from this company " (Anders).

"I can imagine having an external CEO, but we still have to own the company. It is in my interest that Indiska survives. I also see the possibility of letting employees buying shares" (Kicki).

Being very devoted to Indiska, it is important to the siblings to keep control of the business through continued ownership. Not the least this is important as a guarantee for the preservation of the culture, and business philosophy.

"Ownership is important, and what we stand for, the culture, the continuity which the employees should feel. I hope, and as long as I can see and hear and understand I will work for that this business remains a family business, at least from a cultural, visionary, and strategic point of view. If we have a 100% ownership, if we are majority owners or whatever is a question of the future. If, in five, or ten, or fifteen years from now it should be evident that there is no one in the third generation who is competent enough to take over

the rudder... then we have a responsibility, Kicki, and I, and Helena, to expand ownership, in order to start a process to make sure that when we pass away, at least Indiska will survive” (Anders).

“I am worriedI think that if we were to sell this out completely I think there would be a very big risk of the whole engagement for India to disappear, a risk of Indiska turning into a different business. I would very much like the family business Indiska to survive a third generation, I really would, and I think Åke would to...I don't think Anders...I am really not sure of how he sees this. But an important aspect of being a family business is our approaching middle age, me and Anders. We have said we have to talk about this. ... I feel frustrated, because I would like to talk more about this than would Åke and Anders. Somehow it gets put off into the future” (Kicki).

The challenge of being a multigenerational family business I: Finding and fulfilling future roles and responsibilities

No matter what governance structure is chosen, roles and responsibilities will inevitably change as the years go by. For the benefit of both the company and the family, it is important for family members to learn how to cope with, and to stick to future roles. Not the least this is important in relation to employees, since unclear roles and responsibilities imply a risk of ambiguous decisions and instructions.

“One thing is important when it comes to being a family business, especially when it has reached the size which we have represented the last 5-10 years, and that is what the family involvement looks like, the roles, agreements have to be made. We have not always managed to do that, but we have improved. It is quite natural. You go from one-man show...someone having his tentacles all over. And then all of a sudden he has to take into consideration the son or daughter being there, working very hard to realise certain visions or goals and keeping the fingers away from certain conversations, or decisions, or ways of seeing things: ‘Who is really in charge here...?’. I think that issue is tremendously important, and I don't think you ever succeed with the entrepreneur. We in the second or third generations are the ones who have to solve these issues, and we have made improvements, but...” (Anders).

With increase in size of the company comes also the need for decentralisation. With all the more external middle managers in the business, family members have to let go their operative responsibilities, and move on to more strategic roles.

"It changes from one man show into a family show as has been the case until the mid 1990's, into a family organisation, a decentralised organisation, where we change our areas of responsibility into being owners. What's the future role of the family? And we are quite tough here: let go. This has been a discussion we have had with ourselves for some time, I think it is natural that it is like this. You go through a process. I have had difficulties keeping my fingers out of things, and my sister has had difficulties keeping her entire arm out" (Anders).

"We are continuously learning. I guess this is a process of maturity. We both do the mistake of wanting to interfere a bit with things, I with my products, he (Anders) with other issues. This is something you have to learn when working in a family business: you can't interfere in everything. Especially not when the company is as big as ours" (Kicki).

Although realising the necessity of moving on to new roles, it is not easy to leave something to which a large part of one's life has been devoted.

"I feel I have been part of building up something into what it is today, and now I step aside. It's a rather drastic move away from the part of the company, with which I am filled. Doing that makes me feel a bit sad, and it also means a kind of identity crisis: I was working here for 25 years, and now I leave. Did anyone notice me working here for 25 years? At times, I can feel a bit like this. But at the same time, I mean; I am a co-owner of this company, so in a way this is ridiculous" (Kicki).

Exiting traditional roles implies entering a process of finding new ones beneficial to both oneself, and the business. To do this, it is necessary to reflect over personal interests, competences and ambitions.

"I am not going to quit the next few years, but I realise it is not my.....I am not the perfect CEO, but I have certain goal. ... I want to see the Indiska of the 21st century that you can feel and scent, that is a true inspiration to the customers out there. ... On that point I will not give up. I want that to be fulfilled. But then I am more than happy to withdraw....to the side....remain as owner, but in another role, and devote my time to what I like the most, supplier development. Or I'll work with the vision of a store in Bombay, why not? ... I have no intentions to hold on to this (being the CEO) just because it is flashy, because of an identity. I don't suffer from these things. I am Indiska. I love this company. It doesn't matter whether I do this or that.... But I won't quit working. In that respect I am just like Åke. There is nothing as fun as Indiska" (Anders).

"What influence will I have, and Kicki...what will we bring? The history...(defining) the track on which to run, the continuity of the business,

in order for us not to jump between customer segments, or ways of being, and the like” (Anders).

“I have been exiting my role as purchasing manager and suddenly, and that is kind of exciting. Suddenly I have found myself in a new role as mentor for younger employees, who I really would want to succeed, which I believe in, and who will carry on the culture of the business. I suddenly realise that Anders and I, we are the last generation here with all both knowhow, and the history, which somehow has to be brought to the new employees. There are lots of things. From the way we look at our suppliers, over things that have happened that makes working with India great fun, to quality issues - there’s so much! As it is now, I don’t know where to begin. I realise we, over the years, might have forgotten to bring many things (to others)...which are essential. And I can see our new employees just absorbing all these things” (Kicki).

The challenge of being a multigenerational family business II: Keeping out of the shadow of previous generations

“I have given this a lot of thought. I think you always remain the child of your parents when you work like this in a family business. ... It doesn’t make any difference that I have worked in this business for almost 25 years, and created a niche of my own... I must often present myself as Åke Thambert’s daughter” (Kicki).

Besides defining the content of new roles, and keeping within their frames, one challenge is to keep out of the shadow of previous generations. For a family member, working in a family business means having the possibility to try out new ideas in an often rather secure and allowing atmosphere. But on the other side of the coin is, however, the risk of not being able to create enough space for oneself. Not the least this seems to be the case when the entrepreneur is as social and charismatic as Åke.

“Åke is genuine....He is the one who, over the years, most clearly has left his stamp” (Charlotte).

“He is the entrepreneur. He is synonymous with the family feeling, and the ‘cosiness’ of Indiska. ‘Here is Åke...’. It’s a pleasure having dinner with him, a pleasure to meet him. ‘It’s so nice that Åke will be there.’ He means a lot” (Anders).

Throughout the years, one of Åke's main roles has been to symbolise Indiska both internally and externally. Even though having celebrated his 80th anniversary, he is still today very active in this role.

"All openings and cocktail parties and the like...I say a few words, and then Åke sings....PR. He was in this shopping centre together with Bosse Ringholm⁵ in the beginning of this week. Suddenly Åke says: 'Isn't it a rather tense atmosphere in here?', and starts to sing. That's Åke Thambert. And everyone starts to smile and relax. There is no one like Åke, incredible, fun, and good PR for Indiska, and the family, great ... I mean, how can you come to think of starting to sing, when Bosse Ringholm is supposed to talk?! No one can, but Åke Thambert" (Anders).

"I want to be in public as much as possible. I am very often away to give talks about my life with Indiska, and all our problems...the issues of child labour, the environmental problems, how we look at this, and what we actually do in India to help...and what we can't do ... I have always tried to visit all stores once or twice a year. We have gone out to have dinner, during which we, in a very familiar manner, talk about the future" (Åke).

Today Åke is an important part of the introduction programme, offered to all recently hired employees. The central part is to help employees meet the family, and get to hear the history of the company.

"When it comes to getting the employees to identify with the business, I think we are extremely advantageous to be a family business. It gets very personal. Not the least this is the case when they come here for the introductory program. Then they get the history, and the one telling them is the one who himself experienced it all ... I always tell them: 'he (Åke) is Indiska, make sure you listen to him, because then you will get what we stand for" (Charlotte).

Even though the siblings get credit for having been of vital importance for the progress of Indiska, they have always worked more on the quiet than their father. The siblings reflect over the challenges facing second generation family members joining the entrepreneur, in terms of the difficulties to pursue their own dreams and visions, getting credit for the achievements made, and finding an identity of one's own both inside and outside of the family business.

"You kind of lose your sense of self-respect. You know that: 'This is my security. This is what I know'. And, somehow, that's a danger. Now and then I have felt: 'If I wouldn't be here, what would I be worth on the labour market?' ... In that respect it's a burden working as the second generation,

⁵ The Swedish minister of finance.

because you tend to think: 'Who would employ me, I know nothing but this...'. These thoughts come over me, because although I'm overwhelmed with this business it has happened that I have felt: 'I can't take it any more. I want to do something else'. But then I have thought: 'What will I do? Give lessons in piano playing?'. I have felt I would never get a job anywhere else, because I am not formally educated for what I do" (Kicki).

"(When joining the business) I felt...or I have come to realise with time that I want to be able to exert overall influence. And that is typical of an entrepreneur... But the wings got somewhat more clipped than I had suspected... There are limits. Actually, there is a founder of this company, there was a structure in the company, although it initially was very unclear ... I guess I still feel a bit like this, adapting to a family, to an environment... when you have your own personality. At the same time as it provides you with an enormous security, development, advantages..." (Anders).

"Kicki and I are a part of this development. Regarding Indiska's present position, we have been there almost from the start. OK, Paula and Åke founded it, there were a number of stores, and there was a small stock. ... We took part in building up the company, but perhaps we did not always get the credit for things" (Anders).

"Åke... he is in the middle of a stage. He is the principal character of the play, and we are all pawns surrounding him. He has such a charismatic personality. He knows how to talk, and he has created an enormous network of friends, both from an PR point of view, but also because it is part of his personality. So he has kind of a hard time accepting that Anders and I do not want to mingle and meet a lot of people, neither of us wants to. We value things outside of work. It's a huge difference between us, and our father. The drawback is perhaps....To me it has not been very important to be visible...but I have, let's put it this way: Now I have a lot of feelings. I am a middle-aged woman and looking back on my career there are lots of things which I have done for which I never had credit. If I had worked as an employee in another company, I am sure I would have had that....things I have done which have contributed to the progress of Indiska ... To be honest, I feel that this is part of my life achievement. OK, I entered a process which Åke had started, but I have been part of creating the Indiska of today; I know that, to a great extent, I am part of that. ... I have always done it in a quiet way, to make it look good... I often feel I have been working too much on the quiet ... All these golden years, when everything was a success, of course everyone has acknowledged Åke, who hardly doesn't know what I have been doing, a bit like that, and I have felt....But he has, in a quiet way he has

been thanking me. Especially the last years I must say he has given me credit” (Kicki).

Driving forces making the vision come true

”I have tried to teach my children never to give in. That has been my guiding principle, and... I can see that most of the things I have made up my mind to do have been possible to realise” (Åke).

Persistence is surely one reason why Åke today can look back on a his life, knowing that he - often against all odds – has managed to realise his vision. What started with a rather vague business idea and a single store in 1951 has over the years grown into a fairly large family business. Besides persistence, the successful development is most certainly due to central actors’ hard work, curiosity, and ways of seeing and creating possibilities.

”Åke...he is very open minded. Listens to techno music with the grandchildren. He comes along, and, he thinks it’s great fun. He never condemns anything, but tries to listen with his ears wide open. Everything the youth does he finds very exciting. A unique characteristic, I think daddy is a unique individual in the respect that he has a wide open mind. He listens, looks.. ‘exciting..., something new, wow...’ “ (Kicki).

”Åke has a very keen ear. He always tries to learn. He has never stopped doing that, never decided that ‘now I know all there is, now I am skilled enough’. Because of this he keeps seeing possibilities, and I think the old Indiska is characterised by that. Hopefully, the ones taking over will try to preserve that wisdom. It is there with Kicki and Anders, but it’s not as evident with them as with Åke” (Maria).

Another factor, which might have contributed to making the vision come true. is the joy of doing business, the joy of creating and developing something for the benefit of oneself and others.

”Personally I have not been struggling to be the biggest, but to be the best. ... Profitable, but better for everyone, for the suppliers, for ourselves, for everyone working in the business, and for the customers. To me it’s important to be able to earn almost as much money on a considerably smaller business, where you know the employees. That’s the business philosophy” (Åke).

”To Åke, when he started...I think it’s a combination of...realising, to get a lot of people to like this and to feel the pride of knowing: ‘I have been able to put this on the market, and to get the appreciation’. Everyone in the retail

Indiska

business carries that feeling...to be the best out there, getting credit when things go right. It's great, thousands of people appreciating Indiska. It means much more than profitability. It's much more important to be the best. It's a race. To be the best, and to get the appreciation from the market, from the frontline, that's wonderful. The pride of success and the credit you get beats profit maximisation. It might get lost on the way, which means nothing but these calculations, and stock exchange prices are left... But as long as there is an owner governing the business, you'll find that attitude" (Anders).

"We believe in things, we see potentials, and we dare go for them, because we've never been coward ... Not profit maximisation for us personally, but of course for the business...It's not the driving force that we have to make a profit of x numbers of millions for its own sake, but to have finances stable enough for us to come up with new projects. I think what has been driving us is the very running of projects, that we see things progressing. I think we've all found it very amusing to develop Indiska" (Kicki).

"I have never seen my mission in life as one of earning lots of money" (Åke). - - "Money must not be the main reason for doing business... It has to do with moral and ethics, which today is very important, not the least to our customers. They want to know the moral and ethics of this business, or else they won't buy from us. This is the way it is today" (Åke).

"Five years ago I was offered to sell this company for almost half a billion crowns. That's a huge amount of money. I wouldn't have to do anything more for the rest of my life, and neither would my children. But I can't come to terms with the thought of letting go of this company for the sake of money. I want to live here as a mentor, and as the chairman of the board" (Åke).

8. Extended meanings of the family business

Introduction

As discussed in chapter three, the most general characteristic of family businesses is the integration of family and business. Understanding the family business means understanding that the actions of (some of the) key members of the business are, at the same time, actions of members of an owner-family. As explained in chapter one, exchange acts undertaken within long-lasting relationships, i.e. a family, “will have meaning that extend beyond the actual objects involved in the particular transaction.: doing something together may involve more than just exchange in the narrow utilitarian sense. Other ingredients are frequently just as important” (Sjöstrand, 1997:24).

This chapter dwells on two such interrelated extended meanings of the family business, derived from the paradox of identity inherent in the family system. Following Sjöstrand’s (1997) definition, an extended meaning is referred to as a meaning that extends beyond the “formal” objective of an interaction¹. Although potentially unconscious to the interacting individuals, these meanings are likely to influence the interaction, and its outcomes. The two extended meanings are referred to as *business as a means of*, and *business as an extension of the family and its core values*, respectively. These meanings influence strategising in the family business.

Meaning is a central human psychological motive addressing the existential concern “Why am I?”. When we say that human actions have meaning, this implies that they “embody intentions, express emotions, are done for reasons, and are influenced by ideas about value” (Hollis, 1994:144). Meaning is, thus, intimately tied to four concepts used for the interpretation of the strategic biographies: role, emotion, rationality, i.e. reason, and values. Using Weick’s (1995) terminology meaning is the result of a sense making process. To attribute meaning to something is to make sense of it connecting it to something already familiar, as for instance one’s values.

According to Morin (1995) there are three constituencies of meaning: significance, orientation, and coherence. Significance refers to the way in which an individual approaches and understands an experience, and the connected importance and value placed on it. Orientation implies that this experience is

¹ So might, for instance, product development incorporate meanings that extend the objective of quality improvement or an increase in sale.

acted upon in accordance with the individual's specific intention or plan, i.e. the reason for the action. Part of the way in which individuals make sense of the world, and render it meaningful, is through finding a purpose through which they can be seen as important. This last point bridges the gap to the third constituent: coherence. An individual attaches meaning to an action as long as this action maintains a "balance between his inner and social life" (p. 43).

Meaning is closely connected to the strength of the culture of the context(s) in which individuals are embedded. "The stronger a given culture, the more densely articulated and integrated is the set(s) of meanings available to the individual (Ashforth, 2001:64). Hence, meaning is closely connected to values (Shamir, 1991; Morin, 1995). Shamir (1991) argues that it is precisely because individuals hold values, i.e. have "conceptions of the desirable", that they are willing to make "individual sacrifices for collective concerns" (p. 410), and hence, that they are able to attach meaning to their actions. Likewise, Morin et al. (1991) argue that for "acts to produce meaning, they must be oriented to a finality that transcends the individual" (p. 46). According to Shamir (1991) meaning is an important source of motivation for individuals to contribute to the organisation even though this might imply refraining from pure self-interest. Morin (1995) agrees and stresses that the narrow focus on economic issues - as different from a focus on values - leads to a loss of work motivation.

The extended meanings the family business explored in this chapter have implications on both the inter-individual and the organizational levels. For a family member employee the business seems to constitute a means of individuation, contributing to the fulfilment of the need of a separate identity. In addition, the business seems to be a source of community, which renders it meaningful as an extension of the family, expressed as concern for the family and its core values. The integration of family and business means that not only the family, but also the business becomes an arena for acting out the paradox of identity, i.e. the simultaneous need for separation and belonging (see chapter three).

Overview of the theoretical perspectives used for interpretation

Before elaborating the extended meanings in further detail, the theoretical perspectives used for interpretation of the strategic biographies - role, value, emotion, and rationality - are introduced. The decision to rely on these perspectives has taken shape gradually and iteratively. As these concepts are frequently used in the family business literature, they were part of my early pre-understanding. For instance, the very embryo of the thesis was my reading of articles referring to family businesses as irrational, because of the consideration of family values and emotions in business. The concept of role is inherent in the

very conceptualisation of family business as an integration of systems and roles. To various extents, the perspectives are also present in the strategy literature, of which I was rather familiar prior to starting this research project. During fieldwork, and especially when constructing and interpreting the cases this early pre-understanding deepened. Having constructed the cases I started to read each one of them with the question “What is this case about, what strikes me?”, as a point of departure. Comparing the outcomes I found interesting similarities. The answers I got to my questions about the development of the organisation and the family, and why certain moves were (not) taken largely had to do with the personality of the individuals and their personalities, their desire to prove themselves right, their driving forces, and their reasons for (not) working in the family business. From the theoretical perspectives, these similarities largely deal with the integration of roles, concern (emotion) for family and core values, or, in other words, with rather similar underlying rationales for action. In this chapter, the similarities between the strategic biographies have been aggregated and conceptualised as two extended meanings of the family business, business as a means of individuation, and business as an extension of the family and its core values.

In order to make the reader more familiar with the perspectives a brief overview is provided below. In addition to a general introduction of the concepts, the overview focuses on the specific aspects of the perspectives used during the interpretations. These aspects are highlighted in the overview’s headings. At the end of the discussion of each of the perspectives, a note is given on their use in chapters eight and nine. These notes should not be taken as a sign that the perspectives are irrelevant to other chapters. The perspectives used are interrelated in that they all emphasise the social, interactive nature of human life, albeit from more or less different points of view.

Role identification, role innovation, and role transition

The concept of role is used to show the “context bound nature of human life” (Burr 1995:25). As a member of social settings, every individual occupies several roles, i.e. positions in a social context (Ashforth, 2001), with different expectations on his or her behaviour. These role expectations are important contributions to the role identity, i.e. to the “goals, values, beliefs, norms, interaction styles, and time horizons that are typically associated with a role” (Ashforth, 2001:6). Since roles “partly determine our vantage point and perspective of the world” (Parkinson, 1985:202), these role-specific expectations (the role identity) influence the emotions and actions of the role-occupant. However, these expectations are not once and for all fixed and static. Although roles might seem institutionalised when looked upon at a certain point in time, their very essence their continuous becoming. Even though “positions do indeed tend to become more or less institutionalised ... the meaning imputed to a given position and the way in which an individual enacts

a position are negotiated within structural constraints” (Ashforth, 2001:4). This means that also the role occupant’s role perception, i.e. “the individual’s own view of how to act in a given situation” (Robbins 1997:296) influences role enactment.

The last suggests that, role enactment is closely related to processes of identity- and self-construction (Horrocks et al., 1972; Ashforth 2001; Thoits, and Virshup, 1997; Turner, 1978). When a certain role identity implies a certain connotation of the self, it is conceptualised as a role based identity, or simply role identity. An especially strong form of role identity, central to the thesis, is role identification, or role-person merger (Roos and Starke, 1981), which is at hand when a person does not just connotes herself to a role, but rather defines herself in terms of the role identity. In other words, “role identification is the sense of oneness with a role” (Ashforth, 2002:300). When someone identifies the self as a certain kind of person through the role, the likely implication is that leaving that role is very difficult: “To switch roles is to switch social identities” (Ashforth, 2001:27). Someone identifying with a role is constantly seeking opportunities to enact it, and is prone to integrate the role with his or her other roles. In some cases, role identification might imply a loss of an independent sense of self. Individuals identifying strongly and exclusively with a particular role might be devastated if forced to exit the role, as they have no alternative identities to fall back on.

This means that role identification is central to the need for individuation, referred to in chapter three as the process of becoming a person with an autonomous self. It is essential to understand that the enactment of a role is not deterministically prescribed. Instead, role enactment might very well be creative and individual, in which case it becomes “expressive of personal character and idiosyncrasies” (Thoits, and Virshup, 1997: 109). Such personalised role enactment is referred to as role innovation:

”To role innovate ... is to personalise or, individualise the way a role is enacted to suit ones judgments and idiosyncrasies. ... personalisation enables one to put their stamp on the role (Harré, 1983) – making it as theirs – so as to express valued personal identities. As such, role innovation conveys one’s uniqueness both to oneself and to members of one’s role set differentiating one from other role occupants and predecessors. Thus, role innovation may address the identity motives of self-distinctiveness, self-expression and self-continuity...”

(Ashforth, 2001:195).

Role innovation can vary significantly in depth and scope, ranging from minor and overt refinements of organisational aspects, to pervasive changes affecting the overall direction of the company. Just as role innovation, role disidentification is central to individuation. However, whereas role innovation means individuation through enacting a role in a way different from the predecessor or other role occupants, role disidentification means individuation by not taking on the same role as these others. Someone disidentifying with a

role is actively trying to differentiate and distance from an entity by “identifying as not” (Kramer et al., 1998:245, in Ashforth, 2001:75).

Because individuals are likely to occupy several roles, they tend to have differing role identities. Out of these, some tend to be more highly valued than others, and, thereby, more “central to the individuals ... core sense of self” (Ashforth, 2001:30). Understanding an individual’s individuation, means understanding the most highly appreciated role(s). Although individuals do vary with respect to their subjective evaluation of roles, there are some aspects connected to a role, which tend to have a general impact on the degree of evaluation. Generally, roles tend to be more valued by an occupant if the role identity is strong, the role is permanent, visible and socially desirable, and if the enactment of the role contributes to the fulfilment of highly valued goals (Ashforth, 2001). Moreover, the greater the sacrifices, and the investment in time and effort to gain or maintain the role, the more highly valued it tends to be (Turner, 1978). Roles that are highly valued tend to be made permanent and visible by the role occupant, implying that the evaluation of the role and the aspects connected to it, are mutually reinforcing. In the strategic biographies, top management roles seem to correspond largely to this description of highly valued roles. These roles are important means of individuation, and for the ones enacting them, the likely outcome is role identification.

Role taking and role enactment fulfil four important psychological needs; identity, meaning, control and belonging (Ashforth 2001). Among the, partly integrated, attributes of identity are self-knowledge, self-expression, self-continuity, and self-distinctiveness, and self-enhancement. Self-knowledge refers to the learning about the self through the role, in the sense that an understanding of who the self is gets mediated through the social position i.e. role occupied. Continuously learning who they are, individuals seek opportunities for self-expression, i.e. to enact the roles they value the most, and identify with. In a way, self-expression might be understood as a means of self-distinctiveness, i.e. the basic human need to arrive at uniqueness. Self-continuity signifies the desire of individuals for their sense of self to be stable over time. Especially, this is the case with role identities that are self-enhancing, i.e. that contributes to the individuals self-esteem. These interrelated constituents of identity will not be discussed as separate, but referred to in an integrative manner as either “identity” or, “individuation”.

Besides the need for identity, role enactment also fulfils the need of belonging, defined as a “pervasive drive to form and maintain at least a minimum quantity of lasting, positive, and significant interpersonal interactions” (Baumeister and Leary, in Ashforth, 2001:70). The third psychological need fulfilled through the enactment of roles is meaning (Thoits and Virshup, 1997). While identity addresses the question “who am I”, meaning deals with the basic concern “why am I”, i.e. the need of individuals to find a purpose to which they matter. The “meaningfulness” of a role refers to “a

sense of purpose and significance associated with the role beyond the role's obvious formal duties and requirements" (Thoits and Virshup, 1997: 64).

The fourth psychological motive, the motive for control, is referred to by Ashforth (2001) as "a motive to master and to exercise influence over subjectively important domains" (p. 67). Control is a rather complex motive, consisting of a number of concepts such as ability, discretion, and power. Through the ability (competence, expertise), and discretion (autonomy, self-determination) constituents, the motive for control relates rather intimately to the need for self-expression. As will be further elaborated, the need for control of highly valued, self-expressive roles tend to be manifested in a reluctance to exit them. The fulfilment of these psychological motives is, however, conditioned by role clarity, i.e. by clear expectations on the role (Roos and Starke, 1981). In the opposite situation of role ambiguity, when the requirements of the roles are not clear, a role occupant is unsure of how to appropriately enact the role. This might lead to feelings of frustration and bewilderment, and hesitation to enact the role. As a consequence, the fulfilment of the psychological motives is counteracted. The interpretations of the biographies in chapters eight and nine dwell on to the psychological motives derived from role enactment as central for the strategising in the family business.

