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How to enable strategic change via FOB succession

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ABSTRACT:

This thesis studies the combination of intra-family succession process of FOB (family-owned business) and strategic change. The focus of the study lies in the succession process and how it enables activation of four main strategic change elements, which are focal in the phenomenon of strategic change, when change is required. The study is a theory-building case study, which subject is a Dutch small and medium enterprise (SME) which has successfully executed a succession process while introducing strategic change.

Theoretical data is collected through literature reviews concerning FOB, its research, succession, and the succession process. An established model of effective succession process is chosen and studied in more detail. Other part of theory data concerning strategic change is focused on a framework of four main elements of strategic change, which are continued to be thoroughly studied. A synthesis of the theories is outlined, with the intent to complete it in case context.

Empirical data is collected through interview, observation, and complemented by informal discussions. The data is continued to be analysed with content analysis with formed categories under which correlating themes are built to gather related data concerning information required and acquired through interview.

Theoretical and empirical data are then combined by linking analysed data with chosen theory frameworks. The process model is used to illustrate the process of the case company's succession, change elements are connected to data, and further linked to the succession process stages. The thesis first confirms the existing theories of effective FOB succession process and four main strategic change elements by linking their theoretic features with empirical data. Finally, the result of the study attempts to produce a synthesis of theories as a model illustrating strategic change via FOB succession.

The resulting model attempts to indicate the specific points in succession process stages, where the four main elements of strategic change are activated. This is done by interpreting theories and empirical data's commonalities with previously mentioned methods and drawing conclusions based on the findings. The results suggest that the most crucial point to enable strategic change is the capability to detect the need and nature of change which is found manifesting in the first stage of succession process. The following stages of the process continue to promote change by optimizing the actions involved in succession process in each stage. Ultimately to be able to succeed, leader requires knowledge of macro, micro, and intra-business environments alongside for example support from family context of FOB.

KEYWORDS: Family-owned business, family business, succession, intra-family successor, incumbent, strategic change

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TIIVISTELMÄ:

Tämä opinnäyte tutkii perheen sisäistä sukupolvenvaihdosta perheomisteisessa yrityksessä sekä strategisten muutosten yhdistämistä. Tutkimus kohdistuu sukupolvenvaihdoksen prosessiin ja siihen, kuinka se voi mahdollistaa tarvittavien ja keskeisten strategisen muutoksen elementtien aktivoimisen. Tutkimus on teoriaa rakentava tapaustutkimus, jonka kohteena on hollantilainen Pk (pieni ja keskiuuri) -yritys, joka on onnistuneesti läpikäynyt sukupolven vaihdoksen samalla laitteiden alulle strategisia muutoksia.

Teoreettinen data on kerätty perheomisteisten yritysten, aiheeseen liittyvien tutkimusten, sekä sukupolvenvaihdoksen kirjallisuuskatsausten myötä. Teoriassa todennettu malli tehokkaaseen sukupolvenvaihdosprosessiin valitaan ja otetaan tarkemman tutkimuksen kohteeksi. Toinen osa teoreettisesta sisällöstä liittyen strategiseen muutokseen keskitetään teoreettiseen mallinnukseen neljästä keskeisestä strategisen muutoksen elementistä, sekä edelleen niiden tarkempaan tutkimiseen. Pääpiirteet teorioiden synteestistä hahmotellaan tarkoituksena pyrkiä viimeistellä luonnos kohdeyrityksen kontekstissa.

Empiirinen data kerätään haastattelun ja havainnoinnin kautta. Tietoa täydennetään vapaamuotoisten keskusteluiden sisällöllä. Data analysoidaan sisällönanalyysin menetelmällä, jossa muodostetaan kategorioita, joiden alle sijoitetaan aiheenmukaisia teemoja haastattelusta saatujen vastausten perusteella. Teoreettinen ja empiirinen tieto yhdistetään liittämällä analysoitu data valittujen teorioiden kanssa. Prosessimallia käytetään havainnollistamaan kohdeyrityksen sukupolvenvaihdoksen prosessi, strategisen muutoksen elementit yhdistetään saatuun dataan ja lopulta liitetään prosessimallissa prosessin eri vaiheisiin. Tutkimus vahvistaa ensin valitut teoreettiset mallit yhdistämällä niiden sisällön empiirisen datan tuloksiin. Lopulta tutkimuksen tuloksilla pyritään tuottamaan teorioiden synteesi, joka havainnollistaa strategiset muutokset perheomisteisen yrityksen sukupolvenvaihdoksen myötä.

Tuotettu malli pyrkii osoittamaan nimenomaiset kohdat prosessin vaiheissa, missä strategisen muutoksen keskeisimmät elementit aktivoituvat. Tähän pyritään tulkitsemalla teorian ja empiirisen datan yhteneväisyyksiä aiemmin mainituilla menetelmillä, ja tehden tulosten pohjalta johdopäätöksiä. Tulosten perusteella ratkaisevin kohta strategisen muutoksen mahdollistamiselle olisi prosessin ensimmäisessä vaiheessa, jossa muutoksen tarve ja luonne havaitaan. Prosessin seuraavat vaiheet osaltaan edistävät ja mahdollistavat muutosta, kun niiden sisältö ja toimet optimoidaan edesauttamaan sitä. Onnistuminen riippuu lopulta johtajan ymmärryksestä niin liiketoiminnan, kuin yrityksen sisäisestä ympäristöstä, muun muassa perheyrittäjien sisäisten vaikutteiden avulla.

AVAINSANAT: Perheomisteinen yritys, perheyrittäjä, sukupolvenvaihdos, perheen sisäinen seuraaja, edeltäjä, strateginen muutos

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Abbreviations

FOB	family-owned business
SME	small and medium enterprise
FEP	family embeddedness perspective
FET	family entrepreneurial teams
CFE	corporate family entrepreneurship
STEP	successful transgenerational entrepreneurship practises
RBV	resource base view
SEW	socioemotional wealth
WFI	work family interface
B2B	business to business
B2C	business to consumer

1 Introduction

The landscape of global business has changed drastically in past years with emphasis on trends such as sustainability, e-commerce, and more recently, m-commerce which is commerce via mobile phones using applications (Saritas *et al.*, 2021; Goyal *et al.*, 2019). With technological advances, globalization is enabled, and new businesses and market entrants are a constant threat to all businesses doing any form of international or domestic trades (Goyal *et al.*, 2019). As consumers and businesses are increasingly online, the traditional way of doing business begins to lose advantage and fall behind on progress (Andal-Ancion *et al.*, 2003). Thus, to survive, now more than ever, a business must be capable of adjustment in the form of complete developmental change of operations, if necessary.

1.1 Motivation for the study

Due to global demographic structure, a major shift in family-owned businesses, later referred to as FOB, govern is upon us. In the prevailing times the age group also known as baby boomers, referring to the children born post World War II worldwide, are reaching the age of retirement (Lissitsa & Laor, 2021). Due to this, the inevitable change in the management or ownership of many FOB's is at hand. In many cases, the transfer of power is not successful and thus most of generational successions in fact fail (De Massis & Foss, 2018; Gabriel & Bitsch, 2019; Randerson *et al.*, 2015; Gagné *et al.*, 2019; Filser *et al.*, 2013; Dyck *et al.*, 2002).

If a business is viable, a mere change of capable management with appropriate tools and knowledge ought not to change that. Thus, if succession is failed, the reason does not necessary lie in poor change management or unforeseen circumstances but in conflicts within the process of succession and the outcomes' relation to the surrounding business environment. The generation of baby boomers were born and raised to a new world amid revolutions and progress in all aspects of life, which no doubt meant innovation when starting a business or involving developmental change to an existing one (Lissitsa

& Laor, 2021; Vandenbroucke, 2021). Due to modern-day technological progress, innovative start-up culture, and shortening of value chains industry-wide, the situation currently can be interpreted comparable and potential demand for change obvious. Therefore, excluding cases with deficient management, it is interesting how over 70 per cent of successions end up failing (De Massis & Foss, 2018; Gabriel & Bitsch, 2019; Randerson *et al.*, 2015; Gagné *et al.*, 2019; Filser *et al.*, 2013; Dyck *et al.*, 2002). This does raise a question of whether the prosperity of succession is heavily influenced on the consensus of demand of change between the generations. Also, it is interesting to note the findings of Lissitsa & Laor (2021) study concerning baby boomers', albeit generalized, greediness and indifference towards environmental sustainability, and the possible connection between perceived ineptitude of change.

1.2 Research gap

Shifting attention back to the 30 per cent of FOBs that do succeed in succession, the research of FOB is relatively new, further lacks diversity, and thus requires more attention (Haynes *et al.*, 2020; Chrisman *et al.*, 2008). As most of successions fail, the prevailing research and studies found on the subject circle around the question *why*. These studies strive to connect strategy work and used tools to illustrate negative influences towards failing succession processes where the obstacle is often viewed as the generational gap and everything that comes with it. These types of studies ultimately come to answer the question why some businesses failed succession process suggesting success is enabled by focusing on the detected pitfalls. Furthermore, while most studies in family business arena focus on certain affects, relations, and characters, or compare it to non-family businesses, the field lacks attention towards new venture creation and operational development both of which can be viewed currently as necessary actions for continuity (Randerson *et al.*, 2015; Benavides-Velasco *et al.*, 2011; Saritas *et al.*, 2021; Goyal *et al.*, 2019).

Therefore, the current narrow scope of FOB and succession research can be divided into two categories, the ones that study failed successions by highlighting features that may

cause disruptions, and the succeeded processes by connecting choices to the determined pitfalls of other studies. The studies of unsuccessful processes continue a different path focusing on either on the management styles, processes, tools, or the psychological features mainly involving family ties with expectations and disappointments. After comparing results and drawing conclusions to the unsuccessful processes, the studies concerning successful processes mainly focus on the continuum of the operations *despite* the imperative succession. As in, in these studies the operations perceive to continue following the same strategy as before succession and the succession itself is just a process that needs to be dealt with due to for example retirement. This raises the question, whether the issue is just that, not changing anything while the times require constant change and development. These studies, in fact, are thus do not seen advancing the research field considerably as they merely rely on comparison between either successful and unsuccessful FOB succession processes, or between succeeded FOB and non-family business successions.

This study, however, focuses on the question of *how* by studying FOB succession and its relation to enabling strategic change to further the research field and to attempt to offer a new model for a successful succession process combining the two inevitable processes, succession, and the need for change. The bond between succession process and strategic change is created as while both processes are complex, pose risks, and are taxing on their own, both are nevertheless required, thus with combining the two processes may the effort and disorder be bisected to a one comprehensive process. This study thus offers insights and discussion for the research of FOB and succession from a positive viewpoint, where succession may *enable* needed strategic change to ensure viability as it creates a parallel clean slate. What is meant by this is the perceived contrast between younger innovative entrepreneurs as successors in comparison to the challenges of change management for incumbents in an established business (Oetzel & Ting-Toomey, 2013). Instead of viewing succession as obligatory and daunting process with high risks of failure, this study takes an approach to view it as welcomed opportunity.

1.3 Research question and objectives

The purpose of the study is thus to offer a model which illustrates how strategic change can be enabled within FOB succession process by successor. The focus is on successful succession process, its stages, and illustration of where in the process are elements of strategic change activated. The study question for the thesis is thus formed as:

“How can FOB succession process enable strategic change?”

To ensure thesis stays in topic and produces analysis that allows a coherent answer to the research question, three objectives are proposed to this thesis.

1. To demonstrate a successful succession process by using appropriate framework while confirming it and justifying its suitability as base for theory-building model.
2. To identify the content, appearance, and means of strategic change elements in theory and later in case context.
3. To merge the two frameworks and attempt to build a synthesis of the components as a model for FOB succession process enabling strategic change.

By refraining in the scope of the thesis and obtaining the objectives, the study will ultimately produce an answer to the research question. It can also see furthering the field of FOB, succession, and strategic change with a new model which illustrates how, where, and under which influences, in succession process stages, can change elements be accommodated, when strategic change is required. Thus, thesis produces more insight to the literature fields and strives to offer different perspectives with synthesis model of theories, which have not been studied together in this manner previously.

1.4 Structure

The structure of the thesis follows the set study objectives resulting in five chapters, including current chapter of introduction of the subject and thesis. The objective of

introduction is hopefully successful in raising interest and producing a comprehensive explanation for the purpose and objectives of the thesis with the help of both relevant literature and researchers own cogitation.