The concept of boundary is central to role theory. Described by Ashforth (2001) as "mental fences", boundaries function as a means of reducing the complexity of the world by selectively directing the attention to certain phenomena whilst excluding others. Through the boundaries, reality is divided into well-defined areas, to which the individual attaches special meaning. Accordingly, a role boundary refers to what delimits the scope of a role, of which two important aspects are time and space. Often, roles are enacted at certain times of day, and/or in certain locations (as for instance the role as surgeon). Further, role boundaries differ with respect to their flexibility and permeability, rendering the classifications of roles as either segmented or integrated. Highly segmented roles are characterised by inflexible and impermeable role boundaries. Therefore, the contrast between the role identities is relatively high. "Highly segmented roles tend to have little similarity between the role identities that inform each role, and between the specific goals, values, beliefs, norms, interaction style, and time horizon that constitute each role identity" (Ashforth ., 2000: 476).

Roles that are highly integrated – as in the family business – are characterised by flexible and permeable boundaries implying that they could be enacted independently of time and setting. This means that a person physically located in the setting of one role is able to enact another role in the same setting. The contrast between the roles (their identities) is relatively low. Flexible and permeable role boundaries are beneficial in the respect that the risk of inter role conflict, i.e. the incompatibility of behaviours associated with different roles (Forsythe, 1994), is rather low. On the other hand, the

disadvantage of such boundaries is the blurring of roles, i.e. a feeling of confusion regarding which of the many roles in the individual's role set should be most salient. Highly integrated roles mean that "decoupling the roles psychologically, disengaging from one in favour of the other (Ashforth, 2000: 481) might be very difficult, not seldom resulting in role blurring and "role spill over", present when moods, stress, and thoughts that are generated in one role domain influences other domains" (p. 477). As pointed out by Ashforth et al. (2000), this is an often re-occurring dilemma for family members working in the family business. The main challenge for them is to actively create and maintain role boundaries. By paying close attention to, for instance, only enacting certain roles in certain settings, the respective role identities might diverge over time.

Role divergence leads to role transition, an issue central to role theory as well as the interpretations of succession processes and strategising in the family businesses studied. Generally, role transition refers to "the psychological, and (if relevant) physical movements between roles, including disengagement from one role (role exit) and engagement in another role (role entry)" (Ashforth, 2001:3). There are different kinds of role transitions. Intra-role transition refers to an individual's change in orientation towards a role already held. Inter-role transitions deals with the individual's movement between roles. If these movements take place between simultaneously held roles, what is at stake is micro role transition. Such movements tend to take place frequently, as for instance the shift between home and work roles. A contrasting inter-role transition is macro-role transitions, i.e. the infrequent movement between sequentially held roles, examples of which are employment, promotion, and retirement. The following discussion touches upon macro role transitions (referred to as role transition).

As defined, role exit and role entry are the carrying constituencies of role transition. Role exit refers to "the psychological, and (if necessary physical) disengagement from a role" (Ashforth, 2001:3). The disengagement makes role exit inherently difficult, especially in cases of role identification, i.e. when an individual defines himself in terms of the role. In addition to the potential loss of personal identity, an exiting individual might have to abandon social identities and highly valued relationships. Moreover, not just the exiting part, but also members of his or her role set² must accept and get used to the changes implied by the role exit. Role exits then, tend to be challenging inter-individual processes of adjustment. Although difficult, it is possible to succeed with role exit, if the exiting individual is able to take on a new role identity. This is enhanced by identity resolution, i.e. "awareness of one's own abilities, values and interests" (Ashforth, 2001:125). Such awareness enhances the likelihood of defining and finding a new role to substitute for the one abandoned. However, it would be a mistake to view such substitution as complete (Ebaugh 1988:149;

² A role set refers to "the various roles that are more or less directly linked to a focal role" (Ashforth, 2002:6).

in Ashforth, 2001:131). Exiting a role implies becoming “an ex”, and this “involves tension between one’s past, present, and future To be an ex is different from never having been a member of a particular group or role set” (Ebaugh 1988:149; in Ashforth, 2001:131).

The other side of the role transition continuum is role entry, i.e. “the psychological engagement in a new role” (Ashforth, 2001:3). The difficulty of role entry varies in accordance with a number of attributes. Generally it is easier for an individual to enter a new role if the contrast between the roles to be exited and entered, i.e. the magnitude of the transition is low, the role to be entered is socially desirable, and the entry is voluntary, predicable, and reversible. Given the right conditions, a person’s role identity might shift in favour of the new role. This requires that the individual is able to navigate the role in a personal manner. One means of this, already discussed, is role innovation. A further important ingredient is the support of individuals belonging to the role entrant’s role set.

Role transition processes are highly inter-individual. As such, they are enhanced by “rites of passage”, through which the separation of the role from the exiting individual, and the incorporation of the role entrant into the role is clearly manifested to both the focal actors themselves and to the surrounding community. Even under the best of circumstances role transition processes are likely to be rather challenging and extensive processes of learning and adjustment. It is not until a stage of normalisation has been reached, i.e. when the changes are viewed as normal, that a transition process is finalised (Ashforth, 2001). However, it is far from self-evident that this stage is ever reached. As is indicated by the “ghost of the pardon syndrome” (Kets de Vries, 1996) frequently referred to in the family business literature, the transition process might stop somewhere along the road.

Even though the family business literature recognises the existence of different roles, and the potential impacts of these on the business, to my knowledge no in-depth, theoretical analysis of family businesses has been conducted based on role theory. However, given the fulfillment of human needs by role enactment role theory seems highly relevant to human interaction, and, hence, to strategy.

Implicitly, the concept of role is relevant throughout chapters eight and nine. The paradox of identity, which builds the bases for the interpretation, conceptualisations, and conclusions, originate from the psychological needs of humans held together by their social positions, i.e. roles as members of a family (son, father etc.). In the second part of chapter nine the role perspective is explicitly used as a frame.

Core values

Values might be understood as “the social principles, goals and standards....(that) define what the members of an organisation care about

(Hatch, 1997:214), or what is desirable (Beyer, 1981; Shamir, 1999). Also referred to as “moral or ethical codes” (Hatch, 1997), values underlie judgements about what is right and wrong. Values are the underpinnings of human action in general, and, as such relevant to strategising.

Values might be interpreted differently with respect to what the individual wishes to achieve. They could be conceptualised in terms of what the individual acts to gain or keep (Shamir, 1999). However, to understand the influence of values on work motivation and commitment, Shamir argues that values should be conceptualised as what is desirable, rather than what is desired. A conceptualisation of values as the desirable goes beyond the – to Shamir unrealistic – calculative rational assumption of individuals as functionalistic maximisers of own utility. He asserts that an understanding of individual action would be rather limited without a definition of values extending beyond the benefits to the self. It is this definition of values, which the thesis adopts.

As indicated, values might differ with respect to content, i.e. with respect to what mode of conduct or end-state they regard as important. To understand the impact of values on individual (inter)action, it is important to note that they might also differ in terms of intensity, i.e. in terms of *how* important this mode of conduct, or end-state, is considered to be (Robbins, 2003). The more intense the values, the more likely they are to impact human perception and action. The values that are highlighted as important for the development of the family businesses, referred to as *core values*, are likely to be relatively high in intensity. When discussing the influence of values on strategising it is also important to recognise their stable and enduring character. According to Robbins (2003) this is due to the way in which values tend to be internalised in an absolute, or “black and white” manner, in the sense that individuals are “never taught to be just a little bit honest, or a little bit responsible” (p. 64). This absolute character of values makes them rather resistant to change, indicating that when people challenge and question their values, this tends to lead to their reinforcement, rather than the abandonment.

Simon discussed the influence of values on organisational decision-making as early as 1947. He argued that “value judgements” were essential in determining the final goals of the organisation, as opposed to the “factual judgements” serving as tools for the implementation of these goals. He highlighted the ethical component of organisational life – a component that cannot be objectively, or factually, understood as right or wrong.

“...factual propositions cannot be derived from ethical ones, nor can ethical propositions be compared directly with the facts – since they assert ‘oughts’ rather than facts. Hence, there is no way in which the correctness of ethical propositions can be empirically or rationally tested”

(Simon 1947:46).

Given the complexity of the world, values might be regarded as prerequisites for action. By constituting lenses, or perceptual filters, values reduce the complexity

and render the world manageable. "It is virtually impossible for any observer to sort out the causal structure of events, and so the observation and interpretation of events depend very strongly on prior...values (Beyer 1981:181) In this sense, values specify the individual's relation to the environment, and thus, they have implications for strategy. Beyer (1981) continues: "Values play a crucial role in decision making processes, influencing perception of organisational roles and environmental factors and affecting which strategies are selected" (Beyer 1981:168; see also Robbins, 2003 for a similar argument).

Numerous researchers have - more or less explicitly - emphasised the influence of values on strategy (Barney (1986); Brodwin and Burgeois 1985; Johnson, 1986; Melin, 1985, 1987; Melin and Hellgren, 1994; Mintzberg and Waters, 1985; Pettigrew, 1979, 1985; Whittington, 1993:the systemic perspective; Schoenenberger, 1997; Schein 1985; Weick, 1985). For instance, values are the source of two patterns of strategy formation. In Mintzberg and Water's (1985) *ideological patterns*, the origins of strategy are beliefs, norms and values, which are shared among the members of the organisation, constituting a basis for actions. According to the authors, these beliefs, norms and values constitute a collective vision of the actors, and thus strategy formation takes place "in inspirational form, and relatively immutable, controlled normatively through indoctrination and/or socialisation" (p. 270). According to the authors, organisations characterised by these kinds of strategy patterns are often proactive. Similarly, Bourgeois and Brodwin's (1984) *cultural model* emphasises the importance of values for the formation of strategies. However, while the ideological pattern seems to imply collectivism, and impersonal, normative, control, the cultural model is rather top-down, explicitly recognising the leader as the one in control of the culture, and as the one concerned with finding means to get his "whole organisation committed to (the) goals and strategies"³ (p.250).

The deep influence of values on strategy is the intrinsic message of the cultural school on strategy formation (Mintzberg et al., 1998), which holds strategy to be based on the "beliefs and understandings shared by members of the organization" (p. 267). From the perspective of the cultural school, values are among the - on different levels existing - constituents that make up the culture of an organisation. According to Schein (1985) values are found in

³ It could be questioned whether this explicit top-down perspective, rather than being a cultural model, is a programmatic implementation type using the language of culture. In my view, strategies that originate from common values and norms do so due to the internalisation of these norms and values over long periods of socialization, and not by a top-down leader using "culture" as a management tool. However, Bourgeois and Brodwin apparently take the latter view.

"Having formulated both a competitive strategy and a long-term 'vision for your company (either alone or with the collaboration of your senior managers), you proceed to inculcate your entire organisation with this vision by moulding the organisation's culture in such a way that all organisation members participate in making decisions that will perpetuate this vision" (p.250).

between the deepest layer – the beliefs and assumptions – and the surface level – the artefacts – thus connecting the two. Schein argues that the essence of a culture is to be found in the (often unarticulated, and perhaps also unconsciously held) beliefs and assumptions held by that very group of people to which the culture refers. However, as pointed by Sproull (1981:204) as “mental representations of human understanding” beliefs are, in themselves, hardly possible to study. Instead, this has to be done through “statements about them or artefacts from them that are accessible to description and measurement” (p. 203). This is the essence of why values are important to strategy research. If one believes that strategy forms as a result of human understanding of the world, then the deeply held beliefs matter as mental representations of this understanding. Values, as verbal manifestations of these beliefs, provide important input to the understanding of strategy. The influence of family values on the formation of strategy in family business is an often reoccurring issue in literature on these organisations (Aronoff and Ward, 2001; Prokesch, 2002; Schein, 1985).

In its most explicit sense, core values are used in connection to the discussion of the extended meaning “business as an extension of the family and its core values”. But values are also essential to processes of individuation and role transition. Core values are, implicitly, present throughout chapters eight and nine.

The emotion “concern”

From the perspective of organisations as emotional arenas (Fineman 2000:1), emotions are essential for understanding human interactions, and, thus, organisational processes, including strategising. There are numerous emotions, and to a greater or lesser extent they are “deeply interwoven into the ways that roles are enacted and learned, power is exercised, trust is held, commitment formed, and decisions made” (p. 1). Far from being an organisational overlay, emotions characterise and inform organisational processes. Emotions can secure organisational order, and control. For instance, the ability to feel shame, embarrassment or guilt, might secure that actions are conducted in accordance with normative organisational codes. Emotions might thus be appraised as the sources of self-regulation, necessary for the functioning of social enterprises.

Emotions refer to (bundle of) feelings⁴ of human beings (Sjöstrand, 1997; Denzin, 1984, Brundin, 2002), that are intentional, evaluative, short term (bundle) of feelings that, to a large extent, are produced and reproduced by socio-culturally situated interacting individuals. The intentionality of emotion endows them with a direction, i.e. they are “about” something, and they presuppose a certain relationship between the person having the emotion and another person or objective (Parkinson, 1995; Bedford, 1986). The expressions

⁴ In turn, “feelings” refer to “sensations of the lived body” (Denzin, 1984: 282).

of emotions are communicative. They “fulfil a strategic purpose in interpersonal relations: a display of anger to bring out a change; a look of despair to attract attention” (Fineman, 1996:546). Emotions thus have an evaluative character; “when emotional we feel good or bad, approving or disapproving, relieved or disappointed about some state of affaire” (Parkinson, 1995:9). Emotions result from appraisal processes. Emotions are felt and expressed in accordance with the interpretation of events (and not due to the event “as such”). These interpretations are dependent on dimensions such as agency (responsibility), certainty, attention, effort, and pleasantness. This means that reactions to an event differ in accordance with the particular emotional state of the individual. If a negative event is seen as caused by the individual in focus, the likely emotion felt is guilt. However, if the cause of the event is attributed to someone else, the emotion evoked would probably be anger. If there is no one to blame (but the circumstances), this tends to imply feelings of sorrow. (Tiedens, 2000:74, in Ashkanasy et al., 2000).

Although numerous emotions seem to have influenced strategising in the family business, *concern* stands out as perhaps the most powerful. Concern is an emotion, signalling that something, or someone is of importance to an individual (Brundin, 2002).

“If you are concerned with something, or if you concern yourself with it, you are involved with it because it is of interest to you or because you think it is important. If you concern yourself about someone, you care about what happens to them and want them to be happy, safe, and well”

(Brundin, 2002: 354)⁵.

This means that concern might be directed to things as well as to individuals, and that it triggers action (Brundin, 2002; Sarbin, 1986; Sjöstrand, 1997).

Throughout the interpretations that follow, concern for family (members) and core values are explored. As will be elaborated, concern for family and core values has had an impact on individuals, their interactions and individuation processes. As a consequence of this, concern has had a rather extensive influence on strategising in the family businesses.

In accordance with the inter-actionist view of emotions as socially constructed⁶ (Brundin, 2002; Parkinson, 2002; Denzin, 1984; Harré, 1986), emotions might be understood as existing at three, intrinsically integrated levels: the individual, where the emotion is experienced; the inter-personal, where the emotion is communicated; and the representational, where culturally situated ideas about emotions are produced and reproduced (Parkinson, 1995). To Brundin (2002:82) emotions are “socially constructed and situational

⁵ According to Brundin (2002: Concern is the “head” emotion of a category of emotions including disappointment, /easy/strain, empathy/sympathy, regret, uneasiness, and worry.

⁶ Especially when emotions began to be a topic for study, they were regarded as biologically, non-cognitively determined, and thus, freestanding from any socio-culturally influences (Harré, 1986).

because they are dependent on relationships and social interaction. Emotions evolve, transform, and take new directions formed by institutional and organisational contexts". Denzin (1984:3) is of the opinion that "a person cannot experience an emotion without the implicit or imagined presence of others". Likewise, Parkinson argues that "many emotions are explicitly directed at other people and arise out of interactions with them ... Emotion typically arise as a function of real-time negotiations between people about the meaning of the current social situation" (pp. 18 and 19). The constructionist view holds emotions to be constituted by attitudes "the content of which are not natural, but are determined by the system of cultural beliefs, value and moral value of a particular community" (Armone-Jones, 1986:33, see also Fineman, 1996). From this point of view, individuals are socialised into the specific emotions of their dominant contexts. The relationship between the individual and the context is however not unidirectional. Once the individual has internalised the prescribed emotions he or she "provides an autonomous and reliable adherent to the values marked by the emotion" (Armone-Jones, 1986: 57). Regarding organisational life, one of the central functions of emotions is to secure commitment, for instance to "particular values" (Armone-Jones, 1986: 81) and relationships (Fineman, 1996). Although the commitments' potency is likely to vary with different emotional contacts, their anchoring in emotions are likely to make them stronger compared to those achieved by mere rational comprehension.

Moreover, emotions also derive an affective meaning from abstract rules and principles, which contributes to their realisation within the frame of everyday practices. In a nonverbal way, emotions signal the importance of these rules and principles to others. This last implication is an illustration of the inter-personal, communicative function of emotions. Another example of this function is the way in which emotions contribute to make claims about one's identity. According to Parkinson (1995), the most important issue derived from a communicative approach to emotions is that emotions can be comprehended "first and foremost as a process of meaning claims about personal and social identity to particular intended audiences⁷ in the context of unfolding social encounters" (p. 169). Parkinson (1995) holds this emotional aspect of social identity to be connected to the roles occupied by the individual, and, in particular, the commitment to them; "the very substance of emotional performance comes from identity presentation. Emotions directly reflect role-playing" (p. 224). This means that the intensity of an emotion can be derived from the degree of "identification that is attached to the roles on which emotions depend and to the different alternative audiences available for self-representation" (p.24).

From a strategising perspective, emotions are relevant since they influence experience, knowledge, communication and (inter)action (Sjöstrand, 1997,

⁷ The audience must not be present; just as well it can be "internalised or imagined" (Parkinson, 1995:195).

Parkinson, 1995). According to the social constructionist view, emotions are “beliefs systems or schemes that guide us in appraising situations, organising our responses and self-monitoring our actions. ... Emotions are transitory social roles; they are institutionalised ways of interpreting and responding to situations” (Sjöstrand, 1997:53).

Although studies on the role of emotions in organisations are still exceptional (Fineman, 2000), emotions have been recognised in strategy research. A recent study by Brundin (2002) indicates that emotions play a crucial role as indirect and direct driving forces in radical change processes, and that the co-production of emotions between the leaders and organisational members has important power implications. Emotions are thus relevant as an integral part of strategic leadership. Similarly, Ericson (2000) highlights emotions as central for strategy.

The inclusion of emotion in studies of strategic management is also highly relevant since it could throw light on what is presently not included, because it has traditionally been disregarded or neglected as “irrational” (Sjöstrand 1997; Fineman, 1996; Fineman 2000). Traditionally theorising of organisation and management has been dominated by a rational view, in which emotions are regarded – if at all – as an obstacle to efficiency and goal fulfilment.

“... deeply rooted in the Western (especially male) cultural beliefs about the expression of emotion is the belief that organisational order and management/worker efficiency are matters of rational, that is non-emotional, activity Cool, clear strategic thinking is not to be sullied by messy feelings. Efficient thought and behaviour tame emotion. Accordingly good organisations are places where feelings are managed, designed out, or removed. ... Such a perspective fits comfortably with the machine-like organisation where uniformity of behaviour is regarded as crucial to the profitable production of goods and services; a manifestation, of sorts, of Max Weber’s early thinking on the ‘ideal’ bureaucracy, unsullied by ‘love, hatred and all purely personal, irrational and emotional elements’

(Gerth and Mills, 1958:216). (Fineman 1999:545)

However, the view of emotions as interfering with rationality is not the only one. Though emotions and rationality seems to oppose each other, emotions could be understood as serving, or even being entwined with rationality (Fineman 1999, 2000). According to the serving view, emotions enable (bounded) rational decision making by helping individuals priorities and ease dilemmas, by committing them to cooperate and to stick to their long-term interests. Thus, emotions are what make (bounded) rationality possible in the first place. Taking this one step further, the entwined approach argues that the relationship between emotions and rationality is inherently interdependent:

“Many rational organisational strategies are pursued on highly emotional grounds, and much of what we describe as rational is, in fact, emotional. ... The setting of goals, the selection and use of information, and the benefits gained,

involve myriad emotionalised/feeling adjustments, 'readings', and personal judgement calls. The whole process might be driven by some overriding emotion

(Fineman, 1996:550).

Likewise, Sjöstrand (1997) makes a plea for emotions to be regarded as "a fundamental part of human rationality ... for the reason that "the affective system may not only assist, but may also be indispensable to the individual in making interpretations of the environment" (p.52). Like Sjöstrand, Chakravarthy and White (2001) explicitly ask for the inclusion of emotions in strategy research.

In this thesis, the emotion concern is explicitly used to elaborate the second extended meaning of "business as an extension of the family and its core values". Implicitly, emotions are present throughout chapters eight and nine, as they, just like core values, influence processes of individuation and role transition.

Expressive and relational rationality

"Since the Renaissance we have aimed to perfect our understanding of the rational, and have valued reasoning a logic with rationality as the underlying premise"

(Halpern and Stern, 1998:1).

Generally speaking, the concept of rationality is used to explain individual action (Elster, 1989). Most definitions of rationality seem to equate the meaning of the concept with the "exercise of reason"⁸.

"Rational behaviour follows stable, consistent and coherent beliefs or rules that enable individuals to understand what they are doing and why"

(Halpern and Sterns, 1998: 3):

"Rationality in its most general sense means something like man's capacity for applying reason to tasks, i.e. reasoning".

(Jarvie, 1983:44)

From this angle, individuals are rational when they can express the reasons underlying their thinking and acting. This presupposes a certain degree of consciousness (Etzioni, 1988). Similarly, Elster (1989) argues that "rationality...is a variety of intentionality. For something to be rational, it has

⁸ However, researchers are not unanimous with regard to this interpretation. To some, like von Wright (1986) and Rawls (1972), there is a difference between reason and rationality; while rationality refers to intellectual skill or technical knowledge, reason is occupied with the sensible and judicious, thus incorporated values (Sjöstrand, 1997:36).

to be within the scope of conscious deliberate action or reflection” (p. 7). In the words of Misztal (1996, in Lin, 2001) what is rational is “based on consciously regulated comparison and choice” (p. 144).

Generally, rationality is occupied with the relation between ends and means, as well as with the “exercise of reason” underlying their choice.

“Rationality denotes a style of behaviour that is appropriate to the achievement of given goals...”

(Simon, 1982: 161)

An understanding of rationality as “the exercise of reason” presupposes the incorporation of both means and end into the definition. This means that rationality includes the individual’s desires and beliefs (Hamlin, 1986). Likewise, Simon (1947) maintains that in order to understand decision-making we have to recognise it as composed of both ethical and factual propositions. Whereas the former are concerned with the selection of goals, the latter are concerned with the tools for implementation.

“Generally speaking, the concept of rationality is concerned with the alternatives preferred by the choosing individual, judged by a value system that makes possible the judgement of the consequences of the behaviour”

(Simon, 1947: 127).

This implies that without an understanding of the value propositions (or, with Hamlin’s vocabulary, beliefs), it is impossible to describe a decision as correct or incorrect, since the evaluation depends on the value judgments from which we depart: “The individual’s beliefs constitute a model of the world which is currently accepted and which forms an introspective test-bed upon which alternative actions may be stimulated” (Hamlin, 1989:12). The meaning of rationality used in the thesis builds on this line of reasoning. Departing from the view of rationality as “the exercise of reason”, rationality is seen as being concerned with the choice of both means and ends, and the reasoning underlying their selection. Since the underlying reasons could be manifold, several accounts of rationality exist (for an overview see Singer, 1991, 1994). Out of these, the expressive and relational accounts will be highlighted, as they are intimately intertwined with the aspects - role identification (individuation), concern and core values – put forward as central for strategising in the family businesses studied.

The general definition of rationality as the “choice of the most efficient means for the achievement of *given* ends” (Hargreaves Heap, 1989), is variously referred to as calculative rationality (Sjöstrand, 1997), analytical rationality (Flyvbjerg, 1991), substantive rationality (Simon, 1982), Zweckrationalität (Weber, in Hollis, 1994), and perfect rationality (Singer, 1994). Calculative rational agents evaluate all alternatives, and choose the one maximising their utility. The outcome of the transaction is in focus, and “the rational choice is

based on an analysis of alternative relationships producing varying transactional costs and gains" (Lin, 2001: 154). Since the end is given, the agents never face any ambiguous decision situations. Further, the decisions and actions of the agents are not influenced by personal traits, emotions, traditions or the like. In essence, their "function is confined to that of a kind of computational link between impersonal forces on the one hand, and foregone conclusions on the other" (Mintzberg, 1973:12). Calculative rational agents are self-oriented, totally independent, only short term committed to the alter-actor (Lin, 2001), and solely oriented towards the future in the sense that no "path dependency" (Tsoukas and Knudsen 2002:421) of decisions exists.

However, these assumptions have long been challenged. As a result "the view of the individual as knowing, unitary and autonomous (has been) substituted by an understanding of the individual as complex and conflict-ridden ... challenging any claim to simple rationality and a clear and fixed identity" Alvesson & Deetz (2000). Not questioning its usefulness, several researchers argue that calculative rationality falls short of explaining human behaviour (Flyvbjerg 1991, Hargreaves Heap 1989, McCloskey 1998, Sjöstrand 1997, Elster, 1989). "There is always something which is non-instrumental in the explanation" (Hargreaves Heap 1989:88); for which we need other accounts of rationality. One reason for this is that "purely" instrumental rationality presupposes "radical individualism or social atomism" (Sjöstrand 1997:48), i. e. moving out of the individual from his or her contexts. Since this assumption is not very realistic, there is a need for other rationalities that take the social dimension of human life into account. Accordingly, researchers have suggested accounts such as, social (Singer 1994, Ericson, 1991), relational (Lin, 2001), contextual (Singer, 1994), and emotional (Sjöstrand, 1997) as important supplements to calculative rationality.

Lin (2001) highlights the social aspects of exchange by introducing the concept *relational rationality*, in reference to the rationality of social exchange. Focusing on the relationship of the interacting parties, this account of rationality is concerned with "the extent to which a relationship is maintained and promoted" (p. 156). In contrast to calculative rationality's exclusive focus on the well-being of the individual, relational rationality is concerned also with the well-being of the persistent group, suggesting that the relations of the group are prioritised even at the expense of the potential individual wealth. Whilst actions based on relational rationality are perhaps most common within groups with kin or clan criteria (characterised by genuine relations, Sjöstrand 1993, 1997), they do also exist in groups, held together in the absence of such criteria, for instance through the sharing of values (ideational relations, Sjöstrand, 1993; 1997). Lin argues that "relational rationality is a human law and is based on the rationality of human choice" (p.157).

The core message of relational rationality is that rational action cannot be understood only with reference to pure self-interest. Rather, as agents are socially, culturally and historically situated subjects, "own utility is not the sole

motivator of individual actions” (Hamlin, 1986:22). From the perspective of relational rationality, it is rational for a socio-culturally situated agent to build action on prevailing values and norms:

“The movement from individualism to collectivism along the rationality continuum implies that the focus on the self as beneficial has become diluted or diffused as one becomes part of a group (or dyad), developing sentient ties and an interest in what is best for the survival of the group rather than what is necessarily best for the self as an individual. As rationality moves from pure self-interest, the self is recognised as a component of a larger whole. Here, when asked ‘who benefits?’, the decision maker will respond ‘We do’. In this case the self benefits as part of the collective group... Collectivism prescribes that rational action attempts to benefit the collective which includes the self”

(Halpern and Stern, 1998: 140).

Relational rationality is evoked by, and preoccupied with, the individuals’ notion of them as part of a social collective, and their way of relating to the members of that collective. Not denying self-interest, the relational account extends the meaning of rationality beyond that, implying that rational actors are concerned with the consequences their actions might have for others. Thus, “theories of incorporating social rationality posit an individual who maximised “fit” with others rather than maximising individual utility alone” (Halperns and Stern, 1998:10). The core message relational rationality is that the relations of the group are prioritised even at the expense of individual wealth (Lin, 2001).

From the point of view of contextual rationality, many of the reasons for action can be found in the, through history evolving, normative contexts of which individuals are a part. “Rationality is historical” (Singer, 1992:15), i.e. it is a product of knowledge, norms, and values developed by the context over time (Singer, 1994:212). Contextual accounts of rationality are related to the social/relational through the rejection of extreme individualism. However, whereas the social accounts of rationality focus on the very characteristics of the interactions, the contextual rationalities are concerned with the institutionalised pressures steaming from frequent, long-term interactions. According to the contextual accounts, it is rational for individuals to act upon the prescribed norms and values, as a means of preserving the social system of which they are a part. Through being shared, these norms and values constitute a source of co-ordination, and communication. From this perspective, not only the fact that something has been done, but also the means by which this has been achieved, if taken into consideration. Thus, “alongside consequences, the manner...of achievement is, in themselves, possible motivators, or ends” (Hamlin, 1986:32). Contextual rationality does, however, not imply determinism. Rules, values and norms are never fully extensive, wherefore they are always potential subjects for interpretation and alteration

Inherent in relational and contextual accounts of rationality is, finally, emotional rationality (Sjöstrand, 1997). According to Sjöstrand, emotions are

rational in the sense that they reflect the core values of a society. Emotions are rational because they comprise a message of what is culturally appropriate behavior. Thus, emotions are linked to history and context:

“... the meaning of an emotion, its functional significance, it so be found primarily within the surrounding societal system. ... emotional actions are constituted and prescribed in such a way as to sustain and endorse culturally embedded beliefs and values. Emotions are said to involve internalised social values, so that the agent who is capable of feeling the appropriate emotion also provides an autonomous and reliable supporter of the values market”

(Sjöstrand, 1997:55).

Since emotions are of crucial importance as a supplement to formal rules, Sjöstrand argues that it is relevant to talk about emotional rationality. Although many emotions are present in the family businesses studied, concern appears as most influential strategising. In the family businesses studied, concern seems as most influential on strategising. Put differently, “the emotional bottom line in family-owned businesses is just as important – if not more important – than the financial bottom line” (Hubler 2002:7).

In the discussion that follows, relational rationality will be used with reference to actions based on emotional, social, and contextual nature of human interaction as it acknowledges both social relations and institutionalised norms and values as reasons for action. In so doing, this rationality account implicitly recognises also emotions (see Sjöstrand, 1997). Relational rationality corresponds to the implications of the extended meaning “business as an extension of the family and its core values”, elaborated in the second part of this chapter.

In addition to the relational account, *expressive rationality* is central to understanding strategising in the family businesses. Expressive rationality highlights the human need for self-respect, autonomy and identity. As individuals, we want to make a difference; we want to be autonomous selves, thus distinguishing us from the context that shaped us:

“... behaviour is not always goal-oriented, instrumental and calculative, but is also expressive of feelings, attitudes and self-concepts.... the core tendency of human behaviour is not opportunistic functioning but rather functioning in a manner expressive of the self”

(Shamir, 1991:411).

Actions serving this purpose are labelled expressive rational, because they “express ideas of what is worthy in ourselves” (Hargreaves Heap 1989:5). During processes of secondary socialisation, the world is partly reinterpreted by the individual in much more independent way when compared to primary socialisation. According to Hargreaves Heap, it is here that expressive rational actions come into play. In the choice between different lines of action, individuals try to act in a way that corresponds to their desire of being an

autonomous self. Expressive rational actions are symbolic, and they “carry meaning for others to interpret and respond to” (Singer, 1994:212) and they are used to “establish and reinforce identity of reputation” (Singer, 1992:15). Likewise, Sjöstrand (1997:21) argues that “interactions affect oneself, one’s own identity, and the identities of others by way of simultaneous ongoing presentations of performances: “telling each other who we are or who we try to be”. In this sense, the particular action carried through is an expression of the individuals’ reflection of who they are, i.e. of “their personalities and the basic values which they personify” (Sjöstrand, 1997:46). Similarly, White (1988) points out that “in the performance of action an individual represents his subjective world in a specific way to an audience of other actors (p.38). In other words, expressive rational actions are undertaken in search of self-respect, i.e. individuation.

“I wish to be a somebody, not a nobody; a doer – deciding, not to be decided for, self-directed and not acted upon by external nature or by other men as if I were a thing, or an animal, or a slave incapable of playing a human role, that is of conceiving goals and policies of my own and realising them. This is at least part for what I mean when I say I am rational, and that is my reason, which distinguishes me as a human from the rest of the world. I wish, above all, to be conscious of myself as a thinking, willing, active being, bearing responsibility for my choices and able to explain them by references to my own ideas and purposes. I feel free to the degree that I believe this is true, and enslaved to the degree that I am made to realise that it is not.

(Berlin, 1958:131; quoted in Hargreaves Heap, 1989:149).

It is important to note that expressive rationality is a, so-called, end-rationality. As Hargreaves Heap (1989) ascertains, this account is easily misinterpreted as an instrumental, means-end, rationality, and thus, as a rationality preoccupied with the utility the self. But it is not. Means-end rationalities are based on the assumption of clear preferences and *given* goals, and self-respect is not to be understood as such:

“... this kind of rationality permits unclear of inconsistent goals, and also allows for uncertainty and for actions based on social experimentation or trial and error procedures ... It is not possible to describe actions as maximising self-respect because the information needed is not there ... Expressive rational acts are ends in themselves. They are valued for doing rather than achieving”

(Sjöstrand, 1997:47).

Expressive rational actions are undertaken in the search of self-respect and individuation. Yet, the individual can neither be sure of its exact constitution, nor of which actions will lead to it. As made clear in chapter three, self-respect and individuation are always in the process of becoming, and the actions suitable are continuously searched for. In essence, expressive rationality

underlines the essential processual, and life-long nature of individuation. This is what the first extended meaning of the business is all about.

The two accounts of rationality introduced here, relational and expressive are explicitly discussed in connection to the two extended meanings expounded in this chapter. As these extended meanings build the basis for further interpretations, conceptualisations, and conclusions, so do rationality accounts. Pointing to the extended meanings “business as individuation” and “business as an extension of the family and its core values” means referring to expressive and relational rationality. From this point of view, these accounts of rationality are highly relevant throughout the discussions in chapters eight and nine.

Extended meaning I: Business as individuation

Business as individuation refers to business as a means of creating and expressing oneself as an individual, as a person of one’s own. The extent to which the business seems to be related to the individuation of the family members is rather striking. By and large, the cases indicate that founding, running and developing the business – as well as the second-generation’s initial reluctance to join it - are means for individuals to express themselves (their competencies, values, and ideas) and to prove their capacity, and the viability of their way of thinking to themselves and others⁹. In this respect the business might be seen as an extension of the self. According to Ashforth (2001), self-expression is one among a number of interrelated constituents of identity.

“... self-expression enables individuals to immerse themselves in their valued identities largely for the intrinsic pleasure of simply being true to their self-conceptions – ‘being themselves’ – thereby affirming the worth of identities, at least to themselves”

(Ashforth, 2001:18).

The continuous expressing of the self through working in the business is a means of individuation for family members. Individuation is closely related to the concept of role. It is through the enactment of different roles that individuals express themselves and create a separate identity. For many family members, their business roles seem to constitute the overriding means of individuation. The strong identification with the business roles points to a desire to keep

⁹ The possible exception is Albert, who let go of his business at a rather early age (mid 1950’s). To Albert, the running of ACTAB seems to have been more a joint family issue – he and his wife – than a strong means of self-expression. His children can’t remember him having any special vision for the company, apart from his strong wish that it would remain a family business. In addition, the way in which Albert regarded ACTAB as a joint undertaking by him and Karen, and not as a means of identity of the self might be one explanation for why he, after retirement, was able, without any formal positions, to keep coming to the company without trying to exert an influence over the way in which it was run.

control over the role and the business. As frequently discussed in the family business literature, exiting these tends to be rather difficult. In what follows, the business as a means of individuation for both the first- and second-generation family members is elaborated. Although the business seems to constitute an important means of individuation for both generations, there is a core difference between their processes. While the first generation can obtain individuation through the business in the absence of the family (the founding of the business might in fact be a means of separating from the parents and sibling), the individuation of the second-generation within a family business takes place in a network of genuine family relations. This adds to the complexity of the individuation process. In turn, it also influences the ongoing strategising in the family business.

Individuation in the first generation

Business as a means of individuation is rather well illustrated by the early development of Atlet and Indiska. To both the initial circumstances were all but encouraging, something which seems to have triggered the two founders, Knut and Åke, not to give in but to prove themselves right. Knut, who ever since childhood has had the desire to start a business of his own, preferably with a technical orientation, had to realise that his first business ideas (chain saws) would not be competitive. Although discouraged by everyone except his wife Ragnvi, he decided to leave his secure position with Volvo in order to pursue the dream of a technical business of his own. Hence, Atlet was founded. In spite of the first years being characterised by a constant lack of money and encouragement, Knut and Ragnvi had no intentions of giving in. Besides the fact that they saw things progressing – even though slowly at the outset – lack of encouragement seems to have prompted them to prove they would be capable of succeeding. *“We wanted to show everyone that didn’t believe in us. We were determined not to give in because of all the Cassandras saying: ‘You are crazy. It will never work. Why does he leave Volvo when having a good job, in order to start something as risky as a business of his own?’”*. (Ragnvi). Marianne believes that *“they wanted to prove to both themselves and others that it actually was possible”*. In addition Lars argues *“that deep down there was a longing for revenge...to show the rest of the world, the relatives and the ones who refused to lend him money when he wanted to start, the ones who were the opinion he had a safe job at Volvo. I think that was the driving force, to show them that ‘I am able to do it. I’ll show them, even though they are not willing to back me up. I think that has been the driving force ever since”*.

In relation to the issue of individuation, Indiska is similar to Atlet. Quitting his position at the railway – a decision which might also be interpreted as an act of self-expression, of not wanting to stand with the “cap in the hand” – Åke was in need of finding other means to support his family. Besides selling insurances and carpets, doing business with the Orient was a means, which initially bore

very little fruit. This seems, however, to have spurred Åke to prove that the circumstances were to blame, and not himself. He explicitly states how his struggle to build up Indiska in spite of his misfortunes in Cairo, and the tremendous difficulties he initially faced were based on a longing for revenge, to show the world surrounding him that he had not been mistaken, and that he was capable of doing business in the Orient. Just as in Atlet, the very fact that no one, friends, family, banks, believed – except for Majken urged him to try hard to build up what would become Indiska Magasinet. *“I had the thought ‘I will take revenge on the Orient’. I wanted to prove that my judgements were not bad the first time” ... “I guess one can say that the reason why I bought the Indian Exhibition was my failure in Cairo. Everything began in the Orient, and I couldn’t relax due to my complete failure, because I felt I had not been fairly judged. I guess that was the impetus, all the people that kept nagging: ‘haven’t you had enough of the Orient?’” (Åke).*

In contrast to Indiska and Atlet, the need for individuation seems not to have been a dominant reason for the foundation of ACTAB. This is not to say that this motive was not involved. After all, Albert was disappointed with his former employee, and although his children are not really sure about the reason why their father lost his job, they describe him as “energetic”, and “entrepreneurial”. It seems as if the main reason for Albert to start his business was the need to support his family, something for which his parents’ small farm would provide. ACTAB was not as much a means of individuation as it was about supporting a family. Perhaps this is the reason why ACTAB, in the course of time became more of a joint undertaking between him and Karen, than an undertaking by Albert himself. *“They did everything together. He was in the fore, but she was a part of it, they took the decisions together. ... She was always part of this. She didn’t work with it, but she was truly a part of it”.* (Marion). Perhaps this was the reason why, after the succession, he was able to be around for the rest of his life in the business *“like a brownie”* (Marion) without interfering in running it and without even having a formal position. *“He helped cleaning and painting and things like that. He did what he wanted to. But he totally gave up. He liked to sit in the workshop, thinking, and painting machines. And we sent him to do various things in the neighbourhood”* (Steve).

The desire to prove and manifest the viability of the own capability and way of thinking does not only characterise the start-up phase, but serves as a driving force for later decisions and actions as well, contributing to the shaping of the development of the business. This might be exemplified by Knut’s decision to keep the German loss-making subsidiary in Atlet, despite the fact that it had made no profit in the 25 years since its establishment. This issue was repeatedly raised during the board meetings, but the subsidiary survived despite objections. For Knut the degree of profitability is a question of calculation, and that closing it down would not improve the overall result of the company, or change the status quo. There is also a reason for preserving the subsidiary, which extends beyond profitability: the realisation of a dream, and the realisation of the self.

“Here one can see that profitability does not always come first, it is more prestige, pride over having own subsidiaries... a driving force to see something being built up, and grow, and become bigger. And I think having subsidiaries is a representation of that. I think that has been a bit of a driving force, and not always the bottom line” (Peter).

Also Åke expresses that the desire to prove the own capacity and the viability of own ideas is an important driving force behind the development of the company. For instance the disbeliefs he faced when wanting to organise his boutiques according to a different, oriental thinking, encouraged him to *“prove that I would be able to work with an ‘organised Oriental mess’*. Moreover, the seed to Indiska’s now established business philosophy *“commercial aid to developing countries on a humanistic basis”* was planted during a conversation with SIDA representatives when Åke felt looked down upon because he was in India to do business. *“It was then I came to think that I would try to work with ‘commercial aid to developing countries on a humanistic basis’*. *This was what I wanted to prove: take the word commercial and honour it, if you mix it with moral and responsibility” (Åke).*

Just as in Atlet, pride is an important driving force behind the development of the business *“...to get a lot of people to like this and to feel the pride of knowing ‘I have been able to put this on the market’, to be the best, and to get the appreciation. The pride of success and the credit you get beats profit maximization” (Anders).*

The overall impression from this is that being in business has to Åke and Knut been a means of individuation; a way of building and manifesting the own competence and way of thinking. By building up large and successful companies they have been able to prove those who did not believe in them wrong. In so doing, they have come to identify rather closely with their businesses, i.e. their identities have come to be tied to their roles as business founder and leader. Åke is very explicit about his close connection to Indiska, by the way in which he talks about it as a means of proving himself right, and as his *“life achievement”*. Further, both Åke and Knut are held to be more or less synonymous with their businesses. Åke is referred to the one *“being”* Indiska, as well as the one personifying the *“genuine”* (Charlotte) business, *“the entrepreneur”* (Anders, Sören), and the *“family feeling”* (Anders). Knut is regarded in a similar manner: *“somehow dad is Atlet. To a large extent it has to do with his identity” (Lisbeth).*

Individuation in the second generation

The need for individuation is not only to characterise the founders. The need to prove the own capability, i.e. to express the self is also an important driving force behind the thinking and acting of the second-generation. For the majority of the representatives of the second-generation of Indiska and ACTAB, this desire was initially manifested by a negative attitude towards joining their

father's business. Even though most of them did work temporarily in the businesses as youths, they were clear on their intention of being independent of their fathers in the future." *We always said we would make a living on our own, we would not come here*" (Burt) *"At the outset (I didn't want to). I had a deep longing for freedom."* (Steve) *"One thing was clear: I would not join IM. I couldn't imagine my future or life to be with dad. I was someone of my own"* (Anders). *"We wanted to do things of our own, and prove we could do without this"* (Kicki). *"I never really wanted to be in the business. I wanted to stand on my own feet"*. (Helena)

From the perspective of role theory, the reluctance to join their fathers' businesses might be conceptualised as *role disidentification*, i.e. the "active differentiation and distancing of oneself from the entity"; in other words, the "identifying as not" (Kramer et al., 1998:245, in Ashforth, 2001:75). Not identifying themselves with the business – although they occasionally did work there – seems to have been a means of individuation for the representatives of the second-generation, i.e. a means of creating a distinct identity independent of the family.

In Atlet, the picture is somewhat different. Whereas the founders of Indiska and ACTAB made clear from the beginning that they wanted their companies to go on in the family, this was not the case with Atlet, where the second-generation was brought up with the message to find their own ways in life. Although they spent many holidays working in Atlet, they never really saw the possibility of career development through the company. *"To work at Atlet was never anything that stood out as a possibility. I didn't make an active choice not to do it, instead I choose something else. It wasn't an active choice not to work at Atlet. I never felt it was an alternative, I didn't even consider it"* (Monika). One likely reason for this is Knut's highly technical and economic competence that made the siblings think of him as the only one capable of running Atlet. *"It has only been him, he is the one governing"* (Margareta) *"We had the feeling that dad was Atlet, and he was the one running it. As kids we had no thoughts of this being something for us to take over."*... *Dad was the one being so smart, he was the one who could do it. We had the feeling this was something we would never be able to do. ...Dad was Atlet"* (Lilian)

Although they did not regard the father's business as an option for a future career (Atlet), and saw it contrary to their ambitions of pursuing independent careers (ACTAB and Indiska), many of the representatives of the second-generation eventually ended up working in their father's business. In some cases, joining the business might be interpreted as a means of individuation. In Indiska, both Helena and Kicki joined Indiska because they were tired of their professional careers as nurse and teacher. When entering Indiska, the siblings did not have any pre-defined duties waiting for them. On the contrary, they had the opportunity to develop their own interests and competencies within the business. Helena developed the security routines and the environmental policies of the business, applied them in the company's chain of boutiques. Prior to her

presence in the business, these areas were given any attention at all. In addition to this, she devoted much time to the well being of the employees, an area which has suited her personality, competencies, and interests particularly well. *"It has been great fun. I do what I want to do. This is my thing"*. (Helena) Like her sister, Kicki had the opportunity to develop her own interests within the business. *"I have always been interested in clothing. At a pretty young age I started sewing my own clothes, and went to evening course for sewing and design, and found it very amusing"*. (Kicki).

Once inside the business the second-generation family members face a number of options and challenges. On the one hand, working in the family business means security and opportunities for the second-generation to take on responsibility, to develop own competencies, interests, and ways-of-thinking; in short, for individuation. For instance, it is not likely that Marianne would have got the position as CEO if she had not been a family member, since the board of directors was rather unhappy about the appointment. To Kicki, working in Indiska, relieved her of the routines of life as a teacher. In the business she was free to develop her interests. *"Somehow the interior (a department) has been my little business within the business. I have been fortunate, because I have been able to work with this department in big freedom. That has been the enchantment, and the thing which I have appreciated most working with my father: I have come up with so many crazy ideas which I have been allowed to try out"* (Kicki). Also Anders subscribes to the benefits of working in the family business: *"It provides you with an enormous security, development, advantages"*.

On the other hand, once inside the family business, the second-generation must realise the competence, interests, and ways-of-thinking while working in "the shadow of the founder". Several representatives of the second-generation express the difficulties of creating a distinct identity within the family business. One reason for this might be the way in which the founder/father tends to be looked upon as "the hero", not only by representatives of the family (sometimes including the second-generation representatives themselves), but also by the employees, and the wider community. In Indiska this is indicated by both non-family and family members' view of Åke. *"Åke is genuine. He is the one who most clearly has left his stamp"* (Charlotte). *"He is the entrepreneur, he is synonymous with the family feeling, and the 'cosiness' of Indiska"* (Anders). *"Åke is in the middle of a stage. He is the principal character of the play."* (Kicki). When joining ACTAB Steve had to fight hard in order to prove to the company, and to the local community, that he was just as competent as his father. *"Their father was a good man, but that didn't go for the boys"* (Steve). Further, in Atlet, Marianne has had to live with the fact that, although she is the CEO, Knut is still in the fore. *"Dad is Atlet"*. (Lisbeth). *"To me she is the CEO, but dad is still Atlet; Marianne is not Atlet"* (Lilian). *"Everyone has trusted him, everything has been built around him. It has been a one man show"*. (Marianne)

Another reason why family members find it difficult to create a distinct identity within the family business is the feeling of having obtained their positions

because of them being family members and not out of competence. The possibilities of individuation offered to family members by the family business as testified by for instance Anders and Kicki have a potential “dark side” to them. *“You kind of lose your self-respect. You know that: ‘this is my security, this is what I know’. Now and then I have felt: ‘If I wouldn’t be here, what would I be worth on the labour market? Who would employ me – I know nothing but this’. These thoughts come over me, because although I am overwhelmed with this business it has happened that I have felt: ‘I can’t take it anymore; I want to do something else’. But then I have thought: ‘What should I do? Give lessons in piano playing?’ I have felt I would never get a job anywhere else, because I am not formally educated for what I do”.* (Kicki). Helena’s joining Indiska after fifteen years as a nurse testifies to these difficulties. *“Then I came here. I took great pride in being a nurse, I mean, I was good at my job. I educated students to become professional doctors and nurses, and I was used to do things of which I was very competent. And then I came here at the age of forty. And I felt this small coming here. I didn’t know which would be my office, and I didn’t know what to do”.* When second-generation members do not feel confident they would be qualified to have a certain position in the business regardless of family membership, they might be reluctant to join the business, or if already employed in the business, see this as a reason for leaving it. For instance, Marion did not want to join ACTAB *“just because I was the daughter in the family”*, but when a job in the company was offered that matched her externally acquired competence she was willing to join: *“Then the position was there”*. Similarly, during the first three years as CEO Marianne repeatedly doubted she was capable enough to handle the challenges she faced, and when discussing this with her father she brought up the issue of leaving the company: *‘I shouldn’t keep working in the business just because I am a family member’*” (Marianne).

For the second-generation running of the business looks like a continuous fight for individuation, manifested in the pursuing of own competence and ways of thinking. In order not to become merely an “extension”, or a “pale copy” of the previous generation they want to make a difference by doing things in their own way, according to own convictions. *“That’s important to me. I kind of want to have things my way. I want to leave my stamp. We can’t live on Knut’s spirit forever”* (Marianne). From very early on *“Marianne clearly showed that ‘I am the CEO, Knut is a part of this, but I am the one who makes the decisions. These are my decisions and I am the one to be made the scapegoat if things go wrong’*” (Ragnvi).

To Steve, the taking over and running of ACTAB has always implied proving that he is just as capable as the father, and to show those who questioned this that they were wrong: *“Our father was, one might say, successful. And when we took over everyone questioned whether we would succeed or not. And we have worked incredibly hard to prove that. This is part of everything I do, that I may not do worse than my father. This is the very driving force. Something inside you tells you: don’t give them a reason to be right”* (Steve). Together with Martin,

Steve managed to build up a viable company. The strong desire to prove their capability made Steve and Martin run the company relying solely on themselves. *"Once we got the responsibility it was the full responsibility. And I must say we took it. Letting anyone else having a say was never the case. It's the persistence, the toughness...you can ask my wife. When I make a decision I try to make sure it is realised"* (Steve). When Martin died in 1994, the same feeling of having to prove his capacity was a strong driving force behind his efforts not to let the tragic death of his brother have negative effects on the company. *"It was the same thing. When we took over from our father we, his sons, needed to prove we were just as capable as him, and when Martin died I wanted to prove that the company would do all right, that it was solid enough. It was exactly the same thing"* (Steve). Also his wife testifies to this: *"Mentally it was so hard when Martin died, because he wanted to show he could make it alone. And then it's also this...he wants to prove his capacity"* (Annie). Even though it might sound paradoxical, also the stepping back from the role of CEO might be interpreted as an act of individuation, in the sense that not taking in a successor might lead to the destruction of the manifestation, or symbol of the identity: the business: *"What I really don't want to risk is my life achievement, what I have build. To take, perhaps through illness or aging, or whatever it might be, the risk of it all being destroyed, then one would be a fool"* (Steve).