This is then followed by a literature review as the second chapter. The literature review focuses first on FOB, its research field and succession in consonant to the first study objective. With an extensive literature review concerning FOB research it is attempted to demonstrate the complexity of FOB as a concept when family is combined with business. This research portion's main objective is to produce a framework for an effective FOB succession model to be later reflected upon. Second chapter then continues to review literature concerning strategic change and illustrating main strategic change elements through existing theories and frameworks. The chapter is concluded with conclusions and aim to produce a synthesis of theories for a model to answer the study question.

Third chapter introduces and explains methods and data used in the study. The methods introduced include research strategy and means with what the study is conducted when combining the theory obtained through literature review and the empirical data. Chapter three also introduces the case study's subject case, data collection and means for analysis. The analysis of the collected empirical data is demonstrated in chapter four ultimately fulfilling the third study objective of producing a synthesis for a model of strategic changes enabled by FOB succession process. The resulting model and the thesis study thus ultimately give an answer to the proposed research question of "how can FOB succession process enable strategic change?".

Fifth chapter continues to conclude the thesis and the process through discussion and reflection. Implications of the study and its outcomes are weighed in terms of benefits for study fields and practicality. The chapter also offers suggestion to further research while voicing and discussing limitations in the study's theme, methods, and results.

2 Literature review

As this thesis studies how FOB succession could enable strategic change, a review of the literature concerning strategic change and FOB is conducted in the following pages. Due to the topic, a more logical order to introduce the theory frames and later, to analyse them in case company context, is to first investigate the literature and research of FOB in general, FOB succession, and its process. This is followed by a review of literature concerning strategic change, the promoters, and enablers in the form of strategic change elements.

After both reviews, a synthesis of the main theory frames of FOB succession process and strategic change is produced and depicted. With the synthesis model it is attempted to illustrate how succession process could include strategic change by combining process stages with studied change elements. The model will further be examined in following chapters through an example of the case company.

2.1 Family-owned business and succession

2.1.1 Definition of FOB

Definition of family-owned business or family business yields vast number of results with variations due to interpretation and viewpoints (Sievinen *et al.*, 2020; Randerson *et al.*, 2015; Benavides-Velasco *et al.*, 2011). The difference of opinion lies with both the actual definition of family, and further, what is considered a family business, as in which characteristics or roles should be present to be able to distinguish a family business as supposed to merely a business which includes staff, board member, or other influencers related to one another (Mazzi, 2011). The confusion is clear when it is accepted that definition and understanding of the concepts do not only differ among scholars, researchers, and school of thoughts, but differences appear also regionally, internationally, and culturally among both the ones who study the phenomena and the ones in the essence of it (Randerson *et al.*, 2015).

In respect of this research and clarity of the study, a generalization based on the aspects most frequently mentioned in dissenting literature, worldwide, must be made. Therefore, family business, in this research, is viewed as business where most of the decision-making and ownership is by a particular family or its member and where at least one other member of the same family acts as a member of the board or part of the management, and the business also employs nonfamily personnel (Tagiuri & Davis, 1996). Shortly, it is a business with at least two members of the same family in management with majority of ownership. If the business is listed, the said family should obtain minimum of 25 per cent of the voting majority where indirect votes fall under family's authority (Perheyritystyöryhmä, 2005). Here it is interesting, that mere quarter of ownership still constitutes as FOB where selected board share the goal and vision set by the owning family (Tagiuri & Davis, 1996).

As per definitions, there lies three focal dimensions and interrelations in the concept of family business which are *ownership*, *family*, and *business* as depicted in **Figure 1** (Tagiuri & Davis, 1996; Filser *et al.*, 2013).

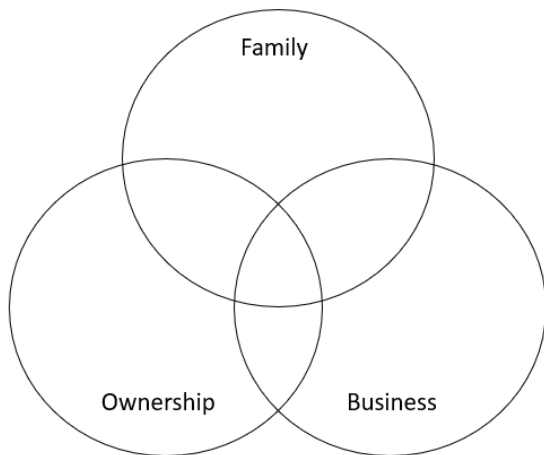


Figure 1 Interrelations of dimensions and overlaps (Tagiuri & Davis, 1996, p. 200).

To swiftly revive on the notion of dissension in defining the concept of family business, it is to be noted how a difference of viewpoint also affect the reported dimensions. As,

for example, per Randerson *et al.* (2015) the concept of family should be the focal point when studying family business as a phenomenon, where dimension of business would become *family business*, thus two of three dimensions would appear as *family* and *family business*. In this school of thought the third element of ownership is replaced by *entrepreneurship* (Koiranen, 2003). The logic here lies in the thought that the type of ownership in a family business is inevitably entrepreneurship-spirited which itself is a direct result of family business-culture and the multidimensional interrelations embedded (Randerson *et al.*, 2015; Koiranen, 2003).

While studies such as Randerson *et al.* (2015) view the main dimensions of FOB slightly differing from the mainstream and simplified thought, such as Taiguri & Davis (1996), of *family, business, and ownership*, the attributes within the overlaps of those dimension are similar, regardless. Implications of those overlap attributions yield many scenarios and outcomes, physical, practical, and psychological and even more relevantly, both positive and negative effects (Koiranen, 2003). Furthermore, it is in the distinction of the attributes within the overlaps that further birth different streams and views in the research of the field of FOB.

2.1.2 FOB research

Originated in the 1980's, whilst the field's research is considered relatively new, many streams, views, and school of thoughts already exist, and further studies are continuously urged in all directions (Benavides-Velasco *et al.*, 2011). Fields such as for example social sciences and psychology are involved, when the topic of study has something to do with people and their interaction, as business does in its very essence, and particularly family businesses (Filser *et al.*, 2013). The causality of numerous different micro and macro influences of physical, emotional, and psychological causalities when putting together family and business leaves no ambiguity as to why different views have emerged and why they are necessary as well for the sake of research (Mazzi, 2011; Randerson *et al.*, 2015).

As previously mentioned, the overlapping attributes of the main dimensions of *family*, *business*, and *ownership* by Tagiuri & Davis (1996) serve a coherent ground to separate the current views and trends within the field of research as they are driven by different influences and thus each comprise a specific topic, effects, and outcomes. The following breakdown of research and literature streams according to the different overlaps are based on the work of Randerson *et al.* (2015) which gives a clear overview of the field's research from different perspectives depicted in **Figure 2**.

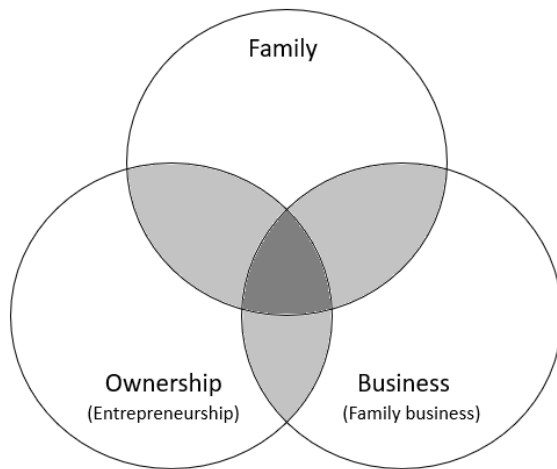


Figure 2 Overlaps of main dimensions (Adopted from Tagiuri & Davis, 1996, p. 200; Randerson *et al.*, 2015, p. 144).

As per illustration, the overlaps form their own compact parts of the entirety that is FOB simultaneously being influenced by two major dimensions, apart from the middle part, the intersection of all three dimensions, where lies the essence of FOB. The following pages will describe content of those overlaps and streams or research and literature they are being studied through.

Ownership and family

The overlap of ownership and family is where the influence towards becoming business-oriented yields from (Bettinelli *et al.*, 2014). Before it was assumed that the influence and information passing was from generation to another, however recently it has been

noted how it can happen within the same generation as well (Discua Cruz *et al.*, 2012). As for an example, previously it was thought that a parent would be the one passing on the enthusiasm, knowledge, skills, and the general entrepreneurial spirit to their child, when in fact current research supports that this type of information passing can happen between siblings as well (Hatak & Roessl, 2015).

In addition to the technical and tangible side of business owning and being a business owner, what is also passed on or shared within the family, is the mind set of combining the family and livelihood, the financial and human aspects (Spedale & Watson, 2014; Chrisman *et al.*, 2002). As previously mentioned, the attributes within the overlaps can be both positive and negative. Thus, for example if financial endeavours have previously been successful the impact would be positive, however if there has been issues with providing the family with the business, the affect would be negative and possibly hinder the chance of continuum and willingness for succession or other independent business endeavours (Lee *et al.*, 2019; Shapero & Sokol, 1982). However, interestingly according to Randerson *et al.* (2015) studies suggest that most of the influence is in fact positive, or at least, most of entrepreneurial families induce new entrepreneurs, regardless of past instances, almost as if it is the way descendants have been brought up and the path is thus perceived automatically as such a way of life for themselves as well.

Other aspects in the meeting of ownership and family is interaction, the social aspect of family members (Spedale & Watson, 2014). Furthermore, there lies a probability of the usage of the family as part of the dynamic capabilities of the business as contributing resource when it would also be expected to circle earnings back to the resources in questions which could further either enable synergy or cause a conflict (Greenhaus & Powell, 2006). While Campopiano *et al.* (2014) found a positive link to family members involvement in ownership but not in management.

Within the research field of family business, Randerson *et al.* (2015) have compiled current research streams to correlate with each overlap and the attributes within as

depicted in **Figure 3**. The overlap of ownership and family includes the following streams: the *family embeddedness perspective (FEP)*, *occupational choice*, and *copreneurs and family entrepreneurial teams (FET)*.

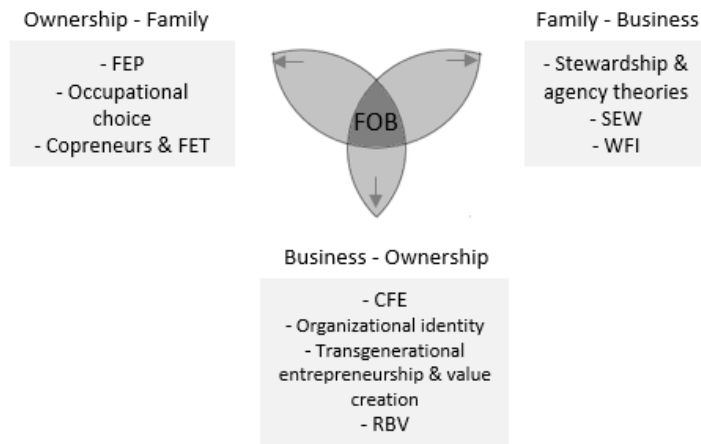


Figure 3 FOB research and literature streams.

The FEP examines the effects to business when major changes occur within the family, for example in case of divorce or birth of a child, where definition of family correlates with the Western familism (Aldrich & Cliff, 2003; Khanin *et al.*, 2012). It considers, what possibilities could these events create or perhaps what are the negative implications as the ownership of the business and entrepreneurship are blended with the family structure (Randerson *et al.*, 2015). Later the FEP perspective has been further detailed to focus on individual's affiliation to social systems, the social embeddedness perspective (SEP), where the family itself is merely one of the multiple systems where individuals are embedded and thus, giving the stream a more in-depth look at the families and the individual's attributes forming it (Le Breton-Miller & Miller, 2009). Due to the familism premise, new research have emerged with a broader concept of defining what *family* can in fact mean (Randerson *et al.*, 2015).

Occupational choice or career intentions is in the base of entrepreneurship research, where the objective is to comprehend the intentions and professional goals of an individual (Randerson *et al.*, 2015). Two frameworks stand out from the midst as the model

of the *entrepreneurial event* by Shapero & Sokol (1982) and the *model of career intentions* which is based on Ajzen's (1991) theory of planned behaviour. Shapero & Sokol's entrepreneurial event framework suggests that there are events in individual's life which may cause either a positive or negative effect on entrepreneurialism, for example new venture possibilities could become clear after marriage and with-it new resources, or respectively the loss of appreciated resources due to divorce or passing might have the opposite effect. Ajzen's model of career intentions on the other hand draws attention to three main influences that determine the ultimate career intentions for an individual which are "attitudes towards behaviour, subjective norms, and perceived behavioural control" (Randerson *et al.*, 2014, p. 145). Other streams and models from different perspectives within the topic also focus on the individual's consequential reasons for choosing to become a business owner and how and if family involvement has contributed to the choice.