According to Anders the feeling of not having earned the position in the family business by competence is rather hard to cope with, especially since it might get the co-workers to ponder: *"Who is he? What's he doing? Oh yeah, he just happened to slip in"*. Further, although these thoughts *"perhaps mostly are things existing in your own head"*, they manifest *"a feeling of having to work twice as much, showing twice as much strength"*. Leaving his own stamp on the business has even been more difficult for Anders for a long time, have had positions close to the two leading individuals of the first generation. When Paula was purchasing manager, Anders too worked with purchasing, and before formally taking over as CEO he was for a few years close to Åke as vice CEO. Anders describes how these partly overlapping roles implied a restriction in freedom of action. In comparison he describes the period when he, alone, was in charge of purchasing: *"A wonderful feeling of self-confidence, to be trusted in the company"* (Anders). Apart from this latter period, Anders has been working rather *"in the shadow"* of the founding generation, and he did not really have *"the chance of proving himself until he took over as CEO"* (Kicki). Åke agrees: *"I guess it is almost impossible for a son to work under the one who built up the company without feeling inhibited"* (Åke). For the second-generation, working in the family business means a continuous fight to pursue one's own dreams and ways of thinking, i.e. for individuation, but perhaps not be able to do so to the extent desired: *"The wings got somewhat more clipped than I suspected... adapting to a family, to an environment, when you have your own personality"* (Anders). Also Kicki notes the difficulties of identity-creation within the business: *"I am in the middle age and looking back on my career there are lots of things, which I have done*

for which I never had credit. If I had worked as an employee in another company I am sure I would have had that. ... I think you always remain the child of your parents when you work like this in a family business”.

Being “the child of your parents” is difficult also in other respects. Marianne realises that she is constantly compared with her father, and how she is expected to be just like him. This makes it hard to create an own identity within the company, not the least since Knut is still present and actively involved: *“Somehow Knut is projected on me. I am supposed to be just like him. I don’t know how many times I have told that: ‘You can’t expect me to be Knut, because I am not, and I never will be. I have the same values and the same basic thoughts, but I am a different person. ...It’s very difficult, since Knut is still here”* (Marianne). These difficulties are also recognised by one of the external members of the board: *“Knut is sitting upstairs and still...perhaps not runs the daily matters. But he is there, and because of this you know that, in the end, he is the one who decides. And of course this is a dilemma for Marianne. She is Knut’s daughter. She is a woman. Even in these days of equality she has to work harder, it’s just the way it is. To many Knut is still the one who decides, which means that Marianne is not taken I don’t want to say seriously, but they rather ask Knut, or they wait for Knut to say something, instead of listening to her. She has a difficult role. That very relation father – daughter, CEO –chairman of the board ...that’s difficult”* (Peter).

In the course of time the enduring efforts of the second-generation to develop the companies seem to have had impact on their identification with the business roles they enact. Accordingly, these roles become a prime source of individuation. Before devoting himself to the family business *“Steve’s identity was not ACTAB; then his identity was on the motor bike track”* (Annie). However, after 30 years as CEO Steve is described as *“Mr ACTAB”* by the external CEO. In addition to this, Steve himself describes how the business is *“in fact a kind of life, and to abandon it would, in a way, mean to die. It would be like depriving oneself of one’s beliefs, of one’s personality. This is not a way of earning money; it’s a way of life. It’s a lifetime achievement. There is no getting away from that. No matter what, you’ll never get away from that”*. Further, both Anders and Kicki refer to Indiska as a part of themselves. According to Kicki, Indiska is *“part of my life achievement”*, purporting that leaving the role as purchasing manager makes her feel a kind of *“identity crises”*. Also Anders indicates the close connection between himself and the company: *“I am Indiska, I love this company”*.

Individuation: Strategic implications

The extended meaning the business as a means of individuation has implications on both the individual the organisational levels. The continuous process of individuation, i.e. the search for, and expression of, a distinct identity, leads to a continuous development of the organisation. The essence of the extended meaning “business as individuation” is that identity formation

within the family business takes place through refining and renewing the business. This conclusion comprises both first and second-generation family members. However, for the second-generation the process of individuation takes place in close interaction with other family members, thus aggravating the problems. In the founding stage, the first generation can start and develop their businesses independent of their parents and siblings, expressing their identities in a distinct manner. With several generations active in the company, family members have to find and express themselves as individuals in close interaction. As will be explained later, this has consequences for the individual and the business, between the first and the second-generation.

Knut's dream to have a business of his own, preferably with a technical orientation, dates back to the years prior to his founding of Atlet. The dream was with him as child, but materialised during his time with Volvo where he learned about logistics, and the new rational ways of production, two of the cornerstones of his future business idea, practiced within the automotive industry. Already when trying out the chain-saw idea Knut aimed at building a company on his knowledge of logistics, rational means of production and product development. When he founded Atlet, the company was built on a philosophy of rational and flexible production method, based on related components, basic modules, and subcontractors, which at the time was not very much practiced within the industry. From the very beginning the ambition of expansion, of creating a big business, was there: *"All the time I have run the business according to the principle that the well being of the company comes first, the company must be able to expand, and go on, and turn into something"*. (Knut) *"He had his vision about Atlet, how it should develop and grow big...It was about expansion and about building a large company"* (Lars). At an age of almost 80, Knut is as concerned with the continuous development of Atlet as ever: *"He happily makes long-term prognosis for 2015. He still considers what it will be ten years from now"* (Lars). The fact that he has succeeded in building up a rather large, and profitable company, seems to be no reason for Knut to take a rest: *"When it comes to product development Atlet has always been proactive. This advantageous have to be kept. We must make sure to always be ahead of our competitors in foreseeing the development. It takes visions to do that. Looking back is not enough, because that only leads to copies of the past. We have to build our own future the way we always has"*. Moreover, even though almost 50 years has past by since the founding of Atlet, the vision of expansion seems to still be very much alive: *"I think that, as Knut summarises this, as he thinks about the development, his emotions are somewhat split. On the one hand he is incredibly satisfied with what he has achieved, that's a good feeling. On the other hand he is a bit annoyed over the fact that the expansion hasn't been even bigger"*. (Lars)

To understand the development of Indiska, it is useful to go back to the years prior to the acquiring of the Indian Exhibition. Having come home from Cairo, the thought of taking revenge on the Orient *"the Orient had gotten into my bloodstream"* (Åke), and the desire to prove wrong all the people who did

not believe in Åke's business idea, laid the foundation for a future concept upon which Indiska was to be built. At the outset Åke did not know what the concept would look like, or how it would be realised. Just as in Atlet, the personality and way of thinking of the founder is manifested in the development of the business. A very social, warm-hearted person, with a genuine interest in people, the core values of Åke's business philosophy are *"humanism, warmth, and consideration"*. Over the years, these values have been imprinted in the business philosophy, for instance manifested in an ambition of *"paying the right price"*, *"commercial aid to developing countries on a humanistic basis"*, and an overall concern for ethical ways of doing business.

"Personally I have not been struggling to be the biggest, but to be the best. Profitable, but better for everyone, for the suppliers, for ourselves, for everyone working in the business, and for the customers. To me, it's important to be able to earn almost as much money on a considerably smaller company where you know the employees. That's the business philosophy" (Åke).

Just like Knut, Åke has never taken a rest. He has all the time been occupied with the continuous development of the business. *"Åke has a very keen ear. He always tries to learn. He has never stopped doing that, never decided that 'now I know all there is to know, now I am skilled enough'. Because of this he keeps seeing possibilities, and I think the old Indiska is characterised by that. Hopefully, the ones taking over will try to preserve that wisdom. It is there with Kicki and Anders, but it's not as evident with them as with Åke"* (Maria). A further illustration of this is how Åke, at the age of 85, almost fifty years after he bought the Indian Exhibition, is still of the opinion that *"we have only just begun. India is a big, fantastic country offering incredible possibilities for us to create a lot. It has so much: culture, food, religions, everything, travelling experiences, which we would like to work with"*.

In both Atlet and Indiska the business has been developed in accordance with the founders' personalities, dreams and values, and their desire to translate them into reality. The need for individuation has been a strong driving force behind the development of these businesses. But the development of ACTAB during the first generation illustrates the opposite situation. Because Albert seems not to have had a strong desire for individuation through the business, this seemingly important driving force was missing. This is one of the likely reasons why the company at the outset was run without much guidance: *"There was nothing, no guidelines. It was more or less run by random. If they had an order they produced. There was no real thinking behind it"*. (Annie) *"It was tremendously loose"*. (Steve)

Let us turn the attention to the individuation processes and strategy development in the second-generation. Before starting, it is important to remember that the process of individuation is different for the second-generation in that it takes place in close interaction with other family members. As will be seen, this adds substantial complexity to the process, with consequences for both the individual and the organisation.

In Atlet a new era seems to have begun in 1995 when Marianne was appointed CEO. Lacking the technical competence of her father, she was forced to apply a rather different management style. Instead of being personally involved in operative details, she had to decentralise responsibility, and rely on the competence and contributions of others. To have the employees committed to their decisions, and to make them shoulder greater responsibility, Marianne strived to get middle management involved in goal setting processes: *“Together we agree on a goal; I think it’s important that it’s done through negotiation. I work a lot on having consensus”*. (Marianne). As the employees were being trained to follow ready-made goals and plans, they had a hard time getting used to take part in the formulation of the underlying strategies: *“Now some of them hesitate to make decisions, because now there is no Knut there to decide for them. Marianne wants them to take responsibility, but they don’t know how to do that, because they were never allowed to”* (Ragnvi). During the period that Marianne has been CEO covered by the biography, no efforts to change the overall strategic direction seem to have been made. Although using a rather different implementation style, Marianne continued to pursue the strategic direction set by her father: *“This is my way of reasoning: If Knut has made decisions which have turned out fine in this company for at least 45 years, then there has to be some substance in his way of thinking. And that means his experience is something you just don’t throw out of the window”* (Marianne). However, as Marianne had only been employed in Atlet for 6 years when the study was conducted, it is premature to judge what her long-term influence on the company will be. In this respect, Indiska and ACTAB offer more opportunities for interpretation.

In Indiska the second-generation started to make an impact on the company after the 1972-1973 crisis. Over the years, Kicki and Anders have had a rather large degree of freedom to independently pursue their own ways-of-thinking, personalities and competence, so long as these were within the frames of Åke’s concept. This, however, did not imply a slavishly following of the concept. While the concept’s pillars have been kept - as the core values and the focus on the Orient - the second-generation’s pursuing of their own ways of thinking, competence and personalities, has meant a lot for the realisation, and incremental refinement of the concept. Kicki, for instance, improved product development and quality. Her entrance led to a different way of looking at the products: *“As I see it, it was important when Anders and I joined the business and started seeing things with fresh eyes. We saw a potential. We, too, saw all these wonderful things, which Paula and daddy had bought over the years, but they saw them as products ready to sell. Important for the development was that Anders and I saw that if we make this product half as big, and recolor it we can turn it into a new product, and from that product a whole new concept was developed, enabling us to sell many more items. This means we started a product development, which had not before existed in Indiska”*.

Like his sister Anders stands behind much of the development of Indiska after the crisis in the beginning of the 1970's. However, whereas Kicki concentrated on product development, Anders' main areas of responsibility were the overall organisation of the company, both in Sweden and in India. *"I guess one could say that the company is more professionally run today. The entrepreneur's dilemma is that the business turns, in the theoretical sense of the word, unprofessional. They have the whole company in their hands, and that is possible for some time, but with time it grows and then there has to be a structure. Anders is the one behind pretty much of the development here. Personally, he has made sure things have been realised"* (Sören). Apart from working with the company structure, Anders devoted much time to improving and strengthening the image of Indiska. Among other things, an advertising campaign *"Indiska, part of another world"* was launched, with the intention of putting Indiska's "soul" on the market. This turned out to be *"incredibly important for the development of Indiska"* in that it showed a *"gathering around the business idea, and our role in the market"* (Anders). Thus, gradually, the initially rather vague concept has come to take on a more precise meaning for the organisation. This seems to have provided Indiska with a rather clear identity, which has proven beneficial for the development of the company. Most likely, the enhanced identity was one of the reasons why Indiska *"dared to being ourselves"* when they had to act in order to meet the decreasing demand for women's wear: *"We didn't look as much at the competitors, but decided to go our own way, the Indiska way, to create something of our own. It was quite of a change; prior to this, we had a more traditional Swedish way-of-thinking. Now we stopped thinking like that, and made something completely new; we made it more Indian. We stopped slavishly following the fashion. And that turned out to be an enormous success, which has made us into a role model for others... We created a style of our own"* (Kicki). As a consequence of the success, companies competing with Indiska, mainly in clothing, had their eyes opened to the potential of doing business in countries like India. Indiska is today facing rather fierce competition. According to Anders one of the main challenges for Indiska in the future is to meet that competition, by *"living up to, and be the champions of our own business idea... To strengthen the image of being unique, of being different"*. Thus, the concept, refined over time, seems to continue to play an important role for the formation of strategy in Indiska.

Over the years, the contributions of the second-generation have led to continuous product and company development. From initially selling mainly souvenirs from India, such as porcelain and carpets, the company now designs all products in-house a development which was started when Kicki embarked on her spontaneous colouring of bed spreads in 1974, to make them fit the Swedish customer. However, India still serves as the country of inspiration and production. Today, Indiska offers its customers not only clothes and accessories, but also a large selection of home furnishing, furniture, spices and tee (cook shop), and the most recent addition, the incense department. This

department is concerned with body and soul and builds on ayurveda¹⁰: *"It all started with the development of aromatic oils and incense, which we have had for quite some time now. When we travelled in India we suddenly noticed that these suppliers were also doing other things, nutrition additives, skin care products adapted to different personalities. And so we got interested. 'What is ayurveda?'. And then we thought: 'Of course, this might be something for us, something very exciting. And we have started to cooperate with different experts"* (Kicki). Other possible ideas for the future include cooperation with spas (an extension of the incense department) and restaurants in order to make an Indian take away (extension of the cook shop) which would mean adding *"a brand new type of store"* (Kicki). What unites these, rather different products, is their relation to India as the main country of inspiration and production, and, thus, to the vision once formulated by Åke. *"The old Indiska is still there, it's the base. But then there are different development possibilities. The "mothership" is still there, but from it different small sprouts can grow"* (Kicki). This suggests that, fifty years after the foundation of Indiska, the concept still guides the development of the company. Based on the concept's core values and ideas, the development of Indiska is carried on not just by the founder, but also by the second-generation: *"I have certain goals. I want to see the Indiska of the 21st century that you can feel and scent, that is a true inspiration to the customers out there. ... On that point I will not give up, I want that to be fulfilled"* (Anders). The active role of the concept is illustrated by the way in which many of the future challenges of Indiska seem to be related to its realisation. So talks for instance Anders about how important it is *"to live up to, and to be the champions of our own business idea"*, and about the necessary efforts to ensure that Indiska also in the future are able to live up to the *"ambition of paying the right price"*. One of the reasons Anders and Kicki mention for keeping control over the company is to ensure that Indiska is run in accordance with the core values underlying the concept.

As Indiska, ACTAB illustrates the importance of the second-generation for the development of the business. When Steve took over as CEO after the restructuring in 1973, the company started to develop in a more proactive manner. New products and new techniques were introduced. Customer relations were intensified as ACTAB started regarding itself as more of a consultant within the metal part industry, rather than merely a producer of parts. Through Steve's language skills and outward oriented personality the company started operating aggressively on both the national and international: *"He has more of a go-ahead spirit and is more extrovert. He is extremely extrovert, and it's easy for him to express himself. Dad had a lower profile. Steve doesn't mind standing in the front line. That was something new that was brought in with Steve. He dares to be in the front line and show: 'this is ACTAB, we are good at this, we have this competence'. Marketing became part of the picture, and I guess that was the big lift"* (Marion). Under the leadership of the second-generation the

¹⁰ Ayurveda is an Indian health philosophy.

position of ACTAB changed from a small, local, product-oriented company to an internationally recognised player, indeed a “*re-fashioner*” within the metal part industry, with a way of thinking that is the “*most modern among the Scandinavian metal part producers*” (David). However, behind all these actions lay Steve’s desire to show he was just as good as the father: “*When we took over everyone questioned whether we would succeed or not. And we have worked incredibly hard to prove that. For that was the requirement. This is part of everything I do, that I may not do worse than my father. It has always been about being a bit better*” (Steve). In comparison to his father, Steve brought fresh competence important for the development of the company. In comparison with the father, for whom ACTAB seems to primarily have been a family undertaking, for Steve it has been the main means of individuation. It seems as if Steve, largely for reasons of self-expression, had the vision to turn ACTAB into something more than what he had been left with when his mother died.

In sum, the discussion indicates how the development of the family businesses has been influenced by the different ways-of-thinking, life-experiences, competence, personalities, and the need for self-expression, i.e. individuation, of the family members. In the language of role theory, the second-generation’s struggle for individuation within the family business is accomplished through role innovation, i.e. the enactment of a role so as to individualise it in accordance with own judgements and idiosyncrasies; in other words, to put the own stamp on the role (Ashforth, 2001). As pointed out in the introduction, role innovation relates to individuation in that it “provides personal space” (Ashforth et al, 2001:194), i.e. it differentiates an individual from previous role occupants.

With respect to the relatively hard struggle for individuation, expressed by representatives of the second-generation, and the consequential self-expressive actions, role innovation might be expected to be relatively frequent in family businesses. In the cases, not only representatives of the second-generation, but also individuals external to the family have contributed to the development of the business through role innovation. Role innovation seems to have been especially prevalent in the absence of what is here referred to as *role doubling*, i.e. (formal or informal) simultaneously enacting of one and the same role(s) by two or more different individuals. Judging from the cases, it seems as if role doubling counteracts role innovation. When two individuals with a strong need for self-expression try to enact the same role (or overlapping roles), the likely outcome is conflict, i.e. “the clash of oppositional forces, including ideas, persons, interests, wishes, and drives” (Smith and Berg, 1987). As Robbins (2003) explains, conflict is not a state as much as a process. This means that conflicts vary in intensity from “minor disagreements or misunderstanding” over “assertive verbal attacks, threats and ultimatums”, to the highest intensity level represented by physical “overt attacks to destroy the other party” (p.x). In the family businesses studied, the first two levels of conflict could be noted,

both between family members as well as between family and external employees.

In ACTAB the running of the business jointly by Steve and Martin led to a number of rather high intensity conflicts. Although they formally held different roles in the company, they took all major decisions together, implying that they informally ended up in a situation of role doubling, in which conflicts were evoked by their differing personalities, and levels of ambition. Steve had a strong desire to run things in a special direction, and with a speed matching his conviction, competence and level of ambition: *"He is very dominant and he is a driving force. His way of doing it is the way. And he is very fast. He goes straight ahead. Bang! He is very straight-forward"* (Annie). Steve's personality and way of thinking in these respects were rather different from those of his more cautious brother. *"Martin was a bit more careful. He wanted to investigate things to be sure before taking action"* (Richard). As a result, the brother often ended up fighting: *"Their discussions were very fierce. Initially they almost never had the same opinion."* (Marion). To a certain extent the often intense conflicts between the brothers seem to have hampered the development of ACTAB: *"They got stuck in argumentation and nothing happened. There were no decisions but lots of delays. The discussions could lead to no decisions being made"* (Michael). A further example of conflict caused by role doubling is the period of double leadership of David and Steve in ACTAB (1999-2001). Although David had formally been appointed CEO, Steve could scarcely suppress his feelings when believing David's intentions and ambitions were not right. As a consequence, the employees felt unsure of who really was in charge of the company, and David never got a chance to make headway. Finally, the situation got paralysed and David left the company.

The likelihood of role doubling leading to conflicts is also discernable in Indiska, illustrated in the period during which Åke was CEO and Anders his deputy: *"I realise things have not always been easy for Anders in his role as vice CEO. I guess it's hardly impossible for a son to work under the one who built up the company without feeling inhibited. Of course we have had our confrontations"* (Åke). Paula's exit from the company in 1979 might be another example of the difficulties of role doubling. Although the prime reason was her marriage and move to Brussels, the decision was also influenced by a feeling that, due to overlapping responsibilities, there was not really room for both her and Anders. This might be interpreted as concern for the individuation of Anders, and for the continuity of the business as a family business by a person who, in spite of not being a family members through kinship, was regarded by the family as such: *"I felt standing a bit in the way of the development of Anders, the son. I mean, all the time I was beside Åke; it was much later that Anders joined the business. I found him mature enough to take a bigger responsibility, but I found myself standing in the way. It's rather difficult to explain. He is the son. He is nice and competent. It's a family business and it should remain a family business. I tried to put myself in the situation of me being the owner of the company, being at a*

certain age, with grown-up children, and I can see my child developing in the right way...he is really the one to take over after me. Then I want him to get the chance. But on the other hand I have an employee who has helped building up the company. I can't just throw that employee out or give her a job as....well, downgrade that person. I simply can't (Paula).

Since roles are embedded in role sets, i.e. in “interdependent or complementary roles” (Ashforth, 2001:6), role innovation does influence the enactment of the connected roles. For someone who has exited a highly valued role identity, it might be especially difficult to see this role changed. For this reason, the surrounding community might prevent role innovation. Thus, role innovation might be characterised as social processes of negotiation.

In contrast, it seems that role innovation comes easier in the absence of role doubling, when role innovators are able to act in a more independent manner. When Steve was left alone in charge of ACTAB after the death of his brother, he was able to run the business in the direction and with the speed that he found appropriate. When Ron, the external sales manager, was hired he was able to rather independently pursue his own way of thinking, resulting in, among other things, the introduction of a new market segment. Ron ascribes this to the “*true mutual understanding*” between him and Steve: “*I could flourish in the position, and in the role that was given. I wasn't planted under his dense foliage*”. Most likely, this was a contributing force to the rapid development of the company during the 1994-1999 period. When Paula started to work as Åke's right hand woman in Indiska, she took care of aspects like budgeting, staffing and organisational routines, for which Åke had no talent, and in which he did not have an interest. Åke and Paula supplemented each other well through their different personalities. With distinct areas of responsibilities they seldom experienced any problems of cooperation: “*It worked excellent. There never were any problems. I had free hands... We had a good cooperation. We supplemented each other. ... He trusted me. ... He never interfered*” (Paula). According to Anders, the periods before and after his term as vice CEO (purchasing manager and CEO respectively) entailed a much bigger degree of freedom. Especially he seems to have enjoyed the period during which he, after the exit of Paula in 1979), was in charge of purchasing. He single headedly was able to make a difference to the company in terms of supplier development. As vice CEO, Anders had to work much more in the shadow of the founder/father, and that period seems to have resulted in more conflicts between father and son. Compared to her brother, Kicki has always been able to work independently from her father, who has given her rather free hands. She sees the “*enchantment*”, and the things she has “*appreciated most when working with my father*” as the “*many crazy ideas*” that she has been allowed to try out. As a result, Kicki has been able to find a niche of her own within the company: “*Somehow the interior has been my little business within the business. I have been fortunate, because I have been able to work with this department with a lot of freedom*”. As a result of Kicki's independent work, product development and

design has seen continuous improvement, and home furnishing turned into a business segment of its own. Hence, the absence of role doubling seems to enhance role innovation, individuation and, as a consequence, organisational development.

Expressive rationality in the family business

The overall argument made in the first part of this chapter is that enacting a business role might be regarded as a means of individuation, i.e. as a means of creating a distinct identity, and to manifest that identity to oneself and others. This is in line with Ashforth's argument that "role identification provides at least partial knowledge of self ..., a vehicle for self-expression, Indeed, the identity motives tend to presuppose an essentially role-related self that one wishes to express, maintain and enhance" (p.74f).

Generally, the need for individuation through the business appears not to differ among the generations. However, it seems as if generations succeeding the founding one have a somewhat more difficult time expressing themselves inside the business. The founding generation can create a separate identity by founding and building up a company independent of families. In contrast, multiple generation family members have to create their identities by developing the company in interaction with each other. A difficulty with individuation for second-generation family members is that they have to manifest their own identity in the shadow of someone who is simultaneously the founder of a business and their father. This implies that the second-generation family members always run the risk of being compared to the founding father, and that they might have a hard time getting own ideas implemented, since the father/founder tends to be regarded as "the one who knows best". The difficulty of individuation within the family business for post-founding generations is rather well recognised in family business literature. Another reason why succeeding generations seem to have to struggle with their individuation inside the family business is the feeling that they have assumed their business roles because they are family members and not out of competence. To prove they deserve their positions, they work very hard to express themselves by making a difference to the company in line with their own competence and personalities. In the language of role theory, this is accomplished by role innovation. The concept highlights role enactment as essentially non-deterministic. Someone taking over a role might be prone to enact this role in a creative and individualistic manner. If so, the enactment of the role becomes "expressive of personal character and idiosyncrasies" (Thoits and Virshup, 1997:109). Role innovation is thus a means of individuation. Given that the innovative way of enacting the role means implementing a partial new way of thinking, it might also be a means of business development. Individuation and business renewal are interrelated and mutually reinforcing.

Just as individuation might lead to business renewal, so might business renewal contribute to individuation.

Traditional strategy literature overlooks the individuation motive for being in business has not been acknowledged in the strategy literature. Even though it might be understood as implicitly existing in discussion of visions and ways of thinking (Hellgren and Melin, 1993; Melin and Hellgren, 1994; Mintzberg and Westley, 1985; Brunsson, 1982; Nonaka, 1991; Prahalad and Hamel, 1989; Kotter, 1995; D'Aveni, 1995) it has, to my knowledge, not been explicitly discussed as a driving force for organisational development. And yet, this study indicates that precisely this might be the case. With respect to this, expressive rationality might be an account relevant to the understanding of family businesses.

As pointed out in the introduction of this chapter, expressive rationality highlights the human need for self-respect, autonomy, and identity. As individuals we want to make a difference, we want to be autonomous selves, thus distinguishing us from the contexts that shaped us. Actors serving this purpose are expressively rational, because they “express ideas of what is worthy in ourselves” (Hargreaves Heap, 1989:5). Thus, “expressive rational actions are symbolic, they carry meaning for others to interpret and respond to” (Singer, 1994: 212), and they are used to “establish and reinforce identity and reputation” (Singer, 1992:15). In sum, expressive rational actions are an important means of individuation, and as such, they contribute to fulfilling the need for separation inherent in the paradox of identity. This is manifested in the biographies by business foundation and development due to the efforts of the first generation, and by business renewal through role innovating second-generation family members.

Extended meaning II: Business as an extension of the family and its core values

The second extended meaning, business as an extension of the family and its core values, is ascribed to the business by the foundation of business activities in concern for family relations and deeply held values. Two aspects of the second extended meaning are elaborated. First attention is turned to business as family, and then to business as realisation of the family's core values.

Business as family

One of the functions of the family is to meet the individuals' need for belonging. Of special relevance here is what Ashforth (2001) refers to as personalised belonging, which he defines as “the sense of attachment that an individual derives from knowing that one or more others are familiar with and

like him or her as an individual" (p. 70). The cases suggest that the family's close connection to the business means that it is not just appreciated as a work place, but as an extension of the family. Occupying a role in the business strengthens the relation to the family. This could be understood as a consequence of the integration of the family and business roles. Family members working in the family business are united both as family members and as colleagues. Ashforth (2001) argues that "the greater the number of subjectively important and situational relevant social identities that two individuals perceive they have in common, the greater their perceived interpersonal similarities and, thus, their predisposition to like and interact with one another" (p.70).

The cases indicate that one important meaning of the business, inferred from the core values, is the connection of its members to some kind of community, or "a wider whole". An important dimension of family business life, emerging from the cases, is *business as an extension of the family*. In the family businesses studied, the business seems to have been viewed as a self-evident part of family life since early childhood. Representatives of the second-generation describe how they internalised the business as "*something rather important*" (Lisbeth), and as a part of the family: "*The family business was always there at the side. You had it around you. Somehow I think it has imprinted the whole childhood. We were part of what happened...business for better and for worse. ... The business was always part of the discussions during the family dinners*" (Kicki). In ACTAB, the children at an early age internalised the business as an extension of the family, and as something for them to take over: "*The company was a glue. It should go on in the family. ... I never had a feeling that it was a competitor. ... The family and the businessit was all us*" (Marion). Marion describes how it was self-evident to the father that the business should have a continued existence as a family business: "*He just wanted it to go on in the family and he wanted it to be a nucleus of coming generations. ... As long as he lived he never had the thought of the company not going on in the family*". Throughout childhood, this understanding of the company was also internalised by the second-generation: "*We always knew that some day we were to take over this. ... Implicitly the message was: 'some day this will all be yours'*" (Irving). Because the founders of ACTAB and Indiska were very clear about their desire that the children would join, and one day take over, the second-generation's internalisation of the businesses as an extension of the family should perhaps not be very surprising. Even in Atlet, where the business was considered to be a sole undertaking of the father, the siblings of the second-generation seem to have internalised it as an integrated part of the family: "*I regarded it as a part of life. I think it was when I was in one of the first grades when I realised that there was something else in the family. Somehow having a family business is like having another child*" (Lisbeth).

Following the development of the businesses over time, many different ways of acting and thinking might be interpreted as consequences of the

internalisation of the business as an extension of the family. One such thing present in all three companies is second-generation representatives' decision to join their fathers' businesses, even though they initially either did not regard it as optional (Marianne), or for reasons of individuation chose not to (Anders and Steve). That they all eventually did join might be understood with reference to the internalisation of the business as an extension of the family.

It was not until Marianne suddenly realised her father was rather old and would perhaps not be able to run the company for many more years that she started considering Atlet as a place for a future career. Among the reasons for Marianne to join Atlet concern for the family was what secured Marianne join Atlet. *"To look after the interests of the family, so that no one would come in and make something stupid"*.

Similarly, concern for the family is among the reasons that promoted Anders' entrance into Indiska. Having long resisted to work in his father's business, Anders had just reached an agreement with his father to independently run IP, a business semi connected to Indiska, when the allocation sudden allocation of quotas suddenly threatened the existence of Indiska in 1972. Realising the company was *"on the edge of liquidation"* it was rather evident to Anders that the thing to do was to join the father's business. The crisis *"tied the family together"* and made Anders *"join Indiska, because now we all had to help each other"* (Anders).

Just as Anders, Steve had tried to avoid ending up in his father's business. However, although trying to explore his own interests and talents, Steve rather early felt that *"there was nothing to choose from, there was nothing but this (ACTAB)... There was a long period of indoctrination. There wasn't really much of a choice"*. Steve worked part time in the business but he did not really devote himself to ACTAB as long as long as it was run by the father. With the death of the mother the situation, changed radically, as the father lost all interest in the business. Then it became clear for Steve to do what he was supposed to: take over the family business. A different decision *"had probably meant a too big break with my family, and my feelings for them were too strong for me to do that.... Then I would have been worth nothing"* (Steve). In ACTAB further examples indicate the close connection between family and business. When Martin, in the beginning of the 1990's, seriously considered leaving the business, the reactions from his siblings was to *"persuade him it wasn't possible. ... We wanted him here. We couldn't imagine him disappearing from the company"* (Steve). Ever since childhood Steve and Martin had a very close relationship: *"They had lived together, they had more or less always been together, and they ran this company together. They travelled together, they lived tremendously close to one another"* (Marion). Running ACTAB was a joint undertaking between the brothers, and something that united them. Perhaps that was the reason why a future in ACTAB without Martin was almost *"unthinkable"* for Steve: *"I couldn't imagine it, since we worked so well together, and, moreover, together we had made this into what it was. Then we should better leave all of us"*.

Another indication of the business as an extension of the family is the way representatives of the grandchildren of the founding generation, without any active role in the businesses tend to relate themselves to it. In ACTAB, the third generation inherited a small amount of shares from their grandfather, with the intention that the dividends could be used for financing higher education. Because most of them were done with their studies, Steve proposed to buy their shares to invest the money in an insurance fund, providing them future financial security. For “emotional” (Steve) reasons, the cousins turned down the suggestion. *It’s grandfather. It’s something they’ve got from their grandfather, and they won’t let go of it*” (Steve). Moreover, the way the business might be a source of alienation for family members not directly involved in it, is an indication of how, as an extension of the family, it serves the need for belonging *“When we were on vacation and Margareta, and Martin, and Steve were discussing, I wasn’t part of it. They said ‘we could do this, let’s do it that way, this is how we look at this’, and it was all about ACTAB. I am never part of these ‘we’s’, it’s their world over there”* (Annie).

A final example of the interpretation of the business as an extension of the family is how family members have been encouraged to work in the business without formal competence for the positions they were entering. When Marianne took the position as sales manager in Atlet, she had previous experience from the job as medical consultant, and she had a formal degree from Gothenburg School of Economics. However, the way in which the board reacted to her appointment as was a signal that the board members were sceptical to whether her background would qualify her for the post: *“They had discussion about whether it was right. The chairman of the board rushed into me one afternoon saying: ‘It’s impossible...putting a pharmacist as CEO’”* (Harry).

In Indiska, the siblings were at an early stage by their father to join his business, though lacking the formal competence. When Kicki and Helena joined Indiska they left careers (music teacher and nurse) rather unrelated to the business areas of Indiska. This might be understood with reference to Åke’s way of looking at the business as an extension of the family: *“I want to integrate the family. I want us all... We are a family here...It emanates with my family, you have to make room for coming generations”*. Also in ACTAB family members were allowed to assume positions in the company without having the corresponding formal competence, for the same reason as in Indiska. This was the case when the second-generation took over after the father. Albert, the founder of ACTAB, *“just wanted it to go on in the family. As long as he lived, he thought of the company without the family”* (Marion).

The second-generation has continued the tradition of giving family members access to senior positions in the company in the absence of formal competence. Although Steve, after experiencing the drawbacks of this policy, expressed his reluctance to let family members in regardless of competence, the procedure continues: *“They stand up for the family. If family members wanted to work in the company they were allowed to do so. Even if it was not the best thing for*

the company, that's the way it has turned out" ... "He (Steve) can't resist that, and moreover ...If someone (has been allowed), then others can't be turned down. They all have to have the same possibility. Being a warm person that's the way it is. It's not worth the conflict" (Michael).

As indicated, there are many reasons for letting family members take up positions in the family business regardless of formal competence. For one thing there is the concern for the continuity of the company as a family business. In various ways, Knut, Åke and Albert have all expressed this motive. From the point of view of the founders, this might be an illustration of the need for continuous individuation through the business. If the business is taken over by a family member, the connection to the family makes it likely that it will continue to run in accordance with the business philosophy they have established. In addition, it could also be a means of keeping the family together. Whatever the reason for the employment of family members despite relevant formal competence, it may be viewed as a good chance for family members to develop their competence and interests in the family business, i.e. individuate.

Business as realisation of the family's core values

Besides care for family relations, the second meaning of the family business means a concern for, and continuous realisation of, core family values. Established by the founding generation, these values are internalised by later generations through processes of primary socialisation (discussed in chapter three).

In Indiska and ACTAB, commitment to values of social responsibility has clearly influenced the family businesses. Apart from being a way to making a living, the running of ACTAB was to Albert and Karen a means of taking responsibility for people in the surrounding community: *"Several employees of today are children of my father's schoolmates here in Greenbay. They have experienced how he laid the basis for their future. They didn't have to move from the village. They got jobs here"*(Steve). From early childhood the sibling's internalised values of social responsibility as part the business, and over the years these values have impacted the development of the business: *"You carry these values, and they affect the way you associate with your employees... they are like an extended family"*(Marion). *"I have inherited these values of humanity from my mother and my grandmother. ... You have to consider the responsibility to society that is implied in running a business"*(Steve).

In Indiska, *"humanity, warmth and consideration"* have, ever since the start, been the lead values for Åke, and over the years they became an integrated part of the business philosophy. A striking example of this are his early ideas of how to do business in the third world, conceptualised as *"commercial aid to developing countries on a humanistic basis"*, manifested in efforts of applying a fair pricing strategy, and a deep concern for the working and life conditions of the people working for the company in India: *"I cared a lot for the people. I cared*

a lot for our suppliers, and I felt an enormous responsibility for all our suppliers. ... I feel sorry for the ones doing business only for the sake of money. When you do business in India, and you know that the standard of living of the entire family is dependent on you paying the right price, you can't simply lay hands on every cent. There has to be ethics involved" (Åke). The lead values also comprise the employees: *"To me, being a leader is a mission. It's what you do to the benefit of people. You have to feel responsible for everyone".* As a result, the employees have always felt *"a warm and caring atmosphere"* (Helena). *"Every individual should be cared for"* (Kicki); *"he wanted it to be like a big family"* (Paula).

From their ways of thinking and acting it is clear that second-generation family members are also deeply committed to the core values Åke marks the company with. For instance, Anders devoted much time and energy to further improve production and better working conditions for people working for Indiska in India. Åke and Anders *"share the same basic values that underlie the way we work in different countries. Anders has turned (these) into something concrete, a devotion to environmental issues, to the supplier, to doing something about child labor. ... Anders has turned this into something concrete. He has taken over Åke's ideology and made it happen"* (Kicki).

However, taking a social responsibility should not just be interpreted as an act of altruism. Concern for the well being of stakeholders could be beneficial to the company. The family believes that its engagement for the suppliers in India is to the advantage also to the business: *We feel that our presence leads to improvements for people, and for us as well, because we're not just there to give, that's not the way it is. We are there because we enjoy working with India, and we love the products. Also, we are supposed to make money from it. I mean, it's all intertwined. We have been driven by the conviction that, humanism and social responsibility aside, we believe that we get better products by taking this responsibility, and by working long term. So there is also a thought behind this social responsibility. A commercial thought. We work commercially, we are a company, and we need to make money in order to provide yet more people with work"* (Kicki). This way of reasoning is not only applied to the suppliers, but it extends to the employees as well. In the biography, there are numerous examples of Åke's caring and human leadership style: *"There is a genuine belief that thriving employees are beneficial to the business."* (Charlotte)

Also ACTAB displays overt concern for employees and suppliers: *"I know several of my competitors, and, above all, I know all suppliers. And that has been a tremendous advantage, but of course also a disadvantage, because friendship makes you a less touch negotiator. In these situations I say to myself: 'it's OK, we'll do all right', and that deepens the friendship. In the end there are two winners if you are human and reasonable"* (Steve). Just as concern for the suppliers seems to lead to a long-term advantage, so does the responsibility for the employees. According to Steve the concern shown to employees has made them *"loyal to the company"* and motivated them to make *"important contributions"* (Steve).

From a social responsibility point of view, Atlet seems to be different from Indiska and ACTAB. In Atlet, social values do not seem to be dominant. Human resource management has never been in focus. Implicitly Knut expects everyone to contribute by doing their very best: *"Perhaps he has changed a bit, but at the start... They were to do their job, that's all that were to it. He is the old patriarchal business leader"* (Ragnvi). Social gatherings like celebrations and the like have *"never existed in Knut's mind"* (Marianne). Knut agrees to not having paid very much attention to socialising with the employees: *"I haven't been giving it much thought. All the time I have run the business according to the principle... The well-being of the company comes first, the company must be able to expand, and go on, and turn into something"*. With Marianne as CEO this seems to have gradually changed, since she is *"socially more engaged"* (Ragnvi) with a management style which is *"more personal and, includes more sympathy"* (Harry).

Concern for family and its core values: Strategic implications

In the previous sections, the meaning of the business as an extension of the family and its core values has been elaborated. In this section the argument will be expanded to cover how this meaning inherits *concern* for the family and its values, which, in turn, influences the formation of strategy over time.

Family members' concern for each other, for the family as a system, and its core values is obvious when the family and/or the business is believed to be threatened. Only then did some of the key representatives of the second-generation take the decision to join the family business. In ACTAB this was the case when Karen died and Steve found himself compelled to take the business, unless he would take the risk to break with his family. In Indiska, import restrictions threatened the survival of the business. In Atlet, Marianne did not consider entering the business until the father got rather old and without any successor available, started talking about selling the company.

Once the company turns into a family business, concern seems to play an important role for the interactions of family members, with implication for strategising. This might be understood with respect to the paradox of identity, i.e. the simultaneous need for separation and belonging, inherent in the family system. Although very eager to develop the company according to his own mind, Steve has, at the same time, made sure not to pursue his ideas to the extent of not jeopardising family relations. This was especially so during the period of co-leadership with his brother. Although Steve has a very strong will, and was more proactive than his brother, he did not pursue the fights with him to the extreme. However strong their relationship, Steve did not want to take the risk of *"losing his brother"* (Marion). *"When emotions are strong, reason has a hard time winning. And that was the case even under my joint leadership with Martin. I wanted to do things differently, and we argued about it, and finally we reached some kind of compromise. And I settled with that in order to keep the family together"* (Steve).

Concern appears to have played a major – if yet indirect – role in the development of ACTAB after the death of Martin. In the light of the close relationship between the brothers, and Steve's reaction to Martin's idea of leaving the company a few years earlier, it is no wonder to hear Steve saying that he *"was deeply affected by the death of Martin"*. However, even though he did regard ACTAB as a joint undertaking between him and Martin he, unlike his father, did not give in, when he was left alone. Because of his desire to prove *"that the company would do all right"* (Steve) he worked even harder than before. When he eventually realised it was impossible for him to do the job of two, he decided to recruit someone to help him out. He however, did not look for anyone to replace Martin as production manager, which might seem as a natural thing to do. Instead, a sales manager was hired. It was not until 1998, four years after the death of Martin, that a new production manager was hired, although the need was there before that. During the period 1994-1999 sales doubled. Since this strong expansion took place without a production manager at the helm, the production department got rather unorganised: *"I don't really see how they have been able to keep this together, when there has been no one here. There must have been a gap, because Steve, who was responsible for it, travels a lot. I can tell no one has been here for a long time, because things have come to a halt"* (Tom). Concern for Martin was perhaps the reason why it took so long to hire a new production manager. Hiring a new production manager was more than just replacing someone on the formal position. To Steve, cooperation with his brother had a meaning that extended beyond the efficient running of the business. It united them as brothers. The delay in hiring an external production manager was due to reluctance of replacing Martin: *"You don't replace an individual, emotionally you simply just don't. In this way, the wounds had time to heal. Ron was hired as sales manager. And Steve kept on as head of production. I don't think it was a coincidence, but I'm not sure it was a conscious decision. I think it was an emotional decision. When Tom became part of the company, he did not replace Martin. No one ever replaced Martin"* (Annie).

Concern for family members and its importance for the development of the family business is also a major characteristic of Indiska. For example, the children are wary of suggesting change for fear of not hurting the father's feelings. Ideas challenging Åke's understanding of the concept were hard to implement and were often ignored. For instance, Kicki's idea of turning one of the departments into a boutique was never realised since it contradicted the father's vision of Indiska being the small warehouse. In many cases the decision not to pursue such suggestions was based more on concern for the feelings of the father than in the second-generation's conviction that the strategy would not be competitive. The difference in ideas, though often very intense, never reached the point where family relations would be seriously jeopardised. Kicki describes how, mainly out of concern for the father, she refrains from pushing business ideas in spite of believing them to be beneficial to the company: *"It's very easy to mix up these roles. Because it's your family you tend to be rather*

protective. We work commercially, but I still think we show too much consideration". This suggests how individuation can be circumscribed by concern for other family members. Although it is important for second-generation family members to act according to their need for individuation, and although the family business might provide unique opportunities of doing so, individuation might still be restricted by family dynamics. This further illustrates how Anders, although having *"created a distinct images for himself"* seems to have done this with concern for the feelings of his father: *"He is concerned about the father. He doesn't seek confrontation just for the sake of it, but he makes sure his father feels he comes in for his share of it"* (Sören). From the point of view of emotional rationality, it is interesting to note the way in which both Kicki and Anders highlight their concern about their father - and not primarily the well-being of the company - as perhaps the hardest thing to face when they were accused with smuggling: *"What hurt me the most was the way in which they (the journalists) jumped at Åke. It was a crisis. It was an incident which could have completely knocked me out, because I was so concerned about Åke"* (Anders). *"I think Anders... being accused of this, and on top of that probably feeling responsible for Åke... Anders carried double burdens, so to speak."* (Kicki). Finally, concern for family relations is also illustrated by the way in which Marianne ponders about what impact she would like to make on Atlet. Although its important for her to *"leave her own stamp"* this should be done with concern for the father *"after all, its dad's business, and of course then one has to have a somewhat different approach"* (Marianne), and with respect for the way in which he, over the years, has been running the company: *"If Knut has made decisions which have turned out fine in this company for at least 45 years, then there has to be some substance in his way of thinking. And that means his experience is something you just don't throw out of the window"* (Marianne).

In ACTAB the period of external management suggests how the absence of concern for family relations and shared values might take a conflict as far as to paralyse the company. According to Beyer (1981), the likelihood of deviating values increases *"the more widespread and divergent the sources of values are"* (p.168). Similarly, Robbin (2003) argues that conflict might be stimulated by *"adding employees to a group whose backgrounds, values and attitudes, or managerial styles differ from those of present members"* (p.404). Indeed this seems to have been the case in ACTAB during the period of external management. It is likely that one of the reasons why the cooperation between Steve and David, the external CEO, eventually did not work out was due to their different comprehension of the meaning inherent in doing business, reflecting their differing values. Whereas Steve emphasised things like freedom and joy of creating, social relations, and keeping the company as a family business, David, in contrast, focused on efficiency, expansion, and profitability. With time the conflict got all the more intense and, as an outcome, the external CEO eventually left ACTAB.

A conclusion that can be drawn from this is that concern for individuals and commonly held values – likely to be found within genuine relationships – might be regarded as an efficient means of compromise and conflict resolution. Concern might be a means assuring that progress is not totally hampered in the presence of conflict. This appears to have been the case in ACTAB where the company, despite intense conflicts between the brothers, was able to develop and make progress. Michael argues that the conflicts between the brothers were not only negative but *“could also be rewarding, because the best suggestion won. One of them always backed off if the other’s suggestion was better for the company. The well-being of the company was always central. In that respect they were not prestigious”* (Michael). Taking into consideration the common internalisation of the meaning and the core values of the business, this is likely to be one of the main reasons why Steve talks about the conflict as something taking the brothers forward. *“The goals were the same, but the opinions regarding means differed. We really knew how to fight, but no one really bothered because it took us forward. It didn’t mean anything besides the fact that we had different opinions”* (Steve).

The biography of ACTAB also indicates that just as conflict could be dysfunctional (Robbins, 2003), hampering the development of an organisation, it might also be a means of progress (Mintzberg et al. (1998); Smith and Berg, 1987; Robbins, 2003). In such cases, the conflict is functional, which means that it “ supports the goals of the group and improves its performance” (Robbins, 2003: 397). The development of ACTAB suggests that functional conflicts might be facilitated by the presence of genuine relations, based on concern and trust: *“Steve and Martin had these huge conflicts. They coached each other by going into conflicts, which they then always solved. And they felt so secure with one another, so they could cope with these conflicts, the way you do with a sibling. You always know how to fight with your siblings, and they knew it all their lives. ... They always felt so secure with one another, so actually, their situation was quite enviable. ... They had a very strong relation Thanks to this security, they dared being totally honest with each other”* (Annie). Although it may perhaps sound paradoxical, genuine relations increase the likelihood of intense rows, as the conflicting parties can be rather sure of not risking their relationship because of them. Meantime, as genuine relations also indicate an in-depth mutual understanding of the meanings of being in business, the conflicts do not have to lead to paralysis.

This discussion illustrates that concern may have many positive connotations. But it could hamper the development in the sense that viable opportunities might be overlooked or not taken advantage of because other family members do not approve them. In Indiska, Kicki is of the opinion that her business ideas are passed and she does not persist on implementing them: *“The family is really important, to me it really is. Having tried it a couple of times you avoid it. You put it down and think ‘oh well, I guess it must rest for a while and then we’ll see’. But somehow we’ve missed the bus, and I think that has had a*

restraining influence on Indiska. ... We work commercially, but I still think we show too much consideration. We show very much consideration, especially for Åke, I would say. We are really anxious about not making him sad or disappointed". In ACTAB the way the brothers' overriding concern for each other made them finally reach a compromise hampered the development of the company. The increase in expansion rate during the period between the passing away of Martin, and the entrance of the external CEO is striking: turnover doubles to SEK 130 millions from 65. Though the expansion took place during times of economic prosperity, and it had been *"tremendously well prepared"* (Steve), one reason appears to have been that Steve was alone in charge. With Martin no longer around, Steve was the sole player, and was able to run the company in a way he found appropriate: *"I've been given the most free of free hands, because since Martin passed away the other siblings haven't interfered in the decision making very much"*. This resulted in a quite hard *"pushing of the investments and things like that"* (Thomas). During this period *"things exploded. We were supposed to do everything"* (Richard). In the absence of his brother, concern was no longer restricting Steve's ambitions (and need for individuation). This is likely to have contributed to the fast expansion.

Relational rationality in the family business

The second part of this chapter discussed the extended meaning business as an extension of the family and its core values. For family members one of the reasons for being in business seems to be a sense of belonging to a wider whole. From this point of view, this extended meaning of the family business can be understood as derived from the need of belonging, inherent in the paradox of identity.

By evoking a feeling of concern, this extended meaning has implications both for the individual family members and for the business. The need for belonging implies that efforts of individuation through role innovation are not taken to a point where family relations and core values are jeopardised. Rather, these efforts are undertaken with concern for these relations and values as a point of departure. The strategic biographies illustrate how family members have based their efforts of renewal on internalised core values, and how they have refrained from pursuing ideas for change when fearing that family members, and hence, family relations can be hurt. Here, concern might restrict individuation.

The discussion of the meaning "business as an extension of the family and its core values" depicts the family business as relationally rational. Relational rationality (Lin, 2001) is stimulated by individuals' notion of themselves as part of a social collective. Relationally rational individuals are concerned with what consequences their actions might have for members of the collective. The well-being and persistence of the group is prioritised, even at the expense of individual wealth. As defined in the introduction of this chapter, relational

rationality inherits social (Singer, 1995; Ericson, 1991), contextual (Singer, 1994), and emotional (Sjöstrand, 1997) accounts of rationality, all of which emphasise the relational character of social life. In the biographies relational rationality is illustrated by the way in which the process of individuation is based on concern for family relations and internalised core values.

Conclusions

The overall conclusion of this discussion is that the extended meanings of the business - business as individuation, and business as an extension of the family and its core values - derived from the paradox of identity and manifested in family interactions, produces a dynamics with implications to both individuals and organisations. The fulfilment of family members' need for individuation and belonging is mutually interdependent. In other words, the fulfilment of one family member's need for belonging and individuation influences other family members' need for them.

Family members assuming positions in the family business regardless of formal competence (and sometimes even in the absence of defined duties) is an example of the mutual interdependence of the fulfilment of these needs. Turning their enterprises into family businesses, founders might not have to give them up, even when they formally retire. Through the family, they will still be connected to the business, and so their identities can, at least partly, continue to be derived from it. As family businesses, the companies will probably continue to be run largely in accordance with the established culture, in essence a product of the founder's personality and way of thinking. The transformation to a family business can be understood in terms of the continuous need for individuation of the founder. The need for belonging might be a reason for the accommodation of members of the second-generation even in the absence of formal competence. Working together family members continue to meet on a daily basis, which would not happen if they worked in different companies. Accordingly, turning the company into a family business might be a means of keeping the nuclear family together. It contributes to fulfilling the needs of separation and belonging of the first generation.