Copreneurs and FET is a stream that studies couples who live together and run a business together, called copreneurs, and FET as in a team of people who are related and have decided to run a business together (Barnett & Barnett, 1988; Discua Cruz *et al.*, 2013). The main difference between these two businessowners is the relations between a couple who have decided to become partners in business and the relatives that are bound biologically and thus possess a different type of drivers and influences. Regardless, studies have shown, that both copreneurs and FETs are driven by trust and joint objective while the success of business effects both relations, social ties, and finance interests, merely in different sense (Randerson *et al.*, 2014). Copreneurs are both tied to the same income and FETs are invested to protect family assets (Discua Cruz *et al.*, 2013).

Business and ownership

The overlap of business and ownership or entrepreneurship has yielded its own research field known as *Corporate Family Entrepreneurship (CFE)* and within theories such as stewardship theory and its culture relate to the viability of family businesses (Randerson

et al., 2015). The businesses that focus on growing income instead of venture are seen operating at a lower risk (Stewart & Roth, 2001). Randerson *et al.* continue how other common characters of stewardship have also been discovered, which has opened interesting new opportunities for further research, and which does indicate, how in family business, effort is primarily towards the common good. In addition to the research field, different literature streams have emerged concerning the intersection of ownership and business, which according to Randerson *et al.* are *organizational identity*, *the transgenerational entrepreneurship and value creation*, and *the resource-based view (RBV)*.

The organizational identity literature stream views family businesses as hybrid identity organizations as they combine two different organizational forms in addition to different identities regarding the family and the business (McKelvie *et al.*, 2014). Scholars have different views on how the identity is created and uphold, as others suggest a mutual understanding and resolution while others suggest that the business identity is based and developed by the founder's own identity and adopted to the business and the family (Randerson *et al.*, 2015). Interestingly a study by Salvato *et al.* (2010) has found that an established business identity does not enable strategic changes, in fact quite the opposite. While one might think a strong business identity would enable new ventures due to proven skillset and knowledge, simultaneously it can be appreciated how difficult it is to change the course of a business that is deeply embedded in the family culture.

The transgenerational entrepreneurship and value creation is a stream that has many dedicated studies and has also birthed a global project to explore the relation of ownership, specifically entrepreneurship and family business, and further linking the theories involved, named Successful Transgenerational Entrepreneurship Practises (STEP) (Nordqvist & Zellweger, 2010). It is however widely agreed that the concepts of entrepreneurship and family business are exceedingly complex and thus no umbrella theory is most likely possible (Randerson *et al.*, 2015). Furthermore, why should that be attempted when asset for research is merely to find further attributes for future and further research.

The RBV is used to study family businesses operations and firm performance often comparatively against non-family businesses and it identifies the most important resource and base for competitive advantage in a family business to be familiness (Chirico & Salvato, 2008; Chirico *et al.*, 2011). Familiness as a concept is defined as “the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business” (Habbershon & Williams, 1999, p. 11). According to Randerson *et al.* (2015) many scholars offer valid resources, for example alongside familiness, Rau (2014) offers a model of 3Ps, long term orientation, social capital, and resource management as focal aspects. The models three P’s stands for parsimony, personalism, and particularism.

According to multiple studies, these incremental factors of family business do indicate better results compared to non-family businesses (Randerson *et al.*, 2015). It could be said that the results highlight the importance of the human capital as a resource in successful business operations in general, whilst certainly in family businesses there is additional benefits from attributes in family ties as previously determined in multiple occasions. In this view, family businesses possess necessary tools for competitiveness while success remains depended on the managers ability to harness all the resources (Le Breton-Miller & Miller, 2006).

Family and business

The intersection of family and business has literature focusing on the relations, involvement, and affects families have to the business and especially to the internal development of family businesses, while trying to uncover the exclusive attributors compared to non-family businesses (Randerson *et al.*, 2015). It is suggested that business research in general does not appreciate the diversity of families, the different structures of families, and thus significantly variable attributes (Yu *et al.*, 2012; Aldrich & Cliff, 2003). Literature streams for this overlap include a variety of different frameworks and theories, thus presented here are examples of popular views which are *stewardship and agency*

theories, socioemotional wealth (SEW), and work family interface (WFI) (Randerson et al., 2015).

The stewardship and agency theories are theories from different perspectives whilst studying the same subject of, for example, managerial motivation in business operations (Randerson et al., 2015). In corporate governance, these theories are looked at as alternatives for one another (Subramanian, 2018). Stewardship theory, also briefly mentioned earlier, is a framework where managers act as stewards of the business and protect the assets and shareholders' interests due to intrinsic motivation to work for others (Miller et al., 2008). Respectively in agency theory, it is assumed that managers act in their own self-interest while reaching the same outcome of shareholder satisfaction (Solomon et al., 2021). Both theories have diverse aspects by which a phenomenon is studied and in the field of family business, the research is of course focused on the features and special conditions that family-ties bring to businesses (Randerson et al., 2015). The stream of stewardship has studies for example of how this orientation is developed and what are the favourable implications to the family and the family business, whereas agency stream looks at the managerial self-interest aspect considering, for example, nepotism, its incentive, and outcomes (Madison et al., 2014; Randerson et al., 2015).

*The SEW is an influential factor that only recently has been recognised to affect and guide decisions in family-owned businesses (Gómez-Mejía et al., 2011). Thus, a perspective of studying *socioemotional wealth* has been the topic of many recent studies and according to results, SEW has indeed proved to attribute more in family business operations and decision-making than actual financial wealth (Randerson et al., 2015). The literature stream focusing on SEW is studying for example both positive and negative affects to entrepreneurial desires within the family and to succession and if, what type of, problems are expected in long-term perspective, if a business is more invested in SEW than financial wealth (Naldi et al., 2007).*

The WFI is a stream studying the influences of work and family overlapping and further, role demands in that intersection (Jennings & McDougald, 2007). As per work role demands and the gender subjected roles within families, it has been discovered that there are differences between men and women when it comes to being both employees and entrepreneurs (Aldrich & Cliff, 2003; Randerson *et al.*, 2015). WFI literature studies different influences that impact business outcomes when family and work is combined, between genders and holistically, including the whole institution of family with internal attributors (Randerson *et al.*, 2015).

Ownership, family, and business

Where all three main dimensions meet lies the essence, the concept of FOB and family entrepreneurship. The research of FOB is thus understood to be focused on one of the dimensions or overlaps at a time, and there lies no holistic framework or stream for the whole of concept regarding family-owned business (Randerson *et al.*, 2015). As found, many research and literature streams occur within one subject, thus it is clear how complex phenomenon is in question. Whilst it is always encouraged to birth new streams and viewpoints to gain more knowledge, the risk in wide themes such as FOB is inevitably narrow pointed research and end-results as sources for studies will inevitably include only certain school of thoughts per theme. In theory it is merely producing more research and furthering the field, however if such results were attempted to be implemented in practice, crucial information might be left missing from other dimensions surrendering risk of possible miss steps.

2.1.3 Succession

Succession, as a transition where the lead or full ownership of a family business is passed on to the next generation, is a process which usually begins soon after a business has been established if there lies a strong family connection and possible successor within the family (Meier & Schier, 2016). Research affiliates succession heavily on planned behaviour, and further where both incumbent and successor, and their preferences

influence the outcome of the succession (Sharma *et al.*, 2003). An example of such incidence, as per Sharma *et al.* would be a negatively affected succession, if a successor is less inclined to facilitate the process as the incumbent, surrendering the joint venture imbalanced. However, if no such difficulty occurs, process of planned succession can begin decades earlier affecting decisions along the way, emphasizing continuity (Ward, 2011). According to previous literature research, this factor is one of the key drivers for FOBs and what differentiates them from non-family businesses. The main differentiating aspect is a particular focus on the longevity and long-term plans as it is not thought important to merely be successful at the present, without too much thought of the far future, but respectively desire to ensure viability of the business for future generations as well (Randerson *et al.*, 2015). Here, as per Gómez-Mejía *et al.* (2011), the success of the business is usually more emphasized towards the socioemotional wealth rather than financial wealth, as different dependencies exist within a family in business. This could be interpreted as a desire to ensure family ties remain even if the business proves ultimately non-viable.

As the field of family business research has drawn increasingly more attention over the past years, at this moment, it is considered a focal and important topic within business research (De Massis & Foss, 2018; Gabriel & Bitsch, 2019). Gabriel & Bitsch continue how succession studies consist close to a third of the fields research generating the appeared increased popularity with a sound reason. Most of existing businesses are family businesses; according to Gabriel & Bitsch, in Germany 90 per cent of businesses are managed by families while Randerson *et al.* (2015) confirms it stating the percentages keep throughout whole Europe. Gagné *et al.* (2019) continue how worldwide the share of FOBs is 80 per cent and for example according to Filser *et al.* (2013) around half of America's gross national product is composed by FOBs. This is significant when considering further the implications for everyday life, of how half of the jobs in America are produced by family businesses, and further, 50 to 70 per cent of the global workforce is employed by these businesses (Dyck *et al.*, 2002; Neckebrouck *et al.*, 2017).

When this knowledge is merged with the fact that due to demographic structure, many of first-generation businesses are about to enter, in the middle of, or already failed in generational succession, the concern is justified. The highlighting of failure in this case is not due to pessimism nor an attempt to set an undertone to succession as an endeavour, but realism, as most of successions, 70 per cent in fact, fail (Dyck *et al.*, 2002). That leaves only 30 per cent viable second-generation businesses. Furthermore, a succession through third generation is successful only for approximately 13 per cent, and fourth only to about 3 per cent (Le Breton-Miller *et al.*, 2004; Bozer *et al.*, 2017).

Here, it is important though to voice Holton's (2016) apprehension concerning these percentages and how they are reported throughout the field as he suggests, that sometimes scholars and researchers either intentionally or unintentionally misuse words and ultimately give the wrong impression of the reality. As per Holton's example, a small mistake by using *to* instead of *through* when referring to a second succession over third generation can come out implying that the reference is to all currently existing family businesses. While the meaning is simply that, according to research, a business has 30 per cent chance to succeed in the first generational change and continue to succeed another time, approximately 60 years later, with second succession as well. Not so, that over the following years failed successions will wipe out most of the existing businesses. Regardless, the discovered failing percentage of successions is exceedingly high and for that reason all studies furthering the understanding, the pitfalls, and possibilities of the process can be viewed useful and imperative.

Whilst research concerning succession dates to the 1960's, it was more focused on the general notion of executive succession, as research field concerning family businesses only arose two decades later (Sharma *et al.*, 2003; Benavides-Velasco *et al.*, 2011). Furthermore, as per research done by Bagby (2004), the executive succession and FOB succession processes found in the field's literature are not comparable with each other as many focal aspects do not occur in both. Thus, it is pertinent to note how the research and studies of succession have divided into a separate stream once connected to FOB

research. It is further an interesting finding, as most studies claim FOB research begun and still revolves around comparison between non-family businesses, however it seems that the subject of succession is yet to be properly focused on. Bagby's study supports this claim, as he had noted within FOB literature, how the divergence of the processes has been noted and voiced in the beginning of studies yet continued to blend with each other and utilize aspects to fit one's study's purpose as supposed to continue comparing the two quite separate bodies of same stream.

With the previous findings on mind, it must be acknowledged how the following classification of dimensions within succession will most likely include parts of both executive and FOB succession in concoction. That said, it is attempted to draw the main features from different studies to fit the description of FOB succession process. The standing features of FOB succession process are thus divided here into three main groups of *actors*, *factors*, and *contexts* based on relevant literature. Actors refers to individuals and group of individuals concerned, factors to the different influences that affect the actors, and contexts describe the different contexts in which these influences transpire. This is done to be able to have a more clear and overall understanding of the different aspects, that can each have both negative or positive charge, and thus ultimately affect the outcome of FOB succession process.