Members of the second-generation must have the same needs of separation and belonging fulfilled through the business. Once inside the business, they exert an influence on the business according to own competence and personalities. Thus, joining and working in the family business contributes to individuation. In addition, entering and working in the family business can be a means of connecting to the family. Annie, Steve's wife, highlights the significance of this motive, and at the same time the pain she felt when excluded from family discussions as she was the only one not related to the business by ownership or employment.

The founders' tendency of interfering in matters of which they are not longer responsible challenges both first- and second-generation family members' need for individuation. Founders sometimes opt for roles they formally had given up. In the family business literature, the manifestation of this need is often referred to as in-the-shadow-of-the founder. The reluctance to exit might be manifested in undesired role doubling, i.e. the undesired simultaneous enactment of the same role by more than one individual. A likely consequence of this is that the individuation of both generations is impeded. In the case of role doubling, the individuals trying to enact the same role will have their individuation restricted by each other's efforts of personal enactment of it.

Chapter eight illustrates family members' needs of individuation and belonging. These needs have strategic implications in the family businesses studied. The continuous need for individuation implies continuous efforts of business development. The strategic biographies illustrate the family business as a provider of rather unique opportunities for family members to individuate, i.e. to act expressively rational. As a result, the family businesses studied have developed in accordance with family members competence and interests. However, the need for belonging to the family restricts the development in the sense that suggestions going far beyond the generic strategy, i.e. the, values and ways of thinking the founders have established, tend not to be pushed to the extent of violating family relations. Rather than being radical, change in the family businesses comes about in an incremental, manner, with sustained focus on the core values.

In sum, the acting out of the paradox of identity on the family business arena ascribes two extended meanings to the business. On the one hand it serves as means of individuation (expressive rationality), and on the other it serves as an extension of the family and its core values (relational rationality). Figure 8.1 illustrates these conclusions.

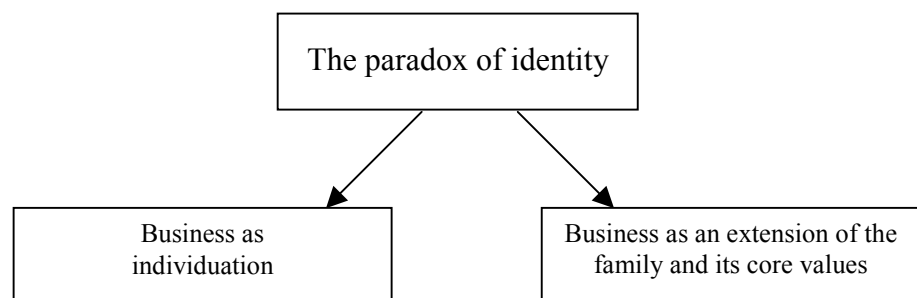


Fig. 8.1 The paradox of identity and extended meanings of family business

Extended meanings of the family business

As discussed in chapter three the needs for separation and belonging are related to each other (Shapiro, 1995; Williamson and Bray, 1995). As a part of the belonging function, a healthy family, i.e. a family that cares and nurtures its members while paying respect to their need for integrity (Scarf, 1995), also assists and encourages its members' for separation. If family members are not allowed to individuate within the family, they will likely feel compelled to leave it in order to get this need satisfied (Williamson and Bray, 1995). If so, this undermines the fulfillment of the need for belonging. Thus, the needs of individuation and belonging are mutually interdependent. Even though concern might appear to restrict individuation, its impact is less felt when its dependence on belonging is recognised. The overall argument emanating from this discussion is that it is central for the family business to take into consideration the ongoing interplay between the need for separation and belonging. A serious imbalance of the fulfillment of the need for individuation and belonging would probably hurt the individual and family (Kepner, 1991; Williamson and Bray, 1995), as well as the business. In the next chapter, individual and organisational implications of these extended meanings are conceptualised and discussed from a strategising point of view.

9. Strategising in the context of genuine relations

This chapter is a synthesis discussion in chapter eight and further develops the concept built in it. The chapter consists of two parts. The first argues that the two extended meanings of the business, derived from the paradox of identity, have corresponding implications for the individual and the organisation. A theoretical and empirical elaboration of the implications leads to their conceptualisation as concern-based individuation and focused strategic renewal. These mutually reinforcing processes, originating from family interactions, are part of strategising in the family business. The second part highlights role transition as a central condition for focused strategic renewal sustainable over generations in the family business.

Conceptualising family interactions

A short summary of the main arguments of the thesis forms the starting point for conceptualising family interactions. The thesis is grounded in the assumption that family is a central institution for the regulation of human behaviour. Besides being essential for primary socialisation, i.e. the socialisation into core values, the family should fulfil the simultaneous needs of separation and belonging. At the same time as the well being of individuals (including their individuation) depends on them being part of a social entity, they feel the need of creating and expressing themselves as distinct from that very entity.

Recognising the essence of the paradox of identity is essential for understanding the influence of family interactions on strategising in the family businesses over time. The paradox of identity leads to two interrelated extended meanings: business as individuation and business as an extension of the family and its core values. The interplay of these meanings, corresponding to expressive and relational rationality, gives rise to a dynamics with mutually reinforcing implications for the individual and the organisation. These implications are conceptualised as *concern-based individuation* and *focused strategic renewal*, respectively. The first part of the chapter elaborates these implications from both an empirical and a theoretical point of view.

Concern-based individuation

The empirical motivation of the concept concern-based individuation brings the strategic biographies in focus. Because of the need to differentiate, and to separate from the family (individuation), most second-generation family members are first reluctant to join their fathers' businesses (individuation through disidentification). However, out of concern for the family, many of them eventually decide to join. Once in they face the opportunities and challenges of differentiating and separating (individuation), in close connection with other family members. Because individuation in the family business is based on concern, differentiation is rather complex. "A differentiated person is able to function optimally around significant others without feeling responsible for them, controlled by them, or impaired by them" (Williamsson and Bray, in Scarf 1995:359). But the strategic biographies suggest that this has not always been the case for the second generation. A family business provides second-generation family members with rather unique possibilities of development of own interests and competence, contributing to their individuation. But the extent of these possibilities is restricted by concern for other family members. In all three family businesses, second generation representatives feel responsible for their parents and siblings, in various ways impaired, and sometime also controlled by their relatives¹. As an outcome, the differentiation and separation of second-generation family members working in the family business are rather complicated.

Even though they sometimes see their individuation process impeded, the second-generation family members of the strategic biographies tend to be loyal and committed to the family, and thus, to the business (as an extension of the family). With the exception of Helena, who decides to take a pause from Indiska through a leave of absence, second generation family members do not leave the business. Much of this can be attributed to individuation: "I'll show I am just as good as my father", or a feeling of lack of alternatives: "What should I do instead, I know nothing but this". One of the main implications of working in the family business for post-founding family members is apparently the high degree of concern framing the individuation process. In the family business *concern-based individuation* seems to be an implication of family dynamics on the individual level.

Besides the empirical arguments, a theoretical motivation for concern-based individuation will also be provided. Because the basic terms of these concepts have been classified at some length in chapters three and eight, the discussion is merely a brief recapitulation.

Individuation refers to processes of continuous development of the self as a separate entity.

¹ This should not be taken as a sign of ill will on behalf of the other family members. As will be elaborated in the last part of the chapter, this might very well be an expression of these other family members' own need for individuation.

“Individuation is the throughout life ongoing “definition of self in relation to others, from the infant’s first recognition of body boundaries in relation to the mother’s body, through the adolescent’s initial definition of identity in relation to the parents, and through the major and minor adult experiences that require reassessment of identity within relationships”

(Scarf, 1995:167).

In other words, processes of individuation aims at differentiation, i.e. at control over one’s own thoughts and feelings, at respect for one’s own judgments as relevant bases for action, and at the ability to interact with “significant others without feeling responsible for them, controlled by them, or impaired by them” (Scarf, 1995:359). As illustrated by the thesis, individuation is a highly inter-individual process. To differentiate we need other people as points of reference (Kepner, 1991).

Earlier research indicates that family members’ continuous individuation is both enhanced and restricted in the family business (Kets de Vries, 1996). Often, the emotional bonds between family members are put forward as potentially restrictive to individuation (Handler, 1994; Harries, Martinez, and Ward, 1994; Lansberg, 2002; Kets de Vries, 1996). Although numerous emotions influence strategising in the family businesses *concern* stands out as perhaps most dominant. Concern signals that something, or someone, is of overriding importance to a person.

“If you are concerned with something, or if you concern yourself with it, you are involved with it because it is of interest to you or because you think it is important. If you concern yourself about someone, you care about what happens to them and want them to be happy, safe, and well”

(Brundin, 2002:352).

On the one hand, family members testify to the rather big opportunities of individuation offered to them by the family business. However, if working in the family business means always being concerned and compared with previous generations, the individuation processes of family members might be impeded.

Focused strategic renewal

The paradox of identity has not only implications for the individual, but also for the organisation. The organisational implications of the paradox of identity have been conceptualised as focused strategic renewal.

To provide an empirical illustration, let us turn to the strategic biographies. The combination of the need of individuation and the reluctance of exit from the family business make it very important for second-generation family members to bring about a difference to the business in accordance with their own personalities, ambitions, ways-of thinking and values. Since exit from the business (due to concern) is an unlikely means of individuation for second-

generation family members, the individuation option left is to cause a difference to the business by leaving a stamp on it. In the language of role theory, this is done by role innovation, i.e. by role enactment in congruence with the, or search for self. The innovative enactment of a role in the family business is the means through which second-generation family members can differentiate and manifest themselves as distinct. As a result, the organisation is developed in accordance with the needs, values, competence, ambitions and personalities of expressively rational family members. Examples of this are found in all three strategic biographies. In Atlet this is manifested in a restructuring of the company, including signs of a change in company culture. In ACTAB it is illustrated in a complete change of position of the company from a local supplier of precision parts into an internationally recognised partner within its industry. The outcome in Indiska is a continuous product and market development, and a considerable development of company structure (including the supplier organisation in India), as well as image.

However, changes implemented by the second generation do not violate the business philosophy established by the founder. Concern for family relations and core values assures that suggestions for change are not too aggressive on core values and traditional ways of acting. Rather, the changes tend to be made with the core values seen as a point of departure, preserving the company's strategic focus. In the words of Cool et al. (2001), concern is a powerful source of "strategic commitment" to the established business philosophy. Strategic commitments are decisions with long-term impact that are difficult or costly to reverse, such as investment in a new production plant. Such investments are irreversible sunk costs. Thus the organisation commits itself to the investment and the "competitive incentives" that follow, i.e. product variety or cost leadership. In comparison, genuine relations (including internalised values) might be the most irreversible of all commitments, since the cost of reversing, if ever possible², does not limit itself to monetary consequences only, but potentially implies a loss of meaning.

Huff et al. (1992) argue that concern might be a source of inertia. However, as illustrated by the strategic biographies, it does not per se lead to a standstill or paralysis. While commitment and focus could indeed lead to inflexibility and stagnation (Kets de Vries, 1993; Dyer, 1994; Gersick et al., 1997), such an outcome is prevented in the family businesses studied through the need for individuation. Although the suggestions family member put forward do not lead to radical change, they make up an incremental, step-wise renewal of the business. Over time, new means of revision and refinement of the generic strategy are continuously conceived of, and implemented. Through the continuous search for a distinct identity, continuous patterns of interaction

² As discussed in chapter two, primary socialisation is likely to be perhaps the strongest foundation upon which later interpretations and understandings are based, implying that a radical change of the ways-of-thinking internalised in childhood is a, if at all possible, enduring and inherently difficult process.

eventually lead to strategic renewal. In this sense, the paradox of identity inherent in the family system means that the “fundamental challenge of strategic renewal”, i.e. “the tension between the feed-forward (exploration) and feed-back (exploitation) processes” (Crossan et al., 1999) is balanced. In other words, the simultaneous need for individuation and belonging, or, differently conceptualised, the interplay of expressive and relational rationality, implies questioning and refinement, but not the abandoning of the core values of the generic strategy. Sustained efforts of individuation may prevent stagnation and give rise to strategic *renewal*. Individuation is an ongoing process— individuals continuously try to find and reinforce themselves (Scarf, 1995) – and so is the process of renewal. On the other hand, concern means that efforts of individuation and renewal are not taken to a point where they would jeopardise family relations. Just as concern is likely to restrict the development on the individual, it may also hamper the direction and intensity of renewal. What is referred to as concern-based individuation on the individual level corresponds to outcomes on the organisational level conceptualised as *focused strategic renewal*.

The term focused strategic renewal has not been discussed from a theoretical point of view. Within the strategy literature, renewal is somewhat differently operationalised. To some researchers, renewal equals major, radical change (Hurst et al., 1989; Burgelman, 1991). Others argue that renewal implies continuous improvements and adaptations incrementally changing strategy (Crossan et al., 1999; Floyd and Lane, 2000; Spender and Grinyer, 1996). In contrast to radical change, which denotes a fundamental reorientation of the business, renewal takes the past as a point of departure for incremental moves, gradually influencing the organisation. This means that, although renewal depends on questioning and challenging, it is inherently path-dependent, where history matters (Teece et al., 1997: 522, see also Huff et al., 1992). In other words, “renewal requires that organisations explore and learn new ways while concurrently exploiting what they already have learned” (Crossan et al., 1999:522, building on March 1991). Using various concepts, several authors highlight the interplay between stability and change as integral to renewal. In addition to Crossan et al.’s (1999) and March’ (1991) conceptualisation as exploitation and exploration, Teece et al. (1997) refer to this interplay as the balancing of efficiency and flexibility. Even if not explicitly referring to renewal, other researchers stress the interplay between stability and change as truly important for organisations. Mintzberg and Westley (1992) discuss the strategically important balance between focus and change. Likewise, Johnson and Scholes (1999) highlight “the mutual questioning and challenging around a shared purpose or vision” (p. 498). In addition, some authors even go as far as to argue that managing this tension is essential for the competitiveness of businesses (Teece et al., 1997; Crossan et al., 1999). March (1991), points out that “maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity” (p.71).

Although using different concepts, there is a relatively widespread agreement that the tension of the feed-forward (exploration) and the feed-back (exploitation) processes makes up the “fundamental challenge of strategic renewal” Crossan et al. (1999). In essence, this corresponds to my interpretation of renewal. March (1991) refers to exploitation as “the refinement and extension of existing competence, technologies and paradigms”, and explorations means the “experimentation with new alternatives” (p. 85), through “the search for new ideas, markets or relations” (p.73).

The research referred to so far views renewal as either radical or incremental. In contrast, Huff et al. (1992) hold renewal to incorporate both kinds of change. Agreeing that renewal efforts are path-dependent and continuously ongoing, the authors argue that they are “pulsing in ways that depart more and less dramatically from the status quo over time” (p. 1992). The key driver of these efforts of change is the tension between inertia, i.e. “the level of commitment to current strategy, reflecting individual support for a given way of operating, institutional mechanisms used to implement strategy, monetary investments and social expectations” (p.56), and stress, i.e. “the dissatisfaction of individual actors and imperfections in the fit between the organisation and its environment” (p.58).

The tension between inertia and stress could give rise to two different kinds of renewal: homeostasis and synoptic. Homeostasis renewal refers to “incremental adaptation within the framework of the current strategy” (p. 60), i.e. “state sustaining renewal” (p.60). This kind of strategic renewal implies relatively small, continuously ongoing, incremental first order or single-loop learning (Argyris, 1977) efforts of change. This does not mean that innovations and entrepreneurial activity is excluded. However, it means that such efforts do not endanger the underlying business philosophy. Homeostasis renewal “has an orderly core even when innovation is the norm” (Huff et al., 1992:60). According to Prahalad and Bettis (1986) this means that incremental, adjusting renewal takes place within the “dominant logic” of the organisation:

“Dominant logic ... is a mind set or a world view of conceptualisation of the business and the administrative tools to accomplish goals and make decisions in the business. It is stored as a shared cognitive map (or set of schemas) among the dominant coalition. It is expressed as a learned, problem-solving behaviour”

(Prahalad and Bettis 1986 . 491).

Homeostasis, first order renewal is likely to lead to organisational action based on “personal commitments, financial investments, and institutional mechanisms supporting the current way of doing things”, i.e. inertia (Huff et al., 1992:55). With time homeostasis renewal is therefore likely to lead to stress, i.e. to a “mismatch between the demands and opportunities facing the organisation and the capacity of the current strategy to respond to those conditions” (p.55). In this sense, the interplay between inertia and stress causes the organisation to undertake more radical change. These changes,

conceptualised as synoptic renewal, result in a break with the dominant logic, i.e. a second order, double loop learning (Argyris, 1977) change. Synoptic renewal corresponds to the view of renewal as major, radical change (Hurst et al., 1989; Burgelman, 1991), and usually it begins with a growing dissatisfaction within the organisation (Huff et al., 1992). Synoptic renewal takes time to accomplish. A significant transformation means getting an overall organisational commitment for the new direction, as it requires the working out, and implementation of the many details of change (Huff et al. 1992). If successful, synoptic renewal leads to a new dominant logic of the organisation.

The concept renewal in the discussion that follows, refers to the continuous tension between exploration and exploitation, leading to incremental adaptations within the current dominant logic of the organisation. To emphasise the dominant logic as framing renewal, the prefix *focus* is used. Focus refers to changes undertaken with core values and established business philosophy as a point of departure. Referring to the commitment to core values as the underpinning of change, focused renewal shares with the homeostatic the origin in the dominant logic of the organisation, and the incremental character of the changes. However, focused renewal deviates from homeostatic in the sense that it does not presuppose inertia and accumulated stress ending in radical change. Quite on the contrary, focused renewal as defined here refers to changes that, although incremental and committed to core values, likewise prevent the organisation from being inert (as illustrated by the empirical motivation of the concept). Finally, to emphasise that the renewing activities comprise the whole organisation the term strategic is used (Mintzberg and Westley, 1992). Hence the concept focused strategic renewal.

Finally, it is interesting to note that, in the family businesses studied, focused strategic renewal leads to a continuous pattern of related diversification³.

In Indiska continuous (individuation) efforts by Åke, Anders and Kicki result in a solid knowledge of India as a supplier market, benefiting to supplier relations, knowledge of cost structures, adaptation of the goods to the taste of the Swedish customer, and the like. Especially during times when the company decides to pursue its “Indian” way of doing things as opposed to imitating competitors, reliance on the dominant logic proves beneficial. Based on this dominant logic, new, related products and “sub concepts”, such as “sensing”, are continuously introduced. In ACTAB, Martin’s, and especially Steve’s enduring contributions lead to a solid knowledge of metal parts, established through continuous improvements. Based on the core values of the family,

³ Related diversification refers to “development beyond the present product and market, but still within the broad confines of the ‘industry’” (Johnson and Scholes, 1999:323). This means that “even though related diversification takes a company beyond its present products and markets, it still keeps the company in areas where it has some knowledge” (Johnson and Scholes, 1988: 160). Similarly, Jones (1998) refers to related diversification as “the entry into a new domain, that is related in some way to an organisation’s core domain” (p. 296)

ACTAB develops rather extensively due to the efforts of the second generation. This turns the business into “*a refashioner*” within the metal part industry, displaying a way of thinking which is the “*most modern among the Scandinavian metal part producers*” (David). Starting as a local producer of precision parts, ACTAB is today an international partner to customers within five related business segments.

In both Indiska and ACTAB the continuous pattern of focused strategic renewal suggests a long-term strategy of related diversification. When the dialogues were conducted (1999-2000), Marianne had only been CEO for about five years. For this reason, conclusions regarding the long-term impact of her influence on the company in terms of strategic outcome are difficult to make.

Conclusions

The overall conclusion of this discussion is that the meanings inherent in the family business – derived from the basic functions of the family (the paradox of identity) and manifested in family interactions – give rise to a dynamic with corresponding individual and organisational implications. On the individual level the simultaneous need for belonging and separation (i.e. relational and expressive rationality) signifies, what is here conceptualised as concern-based individuation. This corresponds to focused strategic renewal on the organisational level. These conclusions are illustrated in figure 9.1.

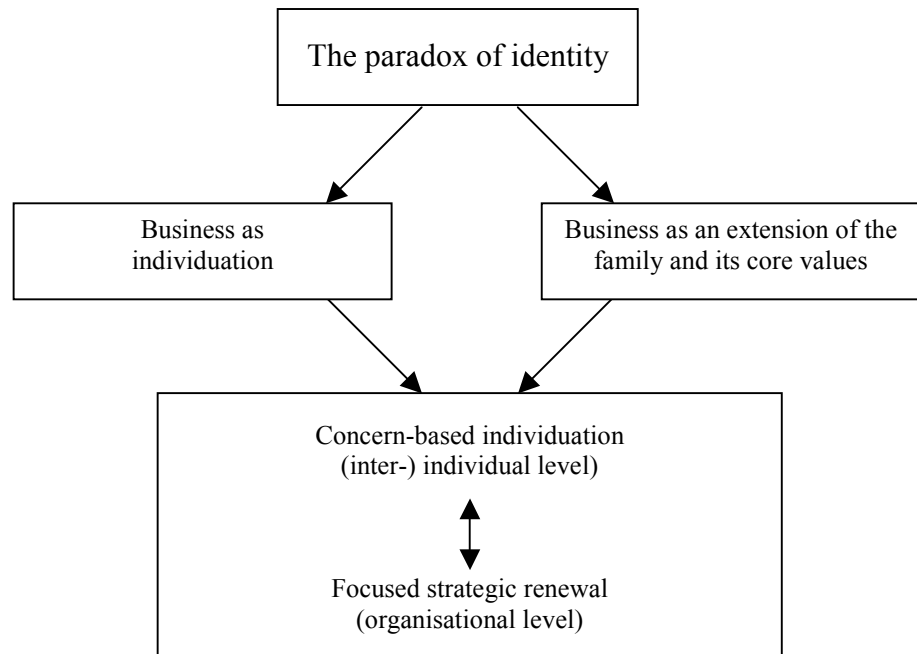


Figure 9.1 Conceptualisation of family interactions as strategising

Concern-based individuation and focused strategic renewal produce an understanding of strategising based on the interactions of genuinely related family members. Focused strategic renewal is the outcome of the interplay of interacting family members' simultaneous need for individuation and belonging. The need for individuation prevents inertia and might lead to strategic renewal. As the renewing efforts are circumscribed by concern they do not result in radical change, but rather an incremental one. Thus, strategic focus is preserved. If successful, these renewing efforts support the process of individuation, i.e. differentiating and separating of the individual from other actors within the business. This means that concern-based individuation and focused strategic renewal are highly interdependent and mutually reinforcing categories, originating in the paradox of identity inherent in the family.

In the language of rationality, concern-based individuation and focused strategic renewal are outcomes of the interplay of expressive and relational rationality.

Concern-based individuation and focused strategic renewal illustrate strategising as realised through ongoing family interactions. In addition, these concepts support the argument that strategising undermines the distinction between process and content (Johnson et al., 2003). Concern-based individuation and focused strategic renewal illustrate outcome and process as

inherently intertwined and inseparable. Individuation refers to the continuous process of becoming (Denzin, 1984; Harré, 1984, Horrocks et al., 1972; Scarf, 1995). Becoming is the continuous coming into being, and so there is no possibility of separating process from content. The same reasoning might be applied to renewal. As defined here, renewal entails both the ongoing process of incremental change and its outcome. Like becoming, renewal is both content and process. The process is the content, and vice versa. What appears as content when viewed in a frozen moment of time is nothing but a snap-shot of an ongoing process of content becoming.

Strategising through genuine relations: Role transition requirements

The first part of this chapter illustrated that strategising is realised through continuous family interactions, conceptualised as concern-based individuation and focused strategic renewal. This part argues that for focused strategic renewal to be sustainable over time the challenges of role transition must be faced. As discussed in chapter eight, role enactment fulfils important psychological needs such as individuation, belonging, meaning and control. If these dimensions of role enactment, and their implication for role transitions are not recognised, and accordingly acted upon, a family business in the process of succession is likely to end up with confused, and bewildered individuals. A likely outcome of this is reluctance towards exiting accustomed roles, and entering new ones. In the end, such reluctance might endanger the continued viability of the family business.

Again this highlights the importance of concern for family members. A successfully exiting and entering of roles is a highly social, interactive process, conditioned among other things by acknowledgment on the part of individuals and concern for each other's need for individuation. As pointed out by Shapiro (Scarf) (1995:168), "transitions are challenging, because they create a discontinuity of identity within relationships". In chapter eight, individuation processes were closely connected to role innovation. To role innovate means to enact a role so as to individualise it in accordance with own judgements and idiosyncrasies. In this way, role innovation is a means of individuation since it provides personal space (Ashforth, 2002), i.e. it differentiate an individual from others, not the least the previous role occupant. As suggested by figure 1.9, role innovation leads to strategic renewal. From this point of view, family members' mutual concern for each others' need of individuation is a prerequisite for successful role transition, and hence, for role innovation and business renewal. The discussion that follows in this last part of chapter nine further dwells on these arguments.

The reluctance to exit operative business roles, i.e. psychologically, and perhaps also physically disengaging from them, is a reoccurring theme in family business literature (Dyer, 1986; Handler, 1994; Kets de Vries, 1986; Schein, 1985). One reason for this seems to be the rather strong identification with these roles. The greater the amount of time, effort and personal sacrifice invested in a certain role, the more highly valued it tends to be, and the stronger the role identification (Turner, 1978). Judging from the strategic biographies, sacrifices of like these are common in family businesses, rendering the reluctance towards exit rather understandable. As pointed out by (Ashforth, 2002) role identification obstructs role exit. Conforming strongly and exclusively to a role means having no alternative, highly valued role to fall back on. Accordingly, the consequences for someone exiting such a role might be rather devastating, not only with respect to the need for individuation, but also for belonging. In addition to the potential loss of identity, someone exiting a highly valued role might have to abandon social identities and highly valued relationships. The reluctance to role exit might, thus, be based also on the need for belonging manifested in efforts to “maintain at least a minimum quantity of lasting, positive, and significant interpersonal interactions” (Baumeister and Leary, in Ashforth, 2002:70).

The family members in the strategic biographies testify to the difficulties of exiting accustomed and highly valued business roles. According to Steve, running ACTAB is *“a kind of life and to abandon that would, in a way, mean to die. It would be like depriving oneself of one’s beliefs, of one’s personality*. When Steve leaves the role as CEO to David he never considers leaving the business. By maintaining an operative role in the business, he wants to be able to assist the external CEO: *“What I hope is that he (David) will turn to me, and get my support for the decisions made, and then I still have a big part of this”*. To Kicki, leaving the long enacted role as head of purchasing is tantamount to *“a kind of identity crises”*. In addition, Knut refers to his exit from the role as CEO of Atlet as *“hard”*, incorporating feelings of being *“an outsider”*. Finally, when talking about the process of leaving the role as CEO, Åke says: *“It is worse for me to let go of this than it would have been for someone who is a more distant CEO. It’s a very difficult process when you have had your own business and have been used to being asked about everything. Today, I am asked about nothing”*.

The extended meanings of the business (individuation and business as an extension of the family and its core values) cause a commitment to the business and a desire to keep control of it. According to Ashforth (2002) a motive for control is *“a motive to master and to exercise influence over subjectively important domains”* (p. 67). Being in control means enacting a role with influence over a domain that is of importance in accordance with one’s own desires, and with involvement and responsibility. Also, *“a sense or control over the enactment of a role identity enables one to personalise and own the identity, to more fully internalise it as an authentic expression of self”* (Ashforth, 2002:68).

The various ways the representatives of the businesses talk about their reasons for working and remaining in the businesses highlight the need for control. In Indiska, both first and second generation family members are very firm in their intention to secure that, also when they leave their operative positions, the company is continuously run in accordance with the core values. Before formally leaving the position of CEO to Anders, Åke carefully makes sure that his son agrees to his business philosophy: *"If his opinion had been radically different, I wouldn't have let him take over as CEO"*. Moreover, concern about the core values is an important reason behind Åke's hesitance to external ownership: *"Then we must forget everything connected to humanism. Then there is nothing left but to work for greedy shareholders who want to have every single penny for themselves"*. Even though less reluctant of dealing with external owners than their father, Kicki and Anders are deeply concerned that the company is run in accordance with the core values: *"I am worried about...I think that if we were to sell this out completely I think there would be a very big risk of the whole engagement for India to disappear, a risk of Indiska turning into a different business"* (Kicki). They see it as one of their main responsibilities to make sure the future Indiska is run in accordance with the core values: *"Ownership is important...what we stand for, the culture, the continuity. I hope, and as long as I can see, and hear, and understand, I will see to it that this company remains a family business, at least from a cultural, visionary, and strategic point of view"* (Anders).

Although he does not explicitly state so, it seems likely that a serious threat to the core values is among the reason why Steve, in spite of having appointed an external CEO, never gives up operative control over ACTAB. When employed as external CEO everything seemed to work fine. David is welcome by everyone in the business, and he is very optimistic about the future of the company. After a while differences in Steve's and David's ways of thinking are out in the open. Focusing on formalisation, calculations and efficiency, David has the intention of expanding the company: *"In my opinion sales can be doubled in five years. ... I want to turn it into an ACTAB in Sweden, not an ACTAB in Greenbay"*. Moreover, in order to get a *"quick profit improvement"*, he suggests that employees should be given notice: *"I've told Steve he has to get used to the thought ... After all, that's why I am here, to make the company grow, and to make money to the family, I mean, that's rather obvious"*. In contrast, Steve emphasises things like joy of creating, keeping the family heritage, and concern not just for the family, but also for employees and customers: *"This is not a way of getting a capital. I mean, its kind of satisfactory that many people have a job here, and that it works, and that I enjoy coming here. But in terms of dollars or cents, no. I want ACTAB to continue being a good company in Greenbay. I want it to be a secure work-place for people living in Greenbay. I want to be able to walk through the village of Greenbay knowing it's a pleasure to meet"*. Indeed Steve and David have very different ways of thinking about the business. If David's ambitions were, they would violate the core values of ACTAB. Most likely, this is one of

the reasons why Steve never really surrenders the operative control over the business. In turn, this leads in the course of time to a prolonged conflict between the former and present CEO, which only end when David leaves the company.

In sum, the extended meanings of the business illustrate a strong identification with the business roles, and, hence, desire to keep them under control. This is manifested in the reluctance to role exit. The biographies illustrate that it is hardly realistic to expect someone to leave a highly valued business role in the absence of a substituting role assuring the fulfillment of these needs. In the presence of a substituting role it is, however, not possible for someone's identity to shift in favor of this (Roos and Starke, 1981: 300).

The need for a substituting role highlights the other end of the role transition continuum: role entry, i.e. the psychological engagement in a new role. As discussed in chapter eight, the difficulty of role entry varies in accordance with a number of attributes. The biographies suggest that the magnitude of the transition is of the most central. The magnitude of the transition refers to the degree of role contrast, i.e. "the number of core and peripheral features of role identity"⁴ that changes because of the transition from one role to another, and the extent of the changes (Ashforth, 2002:89). The lower the contrast between the exited role and the one to be entered, the less difficult is entry into the new role. This explains why leaving an accustomed role in a family business does not mean exiting it, but rather a new business role and/or an intra-role transition, i.e. the change in attitude towards, and enactment of, a role already occupied. When exiting operative business roles, family members remain in the business. Åke and Knut assume the position of chairman of the board. Steve independently runs one of ACTAB business areas while he keeps his board membership. Kicki, leaving her role as purchasing manager, is on her way to become vice CEO. Further, Anders says that, in the future, he will be *"more that happy to withdraw, to the side, in another role, and devote my time to what I like the most, supplier development. Or I'll work with the vision of a store in Bombay. I am Indiska, I love this company, it doesn't matter whether I do this or that. But I won't quit working. There is nothing as fun as Indiska"*. Finally, when leaving accustomed business roles, family members seem to prefer to move on to roles with low contrast in identity compared to the ones they exit (or are about to exit). When leaving their current role to a successor, they express a desire to keep on being wanted and valued for their knowledge and experience: *"I wish I could keep on working with the things I know and that I part by part, would be able to transfer my knowledge"* (Steve). Similarly, Åke expresses a desire to *"live here as mentor, and as chairman of the board"*. This illustrates once again the business as a means of fulfilling the needs for individuation and belonging.

⁴ Recall that core identity refers to the "goals, values, beliefs, norms, interaction style and time horizons, that are typically associated with a role" (Ashforth, 2002:6).

As already indicated, role exit and role entry are intimately related. Someone that succeeds in taking on, and identify with, a new role will have a relatively easy time exiting an accustomed one. This means that role transition processes are enhanced if the one exiting gets support in entering a new one. Like role exit, role entry might be difficult. As the biographies reveal, this appears to be especially so when the role to be entered is *ambiguous*, i.e. when the requirements associated with the role are unclear. Individuals facing role ambiguity are unsure of what is expected from them, because of a lack of knowledge of the content of the role. This could be the case if, for instance, guidelines and objectives are not clear. Situations of role ambiguity are often stressful since they denote a lack of knowledge of how to properly enact the role (Roos and Starke, 1981). Thus family members may be reluctant to enact a role if it is ambiguous.

Role ambiguity does not only impede role entry, but also intra-role transition - the change in orientation towards a role already. Role entry and intra-role transition are related, since they both have to do with the fulfillment of new expectations, either through a different role, or through a change in role already occupied. The difficulty of role entry/intra-role transition due to role ambiguity is illustrated by all three family businesses. Role ambiguity is evoked when an individual who passively occupies a role suddenly is requested to actively enact that role. This is the case with the owner role in both Atlet and ACTAB, albeit under different circumstances. In Atlet, role ambiguity was evoked when Marianne's sisters are asked by their father to start enacting their roles as owners by taking on positions as members of the board. To the sisters, this means enacting totally new roles as board members. For reasons of ambiguity, and probably also due to the high contrast between their board positions and their highly valued professional posts, their entrance into the new role is all but easy. Although finding it interesting to take part in the board meetings, they do not really feel confident in their role as owners, because they feel that they lack the right competence. As the siblings indicate, this negatively affects their individuation: *"We all feel we lack knowledge. We don't feel we have any impact. We don't have the same value, or function, as an external board member"* (Monika). *"It's so terrible embarrassing that I don't have more knowledge. To me it's humiliating"* (Margarita). *"As a doctor I have a lot of power, and I am respected, and suddenly one sits there like nobody, that's what I find hard"* (Lillian).

The difficulty of intra-role transition of the owner role is illustrated by ACTAB, where the role as owner seems to be submissively integrated, i.e. hidden in business roles. Being an owner is important in the sense that it enables a freedom of enacting the business roles in accordance with the own way-of-thinking, but apart from that the owner role is given much thought: *"They tend to be totally integrated, and somehow, this is typical for these kinds of businesses"* (Steve).

When the owner role is suddenly more visible due to the entrance of the external CEO, its ambiguity becomes evident. Steve and Marion never think of

the company solely from their roles as owners when they are asked to do so by the external CEO. Probably as a consequence of this, the content of the role as owner is never clarified during the period of external management; but it continues being ambiguous to the siblings. Accordingly, they are constantly reluctant to provide David with the declaration of the owner's will, which he repeatedly asks for. Even though Steve and Marion eventually start to regard ownership as a role possible to enact in distinction, they do not reach a point of defining its content. Thus, they never act as owners in relation to their external CEO. Not able to ensure control over the business through their roles as owners, they tend to do so by falling back on their traditional leadership style, thereby causing a situation of parallel leadership and confusion among the employees. As a result, the changes initiated by David are all the more difficult to implement. Even if this is the sole reason for David to leave the company, it most likely is among the contributing factors.

In contrast to the actors in ACTAB and Atlet, the family members in Indiska are on their way of gradually growing into the enactment of the role as owner. This more incremental mode of role learning appears to reduce the ambiguity of the role, and thereby the reluctance towards enacting it. Anders describes how Indiska has gradually been changing *"from a one-man show into a family show into a family organization, a decentralized organization"*. Having entered the last stage, the business relies on the contribution of several individuals, not only family members, in order to prosper and develop. Anders argues: *"We can't sit here and be a hindrance to the career and development of competent employees"*. For this reason, the family has to *"change areas of responsibility into being owners"* (Anders). By actively enacting their owner roles, second generation family members intend to make sure that Indiska is run in accordance with *"what we stand for, the culture, the continuity"* and that the business *"remains a family business, at least from a cultural, visionary and strategic point of view"* (Anders). Likewise, Kicki talks about her *"new roles as mentor for younger employees, who I really would want to succeed in the business, who will carry on the culture of the business"*.

The discussion in this chapter illustrates role transition as processes of learning (Ashforth, 2002) in which actors have to get socialised into their new roles. In Atlet, Marianne describes how it took her and her father several years to get used to their new positions. Also Knut testifies to the hardships of coming to terms with a non-operative role in the business: *"It's a very big difference between being chairman of the board with only a partial contact with what's happening, and to be part of the daily operations"*. Kicki describes her and her brother's change to less operative roles as *"a process of assurance"* and she talks about the difficulties she felt in *"mentally arriving"* at her new, and rather different role as vice-CEO. The way Kicki talks about role transition as *"processes of assurance"* illustrates the point made by Ashforth (2002) that long duration periods tend to facilitate role transitions. Further, role clarity, fulfilled when an individual is sure of the expectations connected to a particular role

(Roos and Starke, 1981) is seen as essential for successful role entry, not the least with respect to the difficulties of role ambiguity discussed earlier. Role clarity is important since “the motives for identity, meaning, control, and belonging can only be addressed if the individual has a clear understanding of his or her role” (Ashforth, 2002:186). As role identification leads to role innovation and strategic renewal, role clarity is essential also from the point of view of organisational viability.

Role learning and role clarity are social processes of inter-individual negotiations. Role entrants are highly dependent on a supportive “climate for learning – a nurturing atmosphere within which newcomers can experiment with their nascent role identities” (Ashforth, 2002:190). Again, this highlights the importance of not placing the coming generation in the “shadow” of the present one. In order for someone not only to learn, but also to make a valuable contribution to the role (role innovation) it is important that role doubling is avoided. This requires action to prevent the predecessor from falling back on the roles he/she has formally left. If the predecessor does not find a substituting role, or fails to identify with that role, there is the risk of formal exits not being actual exits. This emphasises the need of acknowledging the inter-dependence of role exit and role entry. If an individual exiting a role is not able to learn to enact and identify with a new role, he/she will probably impede the predecessor’s chances of entering and innovatively enacting that very role, thereby restricting renewal. The period of external management of ACTAB amply illustrates this.

The biographies also indicate that the difficulty of transitions is not only due to role ambiguity but potentially also to different individuals diverging comprehensions of the identity of a certain role, conceptualized as a difference between its expectation and perception. Whereas role expectation refers to “how others believe a person should act in a given situation”, role perception is taken to mean the “individual’s own view of how he or she is to act in a given situation” (Robbins, 1997: 296). Although role expectations and role perception tend to overlap in the sense that the former often influences the understanding of the latter, they are not totally integrated, something, which, as suggested by the ACTAB case, might impede an efficient transition process. This is perhaps the case with the role as CEO in ACTAB when it transfers from Steve to David. The way they talked about and acted in this role, Steve’s expectations of the role he refers to as CEO is probably rather different from David’s perception of it. In order to understand this, the distinction Steve makes between the role as CEO and the role as entrepreneur serves as a useful point of departure. From Steve’s way of relating to the business, expressed through talk and action, it is apparent that he does identify very closely with the role as entrepreneur. Being an entrepreneur does not just mean occupying a role; rather, it is way of manifesting and expressing his personality. Running the business is far more than making a living – foremost it is a means of individuation. If it were not possible for Steve to continue working with

developing his business unit, the succession would probably be much more difficult, or even impossible. Since Steve does not act like a “manager”, leaving the role as CEO to David entails no radical changes in relation to the much higher valued role as entrepreneur, to which his identity is tied: *“It won’t be very different. I mean, I haven’t really quit although David has taken over responsibility for administration and organisation”*. By hiring an external CEO, Steve hopes to lessen the roll spill over he experiences due to his simultaneous roles as head of business and family. His intention is that *“many of the things he found boring, and for which he didn’t have the talent, such as budgets, the closing of books, and follow-ups, much of the administrative stuff”* (Annie) would be handled by the external CEO. However, his intention has never been to give up control over the company: *“I mean, what I hope is that he (David) will turn to me and get my support for the decisions, and then I still have a big part of this”* (Steve). David does not seem to perceive his role as CEO as mainly an administrative one. Through initiating a rather radical change in leadership style with a more decentralised, yet more formalised, organisation his goal is embark on increased profitability and expansion. The increasing difficulties of cooperation between the exiting and entering CEOs are most probably due to the way in which Steve’s expectation on the role turn out to differ from David’s perception.

In sum, this discussion emphasises role transition as highly social processes, in which transiting individuals are mutually dependent on successful exiting and entering of roles.

Conclusions

“You have to observe yourself very closely. You must have a holy will to solve these issues of succession, otherwise you will fail” (Åke).

As time goes by and people age, a family business will eventually face role transition. As family members’ enactment of operative roles within the family business constitute an important means of individuation and belonging, it is quite understandable to refer to role transition, i.e. as the “ultimate test of the family business” (Gersick et al., 1997:193).

Succession comprises three dimensions, technical, organisational, and psychological. Although the first two tend to be in focus, the last one is argued to cause the family business most problems (Kets de Vries, 1996). In addition to illustrating succession as challenging, the research presented here suggests that the psychological and organisational dimensions are highly interrelated. The failure of role transition may lead to role doubling with consequences both for the needs of the individual, and the organisation. If a predecessor does not leave a role as supposed, the succeeding role entrant may be prevented from making a contribution as a role innovator, whereby organisational renewal is likely to be impeded. The biographies suggest that people can best express themselves when they feel trusted enough to act independently in the roles they

occupy. Not having to work “in the shadow of old heroes” seems to be a prerequisite for valuable contributions to the business by role innovative succeeding generations. The ability of family members to fulfil the need of individuation through taking over, and innovate, business roles previously held by older generation appears to be important for the development of family businesses. This requires the predecessor to pay attention to the need of the younger generation by paying close regard to not fall back on the role. It demands the predecessor have viable alternatives for the fulfilment of the meanings inherent in the role to be exited.

For owner-managers, a strategically important alternative is to start enacting their role as owner as distinct from the operative business role. This might require an intra-role transition, i.e. a change in orientation (Ashforth, 2002) towards the owner role. In this way, role exit evokes the need for the separation of previously integrated roles, and, consequently the need for the enactment of former hidden roles. Having exited highly valued, and dedicatedly enacted, operative business roles, it may very well turn out that the owner role is rather ambiguous if isolated. As suggested by the ACTAB biography, this possibly obstructs intra-role transition and leads to reluctance of role enactment. For an owner-manager who has never enacted the owner role as distinct, there is likely to be a lack of knowledge of the content of the previously hidden role, manifested in an insecurity of the expectations that are tied to it. In such situations, individuals do not know how to fulfill the roles they occupy. If, as a result, a new role is not entered, or an intra-role transition, such as a change from passive to active owner, is not fulfilled, the role in question will not be enacted. This may be a personal loss, since the individual failing to transit roles is caught in a situation with no identity-, meaning-, and belonging-providing role.

The failure of intra-role transition of the owner role may also have serious strategic implications for the organisation. This has been illustrated by the reluctance to actively enact the owner role. The problem is evident in ACTAB where it leads to a situation of role doubling, and a lack of owner directives to the external CEO. Such a situation could lead to politicking and paralysing. Thus, ACTAB's biography indicates that successful owner intra-role transition is essential for an aging and growing family business. Since roles tend to be highly integrated in family businesses, knowing how to separate and enact them as distinct is important.

It takes both individual firmness and social support for role transitions to be finalised, i.e. for the change in roles to be rendered normal (Ashforth, 2002). If the exiting part is unable to find, accept, and adjust to new roles as a means of fulfillment of human needs, they are likely to fall back on the role they are supposed to exit. If this is the case, it hampers the individuation process for the ones succeeding them, and hence role innovation and business renewal. It is essential to acknowledge the continuous need for individuation and belonging of individuals exiting and entering roles as inter-related, in order support the

transition of both parts. While there seems to be a rather wide spread understanding of the importance of preparing the succeeding generation for their entrance into strategically important business roles, much less focus is placed on the needs of the exiting generation (Ashforth, 2002). However, as the successful entry of role depends on the exiting part's successful entry into a new role, the transition is not likely to be finalised unless attention is paid to the need for individuation of both parties.

In the language of role theory, an important means of paying concern for the continued need for individuation during processes of role transition is *role clarification*. Clarifying a role means to making explicit its identity, i.e. its values, norms, goals and interactions style, to both the role entrant and to the members of the entrant's role set. The absence of role clarification, i.e. role ambiguity (Roos and Starke, 1981) is likely to evoke feelings of frustration and bewilderment, and a reluctance to enact the role in question. Consequently, the fulfillment of the needs of identity, belonging, meaning, and control is counteracted (Roos and Starke, 1981).

As suggested by the ACTAB biography role clarification is important for the separation of integrated roles, such as the roles an owner and manager. It is not until the owner role is comprehended as separate from the manager role that a change in attitude towards the role, i.e. an intra-role transition, is likely to come about. In order for the owner role to be viewed as separate, its specific content has to be clarified. Only when the content of a role is clarified do individuals have the possibility to make relevant contributions as an enactor of that particular role, and have their needs of identity, belonging, meaning, and control fulfilled by the role.

Role clarification does not, per se, reduce the magnitude of the role transition, i.e. the contrasts between the roles to be exited and entered (Ashforth, 2002). It might, however, render the transition process less ambiguous, for instance by reducing the risk the role set's expectations on the role is incompatible with the role entrants' perception of it. As a result, role clarification perhaps makes it easier for someone identifying closely with a role to transit the identity into another role. This leaves space for a successor to enter, and to innovatively enact, the exited role, hence turning it into a means of individuation. As earlier argued, the organisational outcome of this, highly social and interactive process, may be focused strategic renewal. Meeting the challenges of role transition in the family business seems to be a prerequisite for focused strategic renewal to be an outcome of strategising that is sustainable over generation. Figure 9.2 illustrates the suggested interrelationship of role clarification, role transition, role innovation/individuation, and focused strategic renewal.

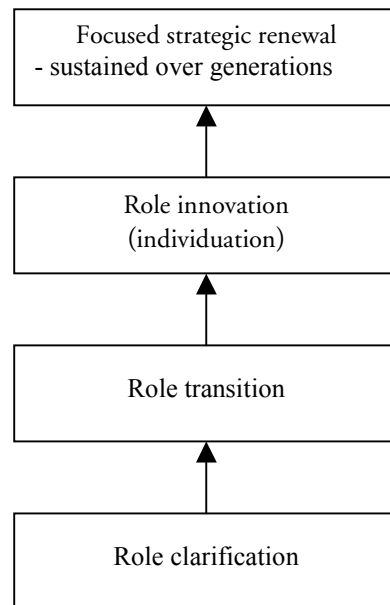


Fig. 9.2 The relationship between role transition and focused strategic renewal

In the first section of the chapter, concern to others was referred to as framing individuation mainly in a restrictive sense (in the acknowledgment of the need fore belonging as important to a healthy individuation process). This discussion has illustrated that concern for others might also enhance individuation. If role entrants assist their predecessors' entry into new roles, for instance by taking part in clarifying the content, the likelihood for the role entrants to innovatively enact the roles taken over, and individuate through them, should increased.

The discussion in this second half of chapter nine illustrates the complex and interactive character of role transitions processes. Indeed, role transition "takes place in a rich stew of social, cultural, financial, legal, strategic, moral, and other dimensions that resist neat linear thinking" (Aronoff, 2002: 28). The complexity of role transition processes makes it necessary to approach them with special regard paid to the fulfillment of basic human needs inherent in role transitions. The risk of lost identity of someone who is supposed to exit a highly valued role must be recognized as perhaps the most impeding factor for the contributions of coming generations, and hence, for sustained business renewal. If for no other reason than the viability of the business, efforts should be taken into assisting the exiting individual in continuing his or her individuation through new roles. The overall conclusion of this discussion is that, *sustained business renewal seems to depend on finalised role transition, which, in turn, relies*

on concern for the continuous need for individuation and belonging of the individuals exiting and entering roles.

This conclusion takes us back to one of the starting points of the thesis, the paradox of identity. It illustrates strategising based on individual needs fulfilled in interactions within the organisation. The interactive perspective on strategising emphasises the interplay between the individual, the group, i.e. the family, and the organisation. These three units are inherently interdependent, representing different dimension of continuous strategising.

10. Conclusions, contributions, and implications

This chapter contains the overall conclusions, contributions and implications of the research. A short summary of the thesis serves as a point of departure.

A summary of the thesis

This thesis deals with *strategising* in the context of genuine relations. Focus is on every-day interactions, and their related strategic outcomes for family business.

The *relational, inter-active aspects* of strategising are emphasised. An interactive approach to strategising generates an interest in interactions, and their character (Johnson et al., 2003; Ericson, 2000). *Genuine relations* are highlighted for two reasons. The first emanates from my personal interest in family business. The other is that interactions based on genuine relations are not explicitly taken into account in strategy research. Genuine relations “refer to close relations with particular well known others, such as friends or family members” (Sjöstrand, 1997:25). The thesis focuses on interactions based on genuine relations between family members. Family relations are assumed to be among the most genuine. In addition, the family is considered a central institution for the regulation of human interaction (Berger and Luckmann, 1966; Friedland and Alford, 1991; Powell and DiMaggio, 1991; Sjöstrand, 1993). The family has certain functions central to the well being of the individual. Besides primary socialisation (Berger and Luckmann, 1966), the family should provide the individual with a healthy balance between the basic human needs of separation and belonging. In the literature, the balancing of these needs is conceptualised as *the paradox of identity*. The interplay of the needs of separation and belonging ascribes *two extended meanings to the family business*, *business as a means of individuation* (the need for separation), and *business as an extension of the family and its core values* (the need for belonging). The interplay of these meanings gives rise to interdependent and mutually reinforcing implications for the individual and the organisation. These implications, conceptualised as *concern-based individuation*, and *focused strategic renewal*, promote an understanding of strategising in the family businesses studied.

To sustain focused strategic renewal over time, the family business is required to meet the inherent challenges of role transition, i.e. the exit and entry of roles. For family members, the enactment of top management role in the family business seems to be an important means of fulfillment of the needs of separation and belonging. Unless this is recognised and taken into consideration, role transition is likely to be more difficult, and even shunned. As a consequence, strategic renewal might be impeded. The thesis emphasises the inherent social character of role transition processes, and puts forward role clarification as a central means of facilitating role exit and role entry.

Understanding the interactive dimension of strategising in the context of genuine relations requires an in-depth understanding of the interplay between the individual, the group, i.e. the family, and the organisation.