Actors

The main actors involved in FOB succession can be identified as the *incumbent*, the *successor*, and *family* (Le Breton-Miller *et al.*, 2004). Bozer *et al.* (2017) agrees while adds that *non-family members* who are involved in the business, should be included as well. All these actors are focally connected to the process in different ways and through different influencing factors. The incumbent and successor are in key roles as actors in FOB succession as the transfer of power takes place between them. Family members are essential as well as the concept of family in totality is connected to the business and thus interrelations, interdependencies, and other aspects have a substantial impact to its

evolution (Hoy & Sharma, 2010). It is also relevant to note, that in most cases FOB's do employ non-family members as well (DeNoble *et al.*, 2007). Their influence should not be overlooked as the process affects directly to their work and livelihood as well, thus, influencing counterreactions can be expected.

Factors

Factors can be divided into two main categories of *personal factors* and *professional factors* (Bozer *et al.*, 2017). According to fields literature, both categories are included with multiple findings. Personal factors that are more incumbent affiliated include *attitudes* which according to García-Élvarez *et al.* (2002) refer to the incumbent's attitude to the business, their own identity within and without the business. Furthermore, attitudes are affected by level of education and experience (Cabrera-Suárez *et al.*, 2001; McCann *et al.*, 2003). Attitudes could also be seen focal concerning non-family members attitudes and willingness to accept changes of familiar surroundings and thus affecting succession (Barnett & Kellermanns, 2006). Other incumbent sourced factors on a personal level affecting succession are found to be *cultural shadow*, *mortality*, and *nepotism and ethnicity* (Bozer *et al.*, 2017). Cultural shadow describes the overall work culture within the business, and it is affected, according to Davis & Harveston (1998), by incumbents and family's involvement. It is also affected by leadership style and succession planning (Poza, 2009; Santora & Sarros, 2008). Mortality, nepotism, and ethnicity refers to incumbents understanding of own role and its periodicity, and the decisions made concerning favouritism toward family members or resembling individuals and thus affecting all, including non-family members (Santarelli & Lotti, 2005; Vera & Dean, 2005; Aldrich & Waldinger, 1990).

Continuing with personal factors, field literature identifies factors which are induced by the successor as *commitment*, *gender*, and *age* (Bozer *et al.*, 2017). Commitment refers to the level of commitment by the successor towards succession which holds an imperative influence towards a successful process (Decker *et al.*, 2017). Whilst in modern days,

factors such as gender and age are still noted as existing influences, and according to Stavrou *et al.* (2005), if choice exists, men are still expected to take over the family business over women. This can be seen to have cause-effect with previously mentioned notion of career planning, where it is thought that women tend to have different aspirations and goals in life, especially if descendants are involved (Ajzen, 1991; Nnabuiife *et al.*, 2019; Aldamiz-Echevarría *et al.*, 2017). Furthermore, age plays a separating factor between genders as according to Vera & Dean (2005), males tend to be in their early twenties to early thirties, whilst females in their mid-forties to fifties, when embracing the role of successor.

Rest of the personal factors influencing succession are induced by the presence of the family in the business with *family culture*, *family history*, and *work-family conflict* (Bozer *et al.*, 2017). Family culture in FOB is found to have substantial effect on the business culture which have been shown to generally have a positive affect as being one of the differentiating aspects between FOB's and non-family businesses with previously discovered factor as part of the resource-based view in FOB research, *familiness* (Zellweger *et al.*, 2010; Habbershon & Williams, 1999). Family history here refers mostly to the successors experiences in the family business growing up and the affects the history and its implications concerning leadership abilities bear (Stewart, 2003). Work-family conflict is induced by the family in business yet also by the family ties of successor, as here again the question of gender is seen to cause more conflict with females due to their predisposition to tend for family matters outside of work, as supposed to males (Boyar *et al.*, 2008; Habbershon & Williams, 1999). However, it is noted, that in more modern attitudes and cases of equality via spousal support, the conflict is reduced (Lee, 2006).

Professional factors found in literature can also be divided into actor-bounded groups. Factors that depend on the incumbent are found to be *leadership style*, *fairness and justice*, and *nurturing* (Bozer *et al.*, 2017). Leadership style is seen as one of the most substantial factors effecting FOB succession process, as it is itself an outcome of different focal influences such as personality, empathy, and skill set of the incumbent, which

continue to affect successors perception of both leadership and succession (Stavrou *et al.*, 2005; Mussolino and Calabro, 2014). Fairness and justice continue similar line referring to incumbent's decision-making concerning issues such as for example nepotism pose most influence on non-family members (Barnett & Kellermanns, 2006; Cropanzano *et al.*, 2001). Nurturing refers to the relationship between incumbent and successor and is incremental for knowledge and culture transfer in succession (Barach & Gantisky, 1995).

Professional factors that are successor-bound include their part in nurturing of the relationship with incumbent, *education and experience*, and *credibility* (Bozer *et al.*, 2017). Both higher education and work experience were found to affect positively to success of the process if compared to successions where successor did not pose those advantages (Morris *et al.*, 1997; Le Breton-Miller *et al.*, 2004). Credibility could be seen having effect from previously mentioned features, though according to Barach *et al.* (1988), the most important factor for credibility in the eyes of the family and other employees lies with successors holistic understanding of the whole business in a personal way.

Last professional factor influencing FOB succession process lies within *family-business structure* (Bozer *et al.*, 2017). This refers to the importance of maintaining the structure of the business and is especially noted in cases where the business is bigger in size and where non-family employees are noted to offer advantage with outside perspective (Janjuha-Jivraj & Woods, 2002; Bennedsen *et al.*, 2007).

Contexts

Le Breton-Miller *et al.* (2004) highlighted four main contexts in the interest of effective FOB succession, within which all previous actors affected by factors operate. The contexts in question are *FOB context*, *family context and family council*, *industry context*, and *social context*. Here it is interesting how any interrelations between actors and factors

mentioned can again act in these different contexts causing possibly varying outcomes. It is thus increasingly clear, how complex of a phenomena FOB succession is.

FOB context accounts for the state of the business, for example, the strategy, leadership, the overall health of operations, and diversity which all drives towards prepping the most suited successor (Le Breton-Miller *et al.*, 2004; Davis & Harveston, 1998; Dyck *et al.*, 2002). *Family context* differs as it lacks the business aspect and focuses more on the family ties and influences when discussing and planning succession (Le Breton-Miller *et al.*, 2004). *Family council* is a concept found in literature that is a pertinent influencer within family context, which refers to for example problem solving and aiding in operations among influential family members (Churchill & Hatten, 1987). It is also thought, that within this context, the family council has a big role in succession and especially in the possible selection and acceptance of successor (Le Breton-Miller *et al.*, 2004).

Industry context is pivotal in current pace of development within and amongst industries as this context refers to current or foreseen industry changes and how that affects succession planning, process, and indicates the required qualities of successor (Churchill & Hatten, 1987; McGivern, 1978). Required qualities of successor are thus seen differing depending on the industry and the stability of it, as in more and specific skills are required if the industry in which the business is in, is prone to swift changes (Le Breton-Miller *et al.*, 2004). Lastly, *social context* refers to the environment of the business, where outside factors, norms, rules, and laws dictate mode of operations and decision-making (Lansberg, 1988). This effects the succession especially in situations, where for example successor comes from a different environment and thus needs to comprehend the surroundings and its affects to the business and succession itself (Le Breton-Miller *et al.*, 2004). This could further impact successors closely involved in the operations as well, as depending on for example the leadership style of incumbent, there lies a difference between doing what one knows, and knowing why it is done in a specific way.

FOB succession process

FOB succession literature yields a framework for an effective succession process by Le Breton-Miller *et al.* (2004). Bagby (2004) states, that while the framework itself has focal elements, the only implication of its successfulness comes from the fact, that it has been tested on succession with positive outcomes. The framework as it stands, nor the stages of the process enable an *effective succession* on its own. Bagby goes further by noting that the lack of study and evidence concerning the outcomes in utilization of the succession process framework gives proof to the original statement. After a decade, the matter remains in the same state, as according to a study by Sund *et al.* (2015), it appears that attempting to ascertain causatum of a process fails to be productive and the focus should be shifted to *preparatory requirements* instead. Thus, whilst the framework is named as effective, it can only be presumed effective until confirmed and demonstrated in a case context of a business, that has performed the said process successfully resulting in a viable business under new management and ownership by successor.

The process model has four stages which occur among incumbent and successor within the industry, FOB, family, and contexts, which were previously disclosed. Another model for FOB succession has been put together by Nordqvist *et al.* (2013) from an entrepreneurial perspective where the elements of the process chosen for this study, model by Le Breton-Miller *et al.* (2004), are similar while with emphasis on the entrepreneurial aspect of both incumbent and successor. The difference of elements and dimensions thus becomes more about the perception of what are the additional features *entrepreneurship* adds when compared to general notion of *business* in FOB. Similar situation was encountered earlier in FOB literature review with Randerson *et al.* (2015) and their entrepreneurial insight to the three dimensions of FOB, merely adding some depth to mainstream model by Taiguri & Davis (1996), with the accent effects and interpersonal levels of entrepreneurship in comparison to business. However, while with entrepreneurial view Randerson *et al.* produced more insight to the relations of elements within FOB research, the entrepreneurial process by Nordqvist *et al.* is dynamic in terms of

focusing on the entrepreneurial presence and its consequences but does not give enough substance to the stages which is required in this thesis. While it serves admirably illustrating the continuum of entrepreneurship within FOB, it does not allow studying the process like Le Breton-Miller *et al.*, in **Figure 4**, regardless of congruent entrepreneurial tendencies between incumbent and successor and is thus not suitable for this study.

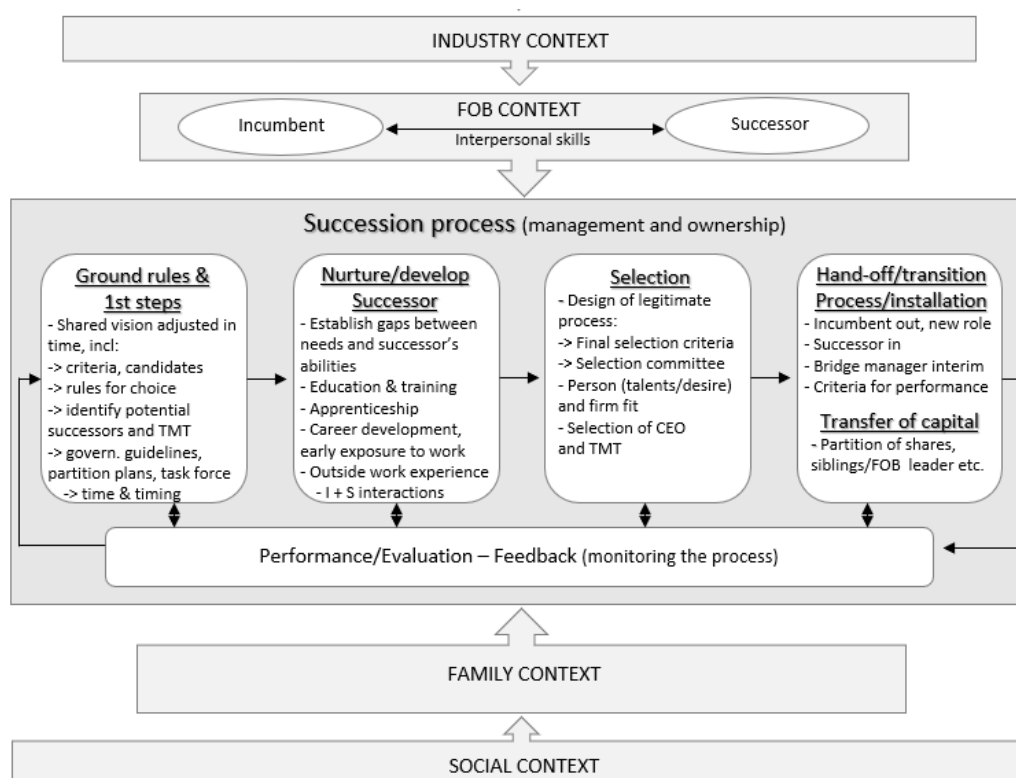


Figure 4 Effective FOB succession process (Adapted from Le Breton-Miller *et al.*, 2004, p. 318).

2.1.4 Stages of process

The four stages of the process by Le Breton-Miller *et al.* (2004), as illustrated in **Figure 4**, begin where the decision of succession has been made, rather than for example a plan for selling the business or simply halting operations after retirement of owners. First step includes setting up ground rules for the business and planning first steps of succession. Here the first draft of a plan for the succession is shaped, including time frame of process and timing with other business events. There is no thump of rule for the duration of the

of the first step nor for the whole of the process either, while according to Ward (2011), the planning might take up to 20 years. It is thus acknowledged how changes to the plan will most likely appear and that the plan should be adjustable accordingly (Meier & Schier, 2016).

The second stage in Le Breton-Miller *et al.* (2004) process moves to include more interrelation between incumbent and potential successors and evaluating if and how business needs meet with presented existing abilities. Training and education is applied accordingly while also encouraging outside work experience to broaden business understanding or, respectively, potential successor is given certain in-house posts to deepen the required knowledge. This then leads to the third stage of selecting the most suited successor and finalisation of the succession plan in detail. The fourth and final stage includes transition of capital and power, where incumbent exists and enters their new role in either official or unofficial capacity, while successor takes their role as the head of business. The stages are studied in more detail through the case context in section 4.2.1.

2.2 Strategic change

Strategy is a concept that beholds different definitions due to its multilevel composition and scholars from different fields are viewing the concept from different angles, thus no consensus of its description has been agreed upon (Nag *et al.*, 2007). A good example of this is, how in their book, Johnson *et al.* (2017, p. 4) use a definition of “strategy is the long-term direction of an organisation”, while Porter (1996, p. 64) emphasizes the importance of competitiveness through unique value proposition stating how “the essence of strategy is choosing to perform activities differently than rivals do.” One could argue though that Porter’s vision relates more to the practical view, as businesses’ priority is to ensure viability, and this would likely not be achieved without competitiveness. Whereas Johnson *et al.* seem to be more focused on the general dimensions within the concept of strategy to further the research in the field. Regardless, the elements of strategy however are similar in different versions including a consensus plan and long-term goal for the business, and the notion of how it is to be reached.

As explained, strategy aims to steer operations in long-term, guiding all aspects of business towards the common goal, thus strategic change can be viewed as a challenging task to the ones in charge. The need for strategic change requires an external stimulus as by default, a strategy is a set plan where all viable elements are taken into consideration, thus there must exist a reason for such drastic and possibly threatening change (Lüscher & Lewis, 2008). The inducement for strategic change usually comes from pressure due to micro or macro business environments, as in, either environmental aspects such as for example new laws and regulations or due to new competitive market entrants (Joshi & Jha, 2017). These occasions continue to surrender a need for internal change in the form of strategic change to ensure viability (Lüscher & Lewis, 2008).

If this is looked at from a practical angle, it could be interpreted that especially in line with Porter's (1996) strategy vision, a stimulus for change should thus never arise internally nor especially by an individual. Rather, the core reason for change should always be an external one which then either requires or does not require amending actions. This thought would further justify notions of trade-offs and decisions that should again be made solely based on micro and macro environments and not on personal preferences, nor other such, uneducated reasons (Porter, 1996). On the other hand, as Johnson *et al.* (2017) suggest that strategy is the "long-term direction" this leaves more room for interpretation where strategic change might be an acquirement from within to, for example, ensure viable longevity. Thus, perhaps the concept of strategy not only poses different definitions, but perspectives as well, as here could be seen how Porter focuses on looking outside from the business while Johnson *et al.* seem to be facing the other direction, when discussing strategy and causes for change.

Despite the difference in definitions and possible perspectives, Johnson *et al.* (2017) have gathered a framework including four main elements in strategic change, which composite is chosen as the other theory framework for this thesis. According to their research, the four main elements are *leadership roles and styles*, *context*, *types*, and *levers of change* as shown in **Figure 5**. It is these elements, their individual levels, and effects

in conjunction with interrelations between remaining elements that create strategic change. These different elements are studied further in the following pages, to better comprehend the different actors and actions related.

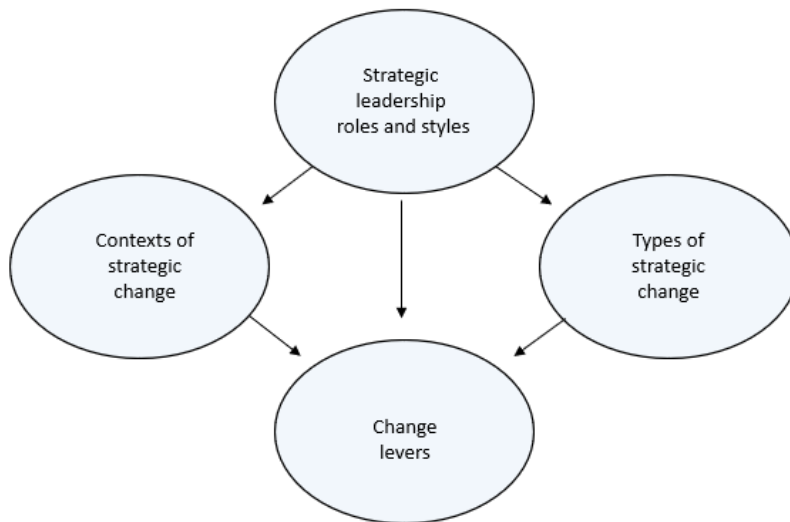


Figure 5 Elements of strategic change (Johnson *et al.*, 2017, p. 469).

2.2.1 Leadership

Leadership is the most focal aspect of strategic change as it is the leaders who drive changes through while keeping in mind the ultimate end goal (Collis & Rukstadt, 2008). John Kotter from Harvard noted, how leadership is heavily embedded in coping with change, as in reverse, when discussing about leadership, strategic change as concept is often involved (Johnson *et al.*, 2017).

According to Johnson *et al.* (2017), while leading strategic change is more commonly understood as a top manager responsibility, often the role involves middle managers as well. However here it might be relevant to note, how recently and more increasingly, businesses have begun to progress towards a leaner and start-up-like operations, where the role of middle managers is losing its existence (Wooldridge *et al.*, 2008). This is also due to technological development, where machines, applications, and softwares have

become so advanced they are able to replace human workers (Martela *et al.*, 2015). Regardless, it is equally important to note, how management of people is still a job for humans and not machines (Anicich & Hirsh, 2017). Thus, when discussing management of strategic changes, the topic still has relevance, and is thus separately included in the following chapters regarding *roles* and *styles* in leading strategic change.

Roles of top management

Regardless of participation of middle managers, strategic change management always begins from the top (Westley, 1990). Top management sets the rules which then might require assistance of middle managers to implement or supervise the implementation (Wooldridge *et al.*, 2008). The key roles for top management are thus *envisioning* new strategy, *aligning* operations, and *embodying* the change (Johnson *et al.*, 2017).

Envisioning new strategy requires skills and knowledge of both capabilities of the business and surrounding environments. With that comprehension may top management conceive a clear and plausible plan, and furthermore communicate the plan coherently to both within the business and outside with stakeholders. Next, the organisation needs to be aligned to fit the change to operations. Top managers need to ensure all involved are devoted and inclined to accommodate the required change in amicable terms. Finally, the implementation of the future strategy and especially the appearance of management leading it yields crucial image and positive example to both employees and stakeholders.

If any of these crucial roles in strategic change are neglected by top management, consequences often lead to replacement of leaders as by doing so, there lies a risk of failure of change (Wooldridge *et al.*, 2008). Furthermore, if vision and action plan accordingly has not been communicated properly to middle managers, they are forced to produce such themselves to convey onward to employees, which includes, for example, risks of misinterpretations (Johnson *et al.*, 2017).

Leadership styles

While each leader is unique and their decisions are affected by their personal knowledge and experience, it has been noted how, regardless, similar characteristics are exhibited among leaders of businesses (Lord & Shondrick, 2011; Engels, 2017; Ping *et al.*, 2012). The most often occurring characteristics have been divided into separate categories to represent the two most common styles of leadership which according to Johnson *et al.* are *transformational* and *transactional* leaders (Johnson *et al.*, 2017).

According to Johnson *et al.* (2017), transformational leaders focus on the vision and the common effort to achieve it while valuing the collective investment of employees and support individuals to ensure both positive atmosphere and reaching of the goal. Meanwhile, transactional leaders tend to focus on the constructs of strategy, progressing step by step while monitoring progress and employees' performance (Riedle, 2015). However, whilst these categories have been established, it is found that often leaders change their styles in different situations accordingly becoming so called *situational* leaders (Johnson *et al.*, 2017). If compared to other management research, transformational and situational styles seem to correlate with agile, while transactional style has more common characteristics as waterfall perspective (Crawford & Pollack, 2004). The main difference between agile and waterfall is situational, people-centred approach as supposed to analytical systems approach, and while both may be effective, however there are indicators that agile approach yields better feedback among employees, whilst still effective style to steer operations (Gustavsson & Hallin, 2014).

2.2.2 Context

Whilst there are different leadership styles, it is the context of change that determines which characteristics are most fitting and optimal when, for example comparing a small business to a large corporation, and the effects strategic change poses (Johnson *et al.*, 2017). Their overview continues, how two effective frameworks have been defined to assess the context, tolerance, and requirements which are *the change kaleidoscope*,

Figure 6, and *forcefield analysis*, **Figure 7**. Further, it to be noted that though both of the following frameworks are detected to function sufficiently, other possibilities exist as well to promote strategic change.

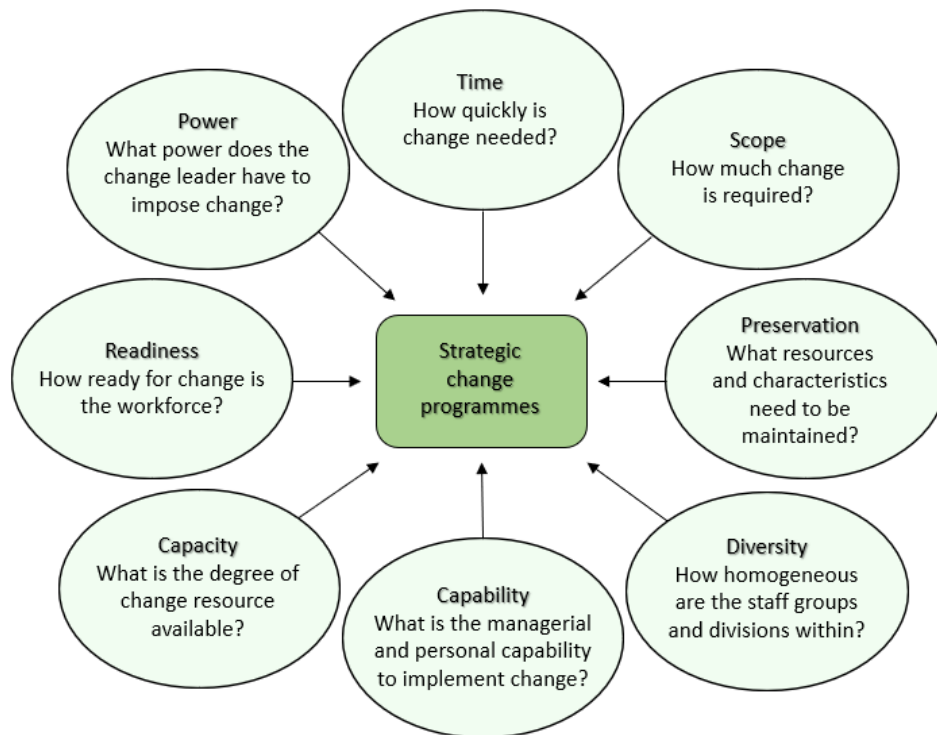


Figure 6 The change kaleidoscope (Balogun & Hope Haley, 2008 In Johnson *et al.*, 2017, p. 473).

The change kaleidoscope by Balogun & Hope-Hailey (2008) is by a definition a framework which illustrates the key factors to the action of strategic change mainly assessed by using two of the factors, required *time* frame and *capabilities* of employees and management. Each factor is then reflected through these features and correspondent style of leadership is thus chosen contextually.

Johnson *et al.* (2017) also include another appropriate framework for context evaluation, a forcefield analysis, with which the influences that either enable or hinder change can be illustrated and compared. With the tool it is thus depicted identified opposing, favouring, and neutral features in relations to other change actors which can then further

be attempted to manoeuvre towards a favourable result. They continue to illustrate the framework with different management reactions with change factors of time and capability as depicted in **Figure 7**.