Contributions to the strategising perspective

The strategising perspective is concerned with everyday activities, practices, and inter-actions and their related strategic outcomes. From the strategising perspective, content and process are intertwined in the sense that “content ... is seen as an inherent and indissoluble part of ongoing process” (Johnson et al., 2003). The concepts suggested for understanding strategising in the context of genuine relations, concern-based individuation and focused strategic renewal support this argument. Individuation and renewal are simultaneously both process and content. Individuation refers to the continuous coming into being, and as such separation between the two is not possible. The same reasoning applies to renewal, since it is defined as constituting the ongoing process of incremental change and its outcomes. Outcomes come out of process, and process is ongoing outcomes.

The research highlights the importance of context, also emphasized by the strategising perspective. The contextual account of rationality makes clear an understanding of human interactions, including strategising, would not be possible without sensitivity to institutionalised norms, values, and traditions. The biographies illustrate how the internalisation of, and concern for, core values shape strategising over time. These values originate from the family. In ACTAB and Indiska values of humanity and social responsibility might be traced back to the pre-founding generation. This illustrates Bengtsson and Nygaards's (2002) argument that strategising might very well be anchored in contexts external to the business. As a result, individuals not employed in the business are likely to influence strategising. So might, for instance, a spouse, or a parent not active in the company exert an influence (Dyer, 1986; Karlsson-Stider, 2000). From an interactionist perspective, understanding strategising means understanding it as situated in interactions potentially also taking place outside the business.

Conclusions, contributions, and implications

The thesis also illustrates strategising as situated in history. In the family businesses concern for family and internalised core values, essentially influencing strategising, are shaped through interactions in early childhood. The verb *strategising* emphasises continuously ongoing “processes of becoming and sustaining” (Johnson et al., 2003:29).

From this point of view, strategising should benefit from retrospective studies, at least as a supplement to other approaches.

The thesis also emphasises the micro focus as essential for understanding the interactive dimension of strategising. Strategic actors are socio-culturally situated individuals with certain needs fulfilled through inter-individual interaction, influencing their strategising. If these aspects are taken seriously they will imply that the strategising perspective is faced with the challenge of undertaking “a micro-sociological analysis of the complex co-operation between the individuals ... – including even their own identity” (Nygaard, 2003:7). This thesis aims at confront this challenge. Focusing on genuine relations, the thesis provides an understanding of the influence of the basic human needs of separation and belonging on strategising, elaborated through the concepts of role, value, emotion, and rationality.

Through the focus on human needs, not only the interactions as such, but also their underlying rationales are highlighted. In addition to the questions who, where, how, and what addressed by the strategising perspective (Balogun, 2003;Whittington, 2003), the thesis focuses attention on the question “why”. Not very much attention has so far been paid to the question why (with the exception of rather general macro statements referring to a fit with the environment and the like).

Through its micro focus, the strategising perspective should have a potential of making significant contributions to strategy as a complex, multidimensional phenomena. This means that further in-depth attention must be paid to the invisible, informal and potentially unconscious aspects highlighted by “emergent strategising” (Eden and Ackermann, 1998). In dealing with the individuals’ rationales for action – here embedded in basic human needs fulfilled through interactions – the thesis takes the strategising perspective beyond both formal aspects, such as activities and tools. This illustrates the strategising perspective’s potential of going in-depth into organisations.

The thesis conceptualises the influence of family interactions on strategising as concern-based individuation and focused strategic renewal. Acknowledging that analytical generalisations – like all generalisations – are only applicable if not taken too far from their context (Alvesson and Sköldberg, 2000), the question is to what extent the interpretations and conceptualisations made here have relevance beyond ACTAB, Atlet and Indiska. As family businesses are not a homogeneous population, it is unlikely that the analytical generalisations are equally applicable to them all. However, as long as family businesses fall within the definition and criteria for selection used here, they might be characterised by the same overall dynamics as ACTAB, Atlet and Indiska. From this point of

view, also other family businesses should be able to use the thesis as a source of reflection on their own situations. This way of “leaving the extent to which a study’s findings apply to other situations up to the people in those situations” are referred to as reader or user generalisability (Merriam, 2001:211).

In other family businesses, there are likely to be dimensions affecting the application of the generalisations. Family businesses beyond the second generation may not have the same feeling for the founder’s values and business philosophy. This will probably affect their influence on daily interactions and strategic outcomes. From a kinship point of view, cousins are not as tightly related as siblings. This is most likely to affect the relative strength of the need for belonging and individuation, and thereby, strategising. Even though the “core” of the analytical generalisations might be relevant to different kinds of family businesses, its extent is probably modified by circumstances.

More speculatively, the analytical generalisations are likely to have some relevance to non-family businesses. Fletcher (2000:164) argues that “complex interpersonal linkages, emotions and affectionate ties predominate in all organisations (even if) possibly more complex and embedded in family firms”. To the extent that relations among actors of an organisation are based on genuine relations, the generalisations are perhaps worthy of interest. Besides kinship, genuine relations can also be based on love or friendship (Sjöstrand, 1997). At least to some degree, love and friendship are likely to be present in a variety of organisations. Further, even though the family is put forward as the context where the identity paradox might be most apparent, it is not unlikely that it has a bearing on other groups characterised by well-defined boundaries, durability and strong relations among its members. When colleagues are also friends, part of the dynamics of the needs to belong to, and differ from the group should be present. Durability of the social group and character of the relations among its members are probably more relevant criteria for judging the applicability of the analytical generalisations than any formal organisational definition.

Without reference to organisational form, the relevance of the analytical generalisation might be judged in accordance with Alvesson and Deetz’ (2000) suggestion that theory should be evaluated according to three basic functions: directing attention, organising experience and enabling useful responses. At least to a satisfying extent the concepts *concern-based individuation*, and *focused strategic renewal* are believed to meet these criteria. They could direct attention to the influence of genuine relations on strategy, hitherto only tackled partially. They might help organise not just my experience of family business dynamics, but also the experience of other researchers and practitioners. If found useful, they would probably lead to responses in the form of more conscious considerations of basic human needs in strategising. As argued by the thesis, such consideration may be beneficial to the individual and the organisation.

Contributions to the understanding of family business

As strategising has been studied within a family business context, any contributions to strategising are intertwined with those of the family business.

In the light of the proposed lack of empirically based research on family businesses (Sharma et al., 1997), the strategic biographies of ACTAB, Atlet and Indiska should, in themselves, be valuable. In addition, their thickness, created by the inclusion of different processes, issues and perspectives related to both the family and the business, the longitudinal, historic approach, and the presence of the actors' own voices through the many quotations, make them potentially suitable for interpretations from various perspectives. Hence, it should be possible to conduct further research with the biographies as a point of departure.

From a theoretical point of view, the thesis illustrates the relevance of the integrated systems perspective on family business (Kepner, 1991; Whiteside and Brown, 1991). Rather than the family business being a dual system, i.e. an overlap of two radically different and largely incompatible parts, the thesis underlines the system perspective's view of the family business as a tightly interwoven *family business* system, with its own dynamics and logic. The integrated systems perspective highlights family and business as mutually interdependent. The thesis emphasises this through the conceptualisation of family interactions as *concern-based individuation* and *focused strategic renewal*. Focused strategic renewal is the outcome of the interplay of interacting family members' simultaneous needs for individuation and belonging. The need for individuation might prevent inertia and lead to strategic renewal. As the renewing efforts are circumscribed by concern, they do not lead to radical, but to incremental change. Thereby, the strategic focus of the business is preserved. If successful, these renewing efforts support the process of individuation. From this point of view, the concepts illustrate the interdependence of the family and business. Thereby, a means of understanding the logic of the family business is proposed. Rather than being incompatible, family and business might support and reinforce each other in the context of the family business.

Understanding the complexity and dynamics of the family business means acknowledging it as a *system*, consisting of an *integration* of family - made up of individual, interacting family members - and business, and not as an overlap of parts. Discussing the well-being of the family business without discussing the well-being of the family, and vice versa, is as impossible as discussing the well-being of individual family members without discussing the well-being of the family, and vice versa. Understanding strategising in the family business implies an understanding of the interplay between the individual, the family, and the business. In the thesis, concern-based individuation and focused strategic renewal have been interpreted as the outcome of the interplay of basic

individual needs, fulfilled through *family interactions* played out on the *business arena*¹. This depicts strategising in the family business as deeply and tacitly embedded in a context of genuine relations.

Previous family business research has illustrated that family relations, values and emotions influence the business. Sharma et al. (1997:4) conclude that “the controlling family’s influence, interests and values have overriding importance” but that the impact of these dimensions on “the strategic decisions and performance of family firms ... has not yet been adequately explored”.

From this point of view the thesis adds to previous understanding of family business strategy. The concepts provided give an understanding of the influence of tacit and deeply embedded dimensions of family business strategising, such as family relations and values.

Methodological contributions

The thesis elaborates and applies criteria for evaluation of interpretative approach: reflexivity, richness in points, literary styling, multiple voicing and analytical generalisation. These criteria are probably not very much used in practice. Even strong advocates of interpretative methodology are rather silent about practical guidelines. From this point of view, the effort to apply these criteria may serve as an inspiration for future use of them. The interpretative approach has the potential to open up for new and though evoking ways of understanding social phenomena. However, it is not likely that researchers will be willing to engage in non-traditional ways of conducting research if they believe to be evaluated according to traditional criteria of generalisation, validation etc., not relevant for judging interpretative research. Given the substance of Pettigrew’s et al. (2001) argument of the lack of reflexivity within the field of strategy, the application of novel criteria of evaluation is a true challenge to the established research community.

I have made an effort to apply these novel criteria in several ways. I have to keep the reader close to the text by using a factual language. I have taken the empirical biographies beyond the idiosyncratic stage, by analytically generalising my interpretations. I have also tried to be true to the criteria of multiple voicing, not only by letting the individuals “speak for themselves” through quotations in the biographies, but also by allowing them to be with me throughout the interpretations and conclusions. In addition, I have tried not to leave behind potentially contradictory voices and aspects. This has perhaps rendered the emerging conclusions more complex, but hopefully richer in points. As Jönsson (2002) explains, understanding the complex is not a task of simplification, but rather one of turning and twisting, and viewing it from

¹ The reference to the business does not exclude other social settings as potentially influencing strategising. This multi-contextual dimension is discussed under the heading “Contributions to strategising” in this chapter.

various perspectives. Even so, the interpretations are synthesised into one overall albeit multidimensional, conclusion. This should, however, not be understood as *the* way of making sense of strategising in family businesses, but rather as *my*, hopefully trustworthy, understanding based on my interpretative repertoire (Alvesson and Deetz, 2000).

Ethics is a further methodological issue elaborated by the thesis. Ethics is a challenge to research, not the least to the ambition of the micro-strategising perspective to provide an in-depth understanding of organisations. Given this ambition, trustful relations between the researcher and the strategic actors are essential for meaningful interpretations. Such relations evoke the need for ethical sensitivity. Trust is likely to lead to the revealing of experiences, thoughts, and emotions of which individuals would otherwise not voice. Researchers should not be surprised to find themselves involved in rather private and sometimes even confidential conversations. Indeed, this is what I often experienced during the conversations. In chapter four, the issue of ethics is highlighted as a challenging and important methodological one. Though important, ethics is surprisingly little discussed. However, mere discussions of ethics are not sufficient. Future research faces the challenge of taking the issue beyond this stage and, as Balogun et al. (2003) suggest, ethical guidelines need to be established. The strategising perspective has a potential of serving as a base for joint collaboration and educative exchange among researchers in developing ethically grounded methods and criteria for evaluation.

Implications for practitioners

Thorough research has a potential to make a contribution – to whichever audience - in the form of trustworthy, thought-evoking suggestions. These suggestions, for instance in the form of concepts and models, become sense-making (Weick, 1995) devices by which reality can be interpreted, hopefully in a slightly novel way. This might render the complex reality a bit more understandable and manageable. One of the most important contributions made by research is the stimulation of creative thinking (Pettigrew et al., 1998; Melin and Hellgren, 1994).

“The primary role of both deductive and inductive approaches is not laying down laws, but helping practitioners to think more creatively about the complex shifting world in which they operate” (Pettigrew et al., 2002: 480).

Hopefully, the thesis will help practitioners to acknowledge the inherent socio-psychological aspects of strategy, and to take the impact of dominant values, emotions, role-identities, and rationalities serious before giving advice or taking action. In essence this means sensitivity to the question *why* individuals are in business, i.e. what the business means to them as individuals and as part of a

larger whole. It is important to be sensitive to family dynamics, not as a pre-given advantage or disadvantage to the business, but as an integral part, which needs in-depth understanding for relevant actions and advice. If this dynamic is neglected, the consequences might be negative to individuals, the family, and the business. Accordingly, “intervening in family firms ... can be dangerous if the interdependencies between the family and business systems are not understood” (McCollum, 1988:399). In this respect it is highly important that “family managers and professionals working with family firms ... learn ... about the effectiveness and endurance of the family firm by understanding the family dynamics that contribute to the management of business operations” (James, 1999: 61). Hopefully the thesis provides an understanding of the workings, importance and potential outcomes of the interrelationship between family and business, and the dynamics of the family business; in essence, with an increased sensitivity to the complexity of strategising in the context of genuine relations.

Suggestions for further research

A number of suggestions for further research can be considered in the light of this research.

It would be very interesting to research the impact on genuine relations in organisations other than family businesses. As argued, I believe genuine relations are present, and influence strategising in a wide variety of organisations. However, in non-family businesses, genuine relations would not involve kinship, but rather friendship. To my knowledge the influence of strong, enduring friendship on the formation of strategy over time needs further investigation. However, it may be more difficult to study the influence of genuine relations on the formation of strategy in non-family businesses, because, as has been discussed, family businesses are assumed to take relations into account in business decisions. As such assumptions are rarely made in relation to publicly held organisations, it may be illegitimate to raise questions on the impact of genuine relations on strategy formation.

The next question of interest relates to family businesses. Given the conclusion that the dynamic of the family might imply strategic renewal, how (if at all) is it possible to make it sustainable over multiple generations? One condition for this is the ability to handle role transition. However, another reason for the advantage, discussed throughout the thesis, is the second generation’s internalisation of core values on the basis of which the generic strategy is incrementally refined. Is it possible to preserve these values over generations, and if so, how? Whereas the second generation internalises the values directly from the founder, this is hardly possible from the forth generation on, since the founder is not likely to be personally present. Is it possible to transfer values over generations without the loss of meaning? What

happens to these values, and the strategy, when a family business moves beyond the second generation? It is argued that family relations and values might replace control (James, 1999; McCollum, 1988). Is it possible to keep culture as a control mechanism in an aging and maturing family business? What impact does growth – and the potential employment of non-family managers – have on this? Questions such as these are highly interesting for further research.

Moreover, as strategic renewal seems to be highly integrated with the ability to handle role transition processes, a deeper insight in the latter would be interesting. Although we know that role transitions are challenging and unavoidable, and that they have a considerable impact on the long-term viability of the family business, there are, to my knowledge, not many studies of these processes. It would be exciting to make an in-depth, real time case study of a role transition process. To understand role transition as an enduring process, such a study would ideally start prior to the actual transition and extend for a substantial period of time thereafter.

A further issue worthy of research is the employment of non-family CEOs in family businesses. As pointed out by both previous research and practitioners, the bringing in of a non-family executive tends to be a highly difficult undertaking. However, this area is surprisingly little researched. Although some difficulties are pointed out, for instance differing values, I do not know of any studies providing a deeper insight into the issues. For instance, what makes a succession to an external CEO (un)successful? What are the main differences between hiring a family vs. a non-family CEO, and what consequences will this have on the family and the business? As family businesses might not have a successor available in the family when this is needed, I believe research on this issue to be highly relevant.

Another issue interesting for further research is the role of emotions in strategising. Earlier research has illustrated that emotions are driving and counteracting forces for strategic change (Brundin, 2002). In a similar manner, this thesis suggests that emotions have a great deal of influence on strategising. Besides concern, the strategic biographies entail a number of emotions, such as pride, joy, self-confidence, frustration, anger, and trust, all potentially important for strategising. This underlines that further studies on the role of emotion in strategy contexts will be highly relevant.

The conclusions arrived at suggest that actors outside the business arena might have a considerable impact on strategising. As suggested by research on family businesses, women in the family not employed by the business often have a considerable impact on it (Karlsson-Stider, 2000). Further studies conducted on the influence of these invisible women might add to the understanding of strategising.

Finally, this thesis suggests that family interactions is a potential source of sustained focused strategic renewal, i.e. the interplay between exploration and exploitation of existing business resources (March, 1991; Crossan et al., 1999). A number of researchers argue that organisations characterised by this balance

are likely to possess a sustainable competitive advantage (Crossan et al., 1999; Johnson and Scholes, 1999; Prahalad and Hamel, 1990, Grant, 1991; Miller and Miller, 2003). In addition, family is explicitly put forward as a source of competitive advantage to family businesses (Habbershon and Williams, 1999; Cabrera-Suarez et al., 2001). Further research on the empirical relevance of these arguments, including the conditions under which they might apply, would be highly interesting.

Reflections in retrospect

Writing a thesis implies a great deal of learning. Looking back I believe there are things, which I would do differently if I were given the chance to do it all over again.

During the unfolding of the thesis, its focus has shifted somewhat. Initially, rationality was the main theoretical perspective. Repeating this exploratory, interpretative study again, I would make efforts not get caught in a certain theoretical perspective, but to deal with the empirical context with a more open-minded approach. The ambition would be to let the empirical context guide the selection of theoretical perspective. This is what I tried to half way through the writing process. It took me, however, a lot of re-writing and re-thinking to gradually move away from the rationality frame of reference. This is not to deny the necessity and the relevance of pre-understanding. As discussed in chapter four, pre-understanding is the underpinning of all interpretation. However, to be able to capitalise – in the fullest extent possible – on the advantages of in-depth case studies, one should be careful in, a priori, deciding the means of interpretation. My experience is that this might be a mental impediment, which is difficult to overcome when trying to see aspects of the cases not covered by the perspective in question.

In retrospect I also regret the exclusion of the third generation from the thesis. When approaching the empirical field, my pre-understanding of rationality and family businesses made me search for contextual rationality (Singer, 1994), i.e. actions based on norms, values, and traditions transmitted from the first generation to the second, would have an overriding impact on strategising. It seemed, therefore, relevant to concentrate on representatives of the two first generations. As it turned out this account of rationality was not as dominant as expected. However, by the time I decided to approach the empirical material with a more open-minded view, the biographies were long finalised. Besides, there was not enough time to start new conversations and include them in the texts. For these reasons, the third generation was not included. When viewed in hindsight, this is a pity, since it could have contributed to the overall conclusions.

In retrospect I also think I could perhaps have been more creative in the choice of method. Balogun et al. (2003) point out that one challenge of the

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strategising perspective is “to encourage greater self-reflection from respondents” (p.200). Arguing that traditional cases and ethnographic studies fall rather short on this, the authors suggest interactive discussion groups and self-reports as potentially more fruitful. My experience is, however, that conversations, although perhaps not the optimal method, could very well encourage self-reflection on behalf of the respondents. During my conversation with the family members it was not exceptional for them to express self-reflection by for instance saying ‘I have never thought of it in this way, but as I do...’, or ‘when thinking of it, this is how I feel..’. In this respect, and as for the historic approach of the study is concerned, I hold dialogues to be relevant. However, in retrospect, I can see that supplementing these with for instance self-reports could provide valuable insights. In addition, it would have been interesting to spend more time in the family businesses as an observer, in order to find out what observations could have added to the reconstructed understanding. Just like multiple voicing might lead to more nuanced interpretations, so might multiple methods. In a repeated study, I would put more efforts into using multiple methods as a means of accessing the individuals’ interactions, and their reasons.

Starting all over again I would put more faith in my interpretations. Even though it might sound as a paradox it was not until I started re-writing large parts of the manuscript, after a seminar in late 2002, that I really enjoyed writing. The discussion at the seminar made me realise that inherent in the interpretative approach is the need to put faith in the own ability to see things in the material, and to trust the relevance of the own way of seeing these things *as* something. When looking back, the process of writing was rather “mechanic” until I plucked up the courage to express my interpretations through the text. However, once I did, writing took on a different meaning. Rather than analysing the empirical material, I more felt like I entered a conversation with the field of family business and strategy, with the empirical material as a base. From this point on, I tried to work in accordance with a metaphor, introduced to me by professor Anne Huff: *“Doing research is like being at a cocktail party. As you enter the party you stand there with the glass in your hand, overlooking the many groups of people talking and you think: ‘which group will I move up to, and what might I have to say to them that would make them interested in listening to what I have to say’”*. When rewriting the text, this metaphor really started to make sense to me. Through the thesis I have tried to make a contribution to the understanding of strategising in the context of genuine relations. I hope that this understanding is interesting enough to my “target groups” at the “cocktail party” to let me join their discussion.

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Appendix 1: Facts about ACTAB AB¹

Owners: second (main owners) and third generation family Johansson

- **Steve** Johansson, former CEO (1972-1999), present position, board member. Two grown up children.
- **Marion** Nilsson, controller, human resource manager, board member. Three grown up children.
- **Irving** Johansson, foreman. Two grown up children.

Business philosophy: Specialist in small precision parts. From the first conception to the finished product the goal is to be an innovative resource to the customers.

Products: Sheet, metal, and stamped parts.

Customers: Automotive, electronic, and workshop industries.

Market: 60 sold in Sweden, 40% exported (Scandinavia, the Baltics, Europe, the Far East, USA).

Board of directors: Michael Nilsson (external chairman), Steve Johansson, Marion Nilsson.

Turnover: 130 million SEK

Number of employees: 130

¹ Facts about ACTAB AB is based on personal conversation and the homepage (anonymous).

Appendix 2: Facts about Atlet AB²

Atlet AB is Sweden's largest privately held engineering company.

Owners: the family Jacobsson: (year of birth) and role/s in the company:

- **Knut** Jacobsson (1923): Founder; former CEO, present chairman of the board.
- **Ragnvi** Jacobsson (1932): Wife of Knut; various administrative duties.
- **Monika** Eklund (1957): Dentist. Two children. Scheduled board membership³.
- **Lilian** Wiegner (1959): Medical doctor. Two children. Scheduled board membership.
- **Marianne** Nilson (1961): Pharmacist, bachelor degree in business administration, CEO and group executive. One child.
- **Lisbeth** Jacobsson (1963): Psychologist. One children. Scheduled board membership.
- **Margaretha** Jacobsson (1965): Nursery school teacher. Two children. Scheduled board membership.

Atlet AB is the parent company of a group with sale subsidiaries in six countries. The company develops, produces and sells electric fork lift trucks. The production plants are located in Gothenburg, Sweden; and in Oberhausen, Germany. The company is a distributor of caterpillar warehouse trucks. Atlet also offers education, after sales support, and related services.

Business mission: Atlet improves the profitability in the customer's internal material handling by offering user-oriented and ergonomic products including after sales support and related services.

Strategy of renewal based on performance, design, ergonomics, and up time. In relation to these areas, Atlet should be superior.

The market consists of three areas, defined by the situation in which the trucks are used: Materials handling in production, Materials handling in distribution, and Advanced Warehousing. 85% of the production is exported.

The board of directors consists of 7 members that are elected by the annual general meeting, and two members that are elected by the employees. Among the former are both representatives of the family and three members external to the family.

² "Facts about Atlet" is based on the following sources of information: "Atlet – från noll till miljardföretag", "Trucköversikt", 1999 Annual report, "Atlet", "Strategy 2003.

³ Two at a time, in two-year periods, the siblings sit on the board of directors.

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Turnover: 1.4 Billion SEK (2001)

Number of employees: 960 (2001)

Appendix 3: Facts about Indiska Magasinet AB⁴

Indiska Magasinet AB is owned by the Thambert family.

- **Åke** Thambert: founder, chairman of the board.
- **Majken** Thambert: Åke's wife
- **Christina** Baines: vice CEO (three children out of which two are active in the company)
- **Helena** Thambert: working with the well being of the employees (two children, neither of the active in the company)
- **Anders** Thambert: CEO (two children, both too young to be active in the company)

Vision: Indiska's vision is to be the small, different warehouse offering big surprises. The products should be inspiring, unique and worth their price, and they should be sold in boutiques having a warm and caring atmosphere.

Business: philosophy: Free trade based on responsibility constitutes the most efficient contribution to long-term economic development and less social injustices in the third world. Cornerstones: Humanism and concern. Enduring and close supplier relations.

Products:

Ladies wear

Childrens' wear

Accessoires

Home furnishing

Body products

Tee and spices

Number of outlets: fifty in Sweden, one in Denmark, three in Finland.

Number of employees: 450 in Sweden, 30 in India.

Turnover: 400 miljoner kronor

Board: Chairman: Åke Thambert. Two external board members.

⁴ Facts about Indiska Magasinet AB is based on personal conversation and information available on www.indiska.se

Appendix 4: List of respondents

Dialogues have been conducted with the following individuals:

ACTAB

Steve: owner, former CEO, head of one of ACTAB's business units

Marion: owner, human resource manager, controller

Irving: owner, working at the production department

Annie: Steve's spouse

Ron: sales manager

Tom: production manager

Henry: retired employee

Richard: employee

Thomas: employee

David: external CEO

Burt: employee, Marion's spouse

Michael: external chairman of the board

James: employee

Howard: employee

Atlet

Knut: founder, owner, chairman of the board, working with product development

Ragnvi: Knut's spouse, responsible for the company's newsletter

Marianne: owner, CEO

Lisbeth: owner

Monika: owner

Lilian: owner

Margaretha: owner

Harry: employee

Lars: employee

Kent: employee

Peter: external board member

Indiska

Åke: founder, owner, chairman of the board

Majken: Åke's spouse

Anders: owner, CEO

Kicki: owner, vice CEO

Helena: owner, working with the well being of the employees

Sören: external chairman of the board

Charlotte: human resource manager

Maria: purchasing manager

Appendix

Paula: ex. employee
Harriet: ex. employee

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