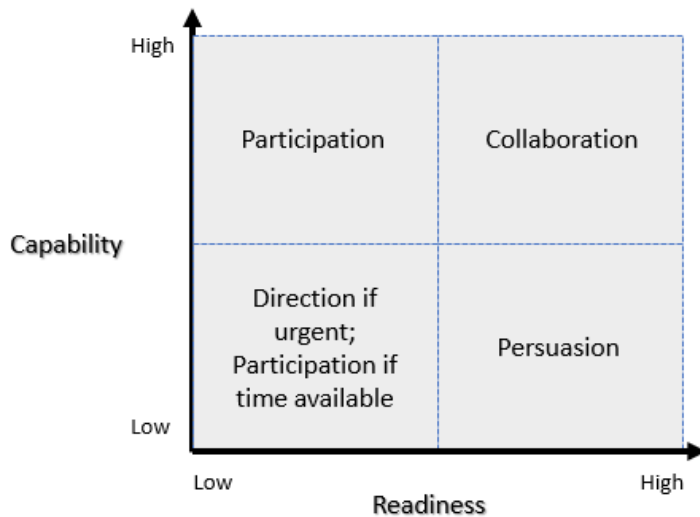


Figure 7 Forcefield analysis illustration (Johnson *et al.*, 2017, p. 476).

2.2.3 Types

According to Balogun & Hope-Hailey (2016), there are four types of strategies which they identified as *realignment*, *transformation*, *incremental*, and *big bang*. To determine which type of change in strategic change is imminent, they continue to compare the types with two factors, *end result* as in the extent of the change, and *nature of change* as in the required speed for the change. When examining in contrast, results yield four types of change which are *adaptation*, *evolution*, *revolution*, and *reconstruction* as depicted in **Figure 8** (Johnson *et al.*, 2017).

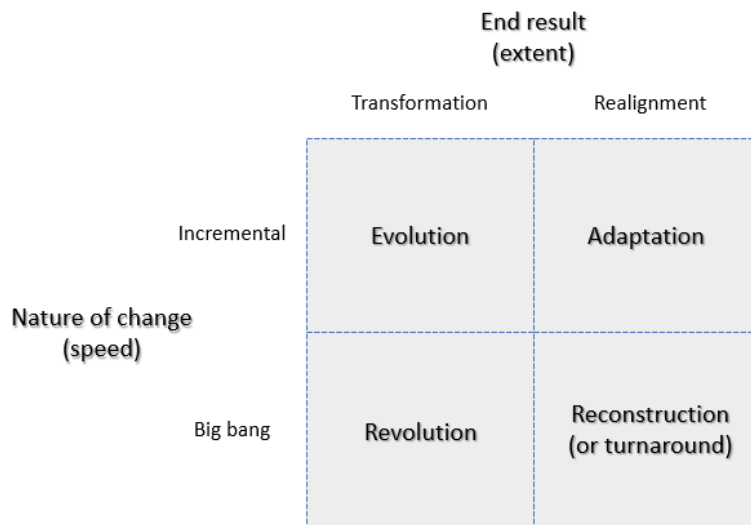


Figure 8 Types of changes (Adopted from Balogun & Hope-Hailey, 2016, p.23).

Simplified, major changes as supposed to mere alignments executed within a short period and on contrast within long period require different type of actions. Thus, according to this framework type of strategic change can be identified when comparing what needs to be achieved and in what schedule giving the answer to *how* the change in strategic change is to be implemented.

The framework produces a fine tool to consider larger strategic changes, however, not all big transformations require a total revolution or reconstruction as action (Johnson *et al.*, 2017). Sometimes adjustments in certain department or part of a process is sufficient, furthermore, as with most frameworks, the concepts referring to time are situational and may be interpreted differently (Ben-Menahem *et al.*, 2013). For example, incremental change does not equal to any specific time frame. For a larger scale company an incremental change could mean one year's work, whereas for a smaller business it may mean five years. Thus, all is relative and while the tool gives important insight to what needs to be taken into consideration, the results cannot be generalized, but to be treated as applicable, rather directive.

2.2.4 Levers

The last main element in strategic change after understanding the role of leadership, context, and type, are levers as is means of change (Johnson *et al.*, 2017). Many things can be identified as levers, such as vision itself, and in certain situations they are strived to be used sequentially where one follow another in a particular order, or at least that is how they are planned to be used, while often in practice they are used concurrently (Berman *et al.*, 1994; Johnson *et al.*, 2017). Kotter (1996) illustrated levers in a ladder model identifying eight common steps of change as depicted in **Figure 9**. However as per Johnson *et al.* (2017) there are many more, and while the model helps to understand the purpose and meaning of levers as ladders to change and gives more insight to the possibilities, the content of the model can be generalized to seven focal levers.



Figure 9 Kotter's Eight Steps for Change (Kotter, 1996, p. 61).

The first step of generalization is to have an imperative *need for change*, similar of that of Kotter's first step (Johnson *et al.*, 2017). While as per Lüscher & Lewis (2008), change is caused by external stimulus, the motivation for the need of change may come from different places. Therefore, to ensure the need is promptly informed throughout and understood by the whole organisation, these motives are to be harnessed to help explain the required strategic change and actions in such a way, that is clear for everyone involved (Johnson *et al.*, 2017).

Johnson *et al.* (2017) continue with another early step, when after a change alert, one must *challenge the known*, as in being aware of the assumed means and ways of operations. Management and employees might knowingly or unknowingly resist change as it creates different practices, thus the step of accepting this and addressing it early on might alleviate the possible consequences (Milani *et al.*, 2008). The third step follows thus as *changing operational processes*, and once possible resistance and other complications have already been acknowledged, the step is expected to have better chance of success (Johnson *et al.*, 2017). Of course, there are different processes such as planning the change and varying scales of change to be made. It is essential to comprehend how all change, big or small, may cause issues if failed.

Another important lever, one that is missing from Kotter's (1996) stairs, is *symbolism*. Things that are said, how, where, and why have different meanings to people. To use symbols as levers for strategic change, resourceful management would implement changes symbolically as well through, for example, what is communicated and how, or with changes to the physical environment (Lord & Shondrick, 2011; Johnson *et al.*, 2017). As mentioned though, unconscious resist might occur in management as well, thus, it is essential to understand, how managements negative attitudes could be unintentionally passed on to employees in the form of for example expressions, gestures, or use of language. The fifth step to lever strategic change is *politics*, as in the politics and power structures that exist within every organisation in terms of for example controlling resources, forming influential group to lead an example, or building teams and networks to drive causes (Lau *et al.*, 2018; Johnson *et al.*, 2017)

The last two general levers for strategic change are *timing* and *short-term wins*, of which the latter was also seen in Kotter's (1996) sequent model in **Figure 9**. Timing refers to the time when actions of strategic change is to begin (Johnson *et al.*, 2017). According to Johnson *et al.*, there are different possibilities to leverage when choosing the most appropriate time, for example, by using topical issues to promote change. Other matters that need to be taken into consideration are other pending changes since their timing

should not collide as combined effect might yield unexpected results (Siebelink *et al.*, 2021). Furthermore, whenever the timing is set, there should be no obscurity of it among employees, nor are changes to be made without notice (Johnson *et al.*, 2017). Finally, to leverage change and ease the process, short-term wins should be planned to induce motivation, as even if these were not directly related to the vision of strategic change, little incentives along the way might aid to shift attitudes in a form of transformative change (Termeer & Metze, 2019).

2.3 Synthesis - FOB succession and strategic change

In this section, the objective is to synthesize the theory frames of strategic change and FOB succession to create a simplified and empty mould for model to discover how can FOB succession process be decoded for it to promote, accommodate, and enable required strategic change. This is later attempted in section 4.4 with a model that illustrates where within FOB succession process the four key elements of strategic change are activated. Location of elements will able a deeper analyse of the context for each element, give meaning to each stage of the FOB process regarding enabling strategic change, and further help to understand *how* strategic change can be executed in the stages of FOB succession process, which influences exists, and what cross-effects occur.

So far separate reviews of literature of strategic changes and FOB succession has been conducted. A framework of four key elements in strategic change was chosen to illustrate what change entails, which and what types of factors are included. Simultaneously, a look into the research of FOB enlightened how diverse and complex the concept of FOB is and the nuances affecting both business and further, succession of family businesses. While having the knowledge of different factors, actors, contexts, and underlying influences, a model for the process of FOB succession was introduced.

The mould of model and its prospect of alleviating the risk of failed succession combines the notions that in most cases strategic change requires new management and simultaneously, though business is existing, new entrepreneurs lack the unconscious ties and

patterns of thinking associated to the predominant operations, as outlined in introduction. Thus, while the risk of change still exists, it is the concrete business that carries the liability while new owners are free of the emotional burden of changing life's work and associated identity. This does produce a thought that tangible and intangible factors in failure would seem to be more dependent of, or affected more, by intangible aspects. In FOB succession, this could further implicate that change success favours successor over incumbent, as Salvato *et al.* (2010) also noted, how established businesses tend to in fact hinder change.

Thus, depicted in **Figure 10**, the empty mould and outline of the theory synthesis producing a model to illustrate how strategic change can be enabled during FOB succession process. For now, theory has produced the process model by Le Breton-Miller *et al.* (2004) which is used here to illustrate the process, and the four strategic change elements by Johnson *et al.* (2017). It is through introduction of case, data collection and empirical analysis, that the process can be illustrated in case context and ultimately place the change elements into the stages of the process in section 4.4.

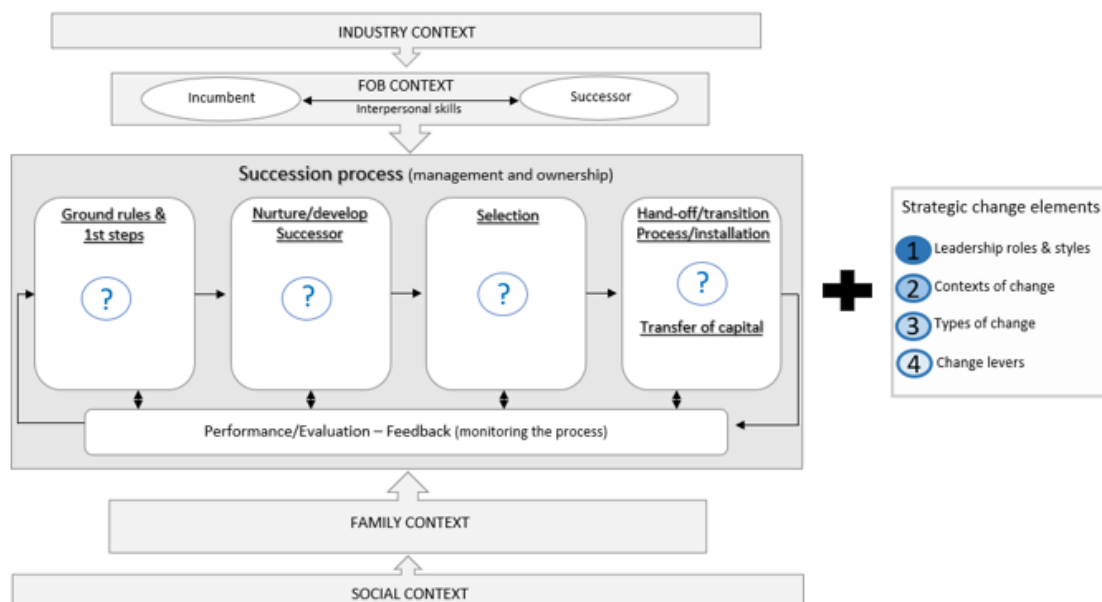


Figure 10 Synthesis elements (Adapted from Le Breton-Miller *et al.*, 2004, p. 318; Johnson *et al.*, 2017).

3 Methods and data

This chapter will begin introducing the study's methods of research, including research strategy and research method. Choices made are explained and supported with relevant literature. Next, the case selection process, data collection, and data analysis of the study are introduced, explained, and justified. Lastly, a critical view concerning the validity and reliability of the study is presented and further discussed.

3.1 Research strategy

There exists many means to conduct a research, such as qualitative, quantitative, and case approach (Yin, 2009; Dubois & Gibbert, 2010). In studies which are identified as qualitative or quantitative, the data concerning chosen topic is collected with means such as surveys, interviews, or other measures from related sources, and usually include only one or the other as a research strategy, while combination strategies exists as well (Yin, 2009; Eisenhardt, 1989; Miles & Huberman, 1984).

However, in case study strategy a phenomenon is studied through a case context, which can be an individual, a group of people, or a business, for example (Yin, 2009). Yin continues how both methods and analysis of data vary in case studies which pose a unique strength for the choice of strategy when conducting a research as it does not only focus on one type of method nor is it bound to a specific style. However, for this reason a case study must thus be carefully planned since multiple actions are included which poses a risk of ambiguity and perplexity (Maylor & Blackmon, 2005). Finally, a case study may bring theory to life through practical illustration and for this reason, this strategy is often chosen in the field of social sciences to help explain complex issues on a more apprehensible level (Yin, 2009; Dubois & Gibbert, 2010).

A single case study presents an opportunity for a deeper analysis whilst multiple case study would allow a more generalizable analysis and results, as it offers different examples and thus surrenders wider perspective to the study and results (Yin, 2009;

Eisenhardt, 1984). It is thus important to choose the method thoroughly and fitting to each study in question and to make sure selected method will be best suited to find the answer to study's proposed research question.

Alongside single or multiple case choice, a case study may also be either holistic or embedded, where a phenomenon is either studied in a general sense or the topic is heavily attached to a specific action within the case (Miles & Huberman, 1984). Case studies can also be executed as cross-sectional or longitudinal studies which is determined with the time scope of the study, or more specifically the time scope of the studied phenomenon (Yin, 2009; Eisenhardt, 1989). It is thus clear how versatile the strategy is with multiple choices for means of research, when correctly chosen to fit the study.

Research is generally categorized to answer questions of three different types which are either *exploratory*, *descriptive*, or *explanatory research* and all of these are applicable to a case study strategy (Yin, 2009). Other case-based research designs include *development-oriented study*, *action research*, and *design science* (Maylor & Blackmon, 2005; Yin, 2009; Eisenhardt, 1989; Miles & Huberman, 1984). In the three latter designs, the researcher is in a more active role either external or internal actor in relation to the case and subject (Miles & Huberman, 1984). With exploratory and descriptive research design a researcher observes and studies a theory through the case context, reflecting results back to theory (Yin, 2009). An explanatory design strives to develop new theory by combining methods and uses the case context to resolve relations between cause and effect (Eisenhardt, 1989).

Research strategy chosen for this study is thus case study. Theory-building research is used to ultimately develop a model which illustrates how strategic change is enabled within succession process. This is accomplished by first illustrating the case company's FOB succession process followed by account of strategic change implemented during succession process, ultimately combining the results. The model is developed by a synthesis of studied theories in addition to empirical research, which is introduced more

closely later in this chapter. With these choices, a thorough and satisfactory answer to *how* strategic change can be enabled within succession, is expected to be acquired in section 4.4.

3.2 Research method

The means of research in case study strategy continues to include qualitative and quantitative methods and, in some cases, both methods are used (Dubois & Gibbert, 2010; Maylor & Blackmon, 2005). With quantitative method data is collected in a way that produces numeric values to further analyse, while qualitative research respectively collects data in various ways such as observation, questionnaire, or interviews (Yin, 2009; Miles & Huberman, 1984). The data is then interpreted by the researcher surrendering discovered themes results as supposed to quantitative method, where results are numeric and presented as percentages, for example (Eisenhardt, 1989).

In a qualitative research, the data is either primary or secondary data (Saunders *et al.*, 2016). Difference lies in the collector, as data which is collected by the researcher themselves is called primary, and secondary, consecutively, is existing data collected by someone else. An example of secondary data would be for instance data of employee satisfaction survey carried out in-house, which is then presented to a third-party for further research. The research method for the case study of this thesis is qualitative, where primary data is collected with a semi-structured interview, disclosed in more detail in section 3.4.

3.3 Case selection

Case selection is focal factor for a coherent and ultimately successful study, as if the case and theory frame are not sufficiently associated, no clear reflection between theory and practice can be produced (Eisenhardt, 1989; Maylor & Blackmon, 2005). Thus, as the topic of this thesis is strategic change via FOB succession, the case company was required to be a family business that had completed a succession process while implementing

changes to operations. This would enable reflection of the phenomena to theories of both FOB succession and strategic change, to see how the case compares to existing frameworks and thus to be able to assess cases compatibility to act as context to explain cause and effect and for building a model based on both existing frameworks and empirical data.

The researcher had prior knowledge of such a business and after inquiries of participation, the business in question agreed to take part and disclose information concerning the succession process including reasons and decisions for operational change they had made. Participation was not guaranteed, as since the topic is family businesses, information required to conduct a thorough study would also include the need of information which could be interpret private in terms of family relations, interrelation attitudes, and outcomes. It was agreed, that while some information needed to be shared in the thesis to help explain decisions and events, more personal and private information would not be disclosed merely to add context. Ultimately the thesis studies the process and not the underlying family influences and that is where the focus should lie regardless.

The case company for the thesis was thus selected as a small and medium enterprise, later referred to as SME, operating in the industry of arts and crafts, located in Holland. For the purpose of the study, the type of industry nor the size of the company have no relevance as the technical process of FOB succession is similar regardless of those factors (Le Briton-Miller *et al.*, 2004). However, contemplation of differences between large and small family businesses concerning the process will be raised during analysis and while the industry is not perceived as having effect to the succession process, it may entail some factors towards certain requirements later when examining strategic change influences. On the same line, while the location of the business is not significant for the purpose of studying the process theory, Holland as a country may possess economical influences that could have emerging and unique effects to the process.

The decision to only include one case instead of multiple cases with further cross-analyse was in the complex nature of the subject of FOB. The interrelations involved are not only unique but also convoluted and furthermore, the selected case company could be described as an example of *best-practise* as it was successful in both surviving succession and further implementing changes simultaneously (Maylor & Blackmon, 2005). How and why the case company is considered successful in this subject is described in more detail in section 4.1. Thus, for the sake of this research, it was seen more important to fully focus on one perceived good example to demonstrate effective FOB processes and to analyse strategic change elements, through which a synthesis model can be developed, rather than superficially comparing different examples, and attempting to draw conclusions based on them. However, it is noted, that if there would not exist any boundaries to the length of the thesis, a similar thorough multiple case analysis would yield more extensive data and results.

3.4 Data collection

Primary data for the analysis was conducted with a semi-structured interview, which was sent to respondents, who are the current copreneur-owners of said business, via email with a request of two weeks reaction time. After copreneurs had time to introduce themselves to the questions, a teleconference was scheduled, to go through their pre-considered answers, which was recorded in detail. The choice of data collection was agreed upon in initial conversations and negotiations due to practicality and tight schedules. As the subject of study and thus the questions include two separate themes, the succession process, and the strategic change actions, it was concluded how some time to prepare was appropriate to prevent a prolonged interview event and to enable restoring of memories and documents for accurate and useful responses. The interview questions were open questions concerning the origin of the FOB, background for selection of successor, reasons for the operational changes made, and subjective evaluation of the success of the process.

In addition to the interview questions, data was complemented by informal discussions during first discussion of the possibility of participation to the study and later after discussing the answers to ensure no unclarity existed. These conversations are not considered as primary data as they only clarified events for the researcher, extended knowledge and understanding of context and the underlying relations which are not to be further disclosed in the thesis.

After the primary discussion, additional material was sent to the researcher and the interview questions were formed and forwarded to the respondents as per agreement. The received material consisted of business' plans, vision, and illustrations of operational changes including a change proposition from successors to incumbents, which will be later referred to in the analysis of cases FOB succession process. During given reflection time after sending out the interview, other sources, such as websites of both the business before and after succession were studied, and social media accounts observed, respectively. Other, official, materials were not deemed helpful as they are in Dutch which the researcher does not speak nor understand. The overall details and timeline of data collection and contacts can be viewed in **Table 1**.

Data	Respondent	Date	Duration	Mean
Informal discussions	Interviewee 2	24.2.2021	1h 25min	Phone call
Received material	Researcher	24.2.2021		(Observation)
Interview questions sent	Interviewee 1 Interviewee 2	10.3.2021		Email
Websites & social media: Facebook & Instagram	Researcher	26.2.2021 – 30.3.2021		(Observation)
Interview answers and informal discussions	Interviewee 1 Interviewee 2	29.3.2021	1h 28min	Tele- conference

Table 1 Empirical data collection.

Language of the interview and discussions was English as the entrepreneurs are Dutch and Finnish with a common language of English. The common language was chosen also

to ensure both parties were able to follow and independently comprehend content of interview and conversations, thus no Finnish was spoken among the researcher and Finnish Interviewee 2. The interview included eight questions in total with the notion to answer questions in own words, with help of specifying points to ensure all relevant information was given. Template of the interview questions can be found in **Appendix 1**.

Interviewee 1, a Dutch, is a descendant of incumbents of the case study company, the intra-family successor. The successor is in their thirties and possesses master's degrees in both business administration and political sciences. Interviewee 2, a Finn, is the spouse of successor, and as now an equal business owner, copreneur in the business, is later also referred to as successor in situations that concern both parties and where the identification of successor is not seen relevant. Interviewee 2, also in their thirties, possesses master's degree in economics and business administration. In addition, together they have extensive international business experience from different continents and countries, including Asia, America, Africa, and multiple countries in Europe. Thus, the credibility of both interviewees concerning strategic and operational decisions or reasoning leaves no cause of doubts and further give credibility to the model which is developed in part from empirical data produced by the interviewees.

3.5 Data analysis

Data analysis in this qualitative study is done by content analysis, which includes versatile and systematic interpreting as the theme is heavily involved in both theoretical business studies and simultaneously human discourse, activities, and intra-family relations (Miles & Huberman, 1994; Kohlbacher, 2006). The portion of the interview questions that involve succession are required information regards underlying influences behind choices made concerning succession which is illustrated through the effective FOB process model by Le Breton-Miller *et al.* (2004). There are four stages and four contexts presented in the process, and the answers are interpreted, categorized, divided by theme and content of the stages and contexts, and then continued to be combined to each correlating factor.

Next, the portion of the questions and their answers concerning strategic change are interpreted to match the framework of elements of change by Johnson *et al.* (2017). This involves analysing the content of each framework elements with literature, categorizing obtained data, and continuing to match answers' themes to each element, to ultimately being able to indicate if and how case behaviour matches with features found in literature, thus linking practise to theory.

Furthermore, as the content of the questions can be divided into two themes, a cross-content analysis is performed. This is done by the researcher interpreting and analysing both set of answers to indicate whether something is linked to the other portion of questions. For example, some attitudes or indications towards future change decisions could be found in accounts concerning succession process, without interviewees present knowledge. Because of this, some information might not be mentioned later in other context while relevant. This is understood, as when past instances are recalled, connections between cause and later effects can be combined in human mind to exclude some other influences, both consciously and unconsciously.

The analysis of the case and data follow the composition of *within-case analysis*, where case is looked at first in an overall manner, data then analysed in-depth, in previously enclosed matter, and then described and illustrated in detail chronologically, starting from the case company's history continuing to analysing and combining data with theory following the narrative of the case and interview data (Maylor & Blackmon, 2005). The case and the processes in focus are thus introduced in detail while analysing the content and studying the connections to theory. According to Eisenhardt (1989), the purpose of a within-case is to gain deep knowledge of the case to ensure both realistic context for case study and further to ease the analysis process with thorough knowledge of the subject case.

3.6 Validity and reliability

Validity is concerned if the research measures what intended and if the received data is accurate (Saunders *et al.*, 2016). While empirical data in this thesis was collected by focal individuals and thus the assumption is, that the data received is in fact accurate, it must be noted, how interviewing is a subjective measure. Answers to questions from people in the same situation tend to differ, therefore the notion of *accurate* is itself subjective and it is thus difficult to define the accuracy of a research (Eisenhardt, 1989). What is ultimately meant by validity though is if the research is truthful and executed correctly.

Reliability on the other hand, by definition, refers to identifying if the study is reliable. This is assessed by repeatability (Saunders *et al.*, 2016). This means, that same results should occur by a different researcher with similar methods. As parts of the interview were concerning past events the results should be repeatable in terms of the succession process stages and contexts. The questions of changes to operations should also repeat, however what might differ, is the interpretation of the data, as in which notion is ultimately connected to which change element and theory in general. Furthermore, as per Saunders *et al.*, semi-structured interviews in general are not seen generating repeatable data validly.

In this thesis the reliability and quality of the empirical findings was attempted to be ensured with data triangulation from multiple sources combining different means of data collection thus enhancing multilevel comprehension and knowledge of the data and the case itself. In practise this could be for example observing visibly a change in marketing choices through social media channels and matching the observations with a narrative from interview answers. Thus, gaining more explicit information concerning the phenomenon in question and adding additional depth to the original interview answer which can be further added to the narrative of data producing more profound content towards the case study itself together towards its credibility and reliability.

4 Findings

This chapter will begin by introducing the case company, the main points of its beginnings and development up to the point of succession. This information will give foundation to the process of succession which analysis will follow. The succession process is managed stage, and context, at a time reflecting theory to case findings from collected data going to the events that aspired in closer detail. The case process is thus demonstrated through theory and the *effective* FOB succession process model by Le Breton-Miller *et al.* (2004).

Next, the analyse will reveal and discuss empirical data findings concerning strategic change elements by Johnson *et al.* (2017) in the case process. Each element is placed in the theory synthesis process to illustrate what exactly occurred during what stage of the FOB process and what were interrelations included in each instance to produce the model by synthesising the two frameworks as suggested in section 2.3. Possible differences and deviations between theory and practice are presented and discussed as well.

The source for study's following descriptions and text is the collected empirical data, processed with strategy and methods introduced in chapter 3, thus, no in-text citations are separately introduced, excluding situations, if information is added from literature to either explain or compliment events with added knowledge. Furthermore, direct quotes from the interviewee's are added to help guide the content and produce focal information in more detail. The quotes are separately indicated and allocated to correct interviewee as source.

4.1 Description of the case company

The description of the case business before and after succession is put into chronological order according to the data provided by interviewees as answers to the interview questions, accompanied by results of observation of websites and social media by the researcher by categorizing the data to correlate with the timeline and combining surfacing

themes to match certain points in relevant company history and description of current state.

Before succession

The case company of Dutch SME was founded in the late 1980's in an isle of Texel in Holland. The founder had great interest towards arts and crafts and thus the seed for a business idea was born through a beloved hobby. While the founder in their spare time was making crafts and needlework, for example dolls, and arranging workshops for other interested crafters, local interest grew. Soon demand overpowered supply and the first step towards deciding to form an actual business was taken.

It became clear how one of the downfalls of operating in an excluded island was availability of materials and it was noted how much cheaper ordering larger quantities was rather than smaller orders for one person operations. Thus, liaison for material purchase was made between other local businesses. As interest towards the founder's handicrafts had grown to the point where there was no time nor means to meet demand, the business was officially established and first product in a form of DIY package including all necessary materials and instructions for each item was launched.

Popularity grew and with it, the business and thus first location for shop and warehouse was purchased. After two years other locations were acquired, and a chain of commerce was fully operational. At that time, the business was doing business to consumer, later referred to as B2C, sales, but in 1995 due to increase of wholesale, the business began doing business to business, later referred to as B2B sales. Due to wholesale and business clientele, the products spread worldwide, and the business acquired an established repertoire.

In 2000, the spouse of the owner joined the company to co-manage and the growth continued. In 2009-2010, after some health issues, the planning of succession started to

take place. It was noted how, the business had many product lines, unutilized space, and materials, focusing mostly on the original idea, style, and general operations. The process of making the business leaner to ease the transition to new owners was proven difficult due to longstanding line of operations and customs. Finally in 2018, the succession was executed.

After succession

Currently, in 2021, the business operates under another name, which is more in line with its current image and vision. The vision is also promoted through story telling with added experience factor to shop locations, website, and social media accounts through for example styling and spread and sequence of items. Half of the number of original employees are still working for the company and new ones have been recruited to both remunerate existing job posts and to new posts created to further and support the new strategy. Entrepreneurs have acquired two other competing businesses for venture growth forming an umbrella company of three, continued purchasing the real estate it operates in, and furthermore they have ventured back to selling B2C with an emphasis on web shop, and digital marketing.

With these changes, the business has increased original and quite stabilized turnover by 200 per cents, where approximately half of the revenue is currently generated by B2B and half by the new venture of B2C sales. Here lies the definition of what constitutes a successful succession, as per De Massis *et al.* (2012), if a business is running after succession process and transfer of power, with added revenues, positive change on profitability, and stakeholder satisfaction, the process is deemed successful. Why and how the decisions in case's process were made, and how and when the need for change was noted will be discussed further in detail in section 4.3, after the succession process, its stages, influencing actors, factors, and contexts are explored.

4.2 FOB succession

As presented in section 2.1.3, the theory frame for the succession process is Le Breton-Miller *et al.* (2004) model for effective FOB succession process model. It is to this model, its stages and actors, factors, and context, that the analysed data will be first reflected to. Furthermore, by comparing the events and decisions made by case company to the model, can its effectiveness be confirmed. As per Bagby (2004) a process can only be deemed effective if tested with positive results. In turn simultaneously the cases process can be justified to be suitable for synthesis model's base.

Next sections will include explanations of each stage of the process, one at a time, reflecting data results to theory. This is followed by closer look into the actors', factors', and contexts' influence, content, and relevancy in relation to the presented stages. Lastly, a notion of occurring deviations in relations to the original model are discussed.

4.2.1 Stages of process

For clarification, the FOB process of the case company is disclosed and discussed first. After this, it is more comprehensible to go through the focal actors, factors, and contexts, as introduced in section 2.1.3, which are the main drivers and influences within the process.

First stage

The first stage in Le Breton-Miller *et al.* (2004) theory has a notion of an upcoming succession without indications as to why, as if the succession is merely a definitive event, decided before beginning to properly plan it. While as in the process of the case company, the first stages and planning of succession began by an interest to retire. As it was merely an interest, no time nor timing for the process was focal at that time. Furthermore, the most of criteria for incumbents at that moment was the continuum of the vision and stance, but also the valuation of the business.

“--it was difficult for them to make a difference between monetary value and emotional value towards the business itself, but also to the shops and belongings.”

(Interviewee 1)

Outside interest to buy the business was also present and no decisions concerning succession and if it had to be intra-family or not, was made. Although it was noted how while:

“--it was never pushed or suggested, nor even really said out loud actually, I got the feeling they would want the business to continue within the family, as you might expect.” (Interviewee 1)

Second stage

The second stage of developing and nurturing relationship between potential successors and incumbent includes similar aspects than the theory model by Le Breton-Miller *et al.* (2004). In the case process, the first and second stage took about ten years, theory does not determine a definitive presumed length. The future successor, one of the two sons in the family, took a responsible role, alongside an outside interim manager, who ultimately was unable to match well into the operations and accustoms of a family business. A study by Neckebrouck *et al.* (2017) reveals, how this is not uncommon, as in many cases family businesses might turn out challenging work places for non-family members due to different levelled nuances and influences family has over the operations. The observed conflicts in the Duct SME case can thus be further linked to stewardship and agency theories, discussed in section 2.1.2, of employee's drivers for succeeding in their work (Randerson *et al.*, 2015). As a non-family member usually lacks the internal drive of wanting to protect the family business as per stewardship, and mostly focuses on the assets as such, as per agency theory (Neckebrouck *et al.*, 2017; Solomon *et al.*, 2021; Randerson *et al.*, 2015).

The successor knew the business since childhood, had high education, outside work experience in a start-up, and thus was considered an eligible manager regardless of family ties. Concerns of usual family business govern issues in the eyes of other employees with for example nepotism, were unnecessary (Cropanzano *et al.*, 2001). Interrelations between incumbent and successor began shifting towards parent-child to business associates as the skills, potential, and willingness were noticeable. Later during the same stage of process, successors partner also joined the business as further help with running the operations was needed due to health issues. While learning the trait, the idea of taking over started to grow for the pair, but it was due to interested outside parties that caused a prompt decision.

“At first, we were a bit apprehensible about it, maybe worrying a bit of the possible ramifications to the family if something would go wrong or our decisions would not be backed. But when we realised, that others are really interest in buying the business, it just hit home, and we knew what we wanted to do.” (Interviewee 2)

Third stage

Third stage differs notably from the Le Breton-Miller *et al.* (2004) theory model, as in this case, the decision for succession was ultimately mutual between parties, furthermore, it was the successors who proposed their vision of the future for the company to the incumbents by holding a presentation, and only if the vision were accepted, would they continue the process of taking over. The vision was based on influences promoting required strategic change, which will be examined and explained in more detail following section 4.3.

“Certain terms were drawn, and it was essentially an ultimatum, as we knew we could not achieve our vision, if it was not supported and accepted.” (Interviewee 2)

As the proposed direction for the company was accepted, the planning of operations and role division was able to properly commence, though there were some bumps in the road which led to an interesting term that was to be agreed on as well, enclosed in the last stage.

“It was the only choice we could think of, as though they were happy to retire and finally be able to completely relax after all those years, the relinquishment of power and ties ended up proving more difficult than perhaps they originally thought.”
(Interviewee 1)

Fourth stage

The last stage of the process was a simple transition where successors merely took over. The business was already known to both as were other business acquaintances due to earlier participation and incumbents desire to make proud introductions of successors to the family business. Incumbents' future role was agreed to continue as advisors and supporters within the family context alongside a sibling, who had never been involved in the business and was happy to be merely a supporter and advocator for the business.

The interesting term mentioned earlier that was presented in the vision proposition and thus accepted as part of the process as revealed in previous stage, involved the hand-over process. The term was a full eviction for incumbents off the premises after power transfer and they were to stay away for some time.

“It was the only way we could think of to really make sure they would stay a distance and let us set up our new vision in peace. They are both very hands-on and a bit headstrong, also the emotional attachment they had for some items for example made us think that it is better if they are not there to see the transformations first steps. We were sure they would turn up the next day, they didn't.” (Interviewee 1)

The Le Breton-Miller *et al.* (2004) model included transfer of capital in the fourth stage however in the case process, this happened long before the succession planning was a topical issue. This deviation will be further explained in the next section alongside other differences between the theory model by Le Breton-Miller *et al.* and the case process.

4.2.2 Deviations

To confirm the model by Le Breton-Miller *et al.* (2004) and to explain the case process through the existing model, not many deviations occurred. This further advocates the presumptions name of *effective* process model by The Le Breton-Miller *et al.* The differences that were present were associated to the planning and designing of the process, with clearly defined stages. Le Breton-Miller *et al.* model emphasized the importance of clear plan and rules for succession process, while compared to the case process, which according to successors was not really planned in detail, and rather happened on its own. Further, considered actions at times were not definitive and the process itself was rather accommodating. The difference to Le Breton-Miller *et al.* is thus, that when it comes to FOB's, perhaps the theoretical assumption is to plan in detail and act accordingly, while in practise, there lies the risk of overly flexible actions due to the familiar relations. This was also noted by the interviewee's as they did not recognize the process as a "typical succession process". The main reason for interviewees' and especially intra-family successor's suppositions derived from the length and lack of structural succession process stages. While, as per the study, the process in fact did follow theory model with only few deviations, as one might expect regardless.

The difference could also be explained by the size of the company as one could imagine how differently a similar situation would have been required to executed if the subject was a large company. Quite easily, when discussing about FOBs the image tends to lean towards an SME that is free of certain directives and stiffness that come with governing a large non-family corporation. However, FOBs exists in all shapes and sizes (De Massis *et al.*, 2012). This makes one wonder whether the model by Le Breton-Miller *et al.* (2004), is more targeted to larger FOBs which would require a more detailed plan when involving

possibly hundreds of people in comparison to SMEs. Regardless, it is clear, that as such, it is representing successions which do not include changes from successors perspective, rather continuum of the existing operations and alignments made by the incumbent.

The most notable difference between the case's process and the process model by Le Breton-Miller *et al.* (2004) comes in the last stage of hand-over, in the part of transfer of capital. In this case, the capital and shares were parted before the succession planning was a topical issue due to enabling Dutch regulations. According to Interviewee 1, who is native Dutch, a business owner and received high education in his motherland, In Holland:

"--there are tax reliefs if rent of for example office space is paid to a holding company in cases where the holding is not owned by the same people that own the company and the space it is operating in. Like with our business, the capital, shares, and legal ownership of the company was put under a holding company by advice of our accountant. Me and my brother were appointed as owners. This way, the business could pay rent for own operational space to the holding, tax free. It is a common practice in Holland and why the country is known as "the holy land of holdings"." (Interviewee 1)

Due to this, the event of hand-off did not include transfer of capital, as depicted in **Figure 11**. The holding company continues to pay pension to the founder who continues in the board of the holding. In the process, the copreneurs jointly bought the shares which was ultimately the only monetary transaction during succession's power transfer. They now own the shares 50/50 while the sibling of successor continues as a nominal role of investor through obtained position in the holding company.

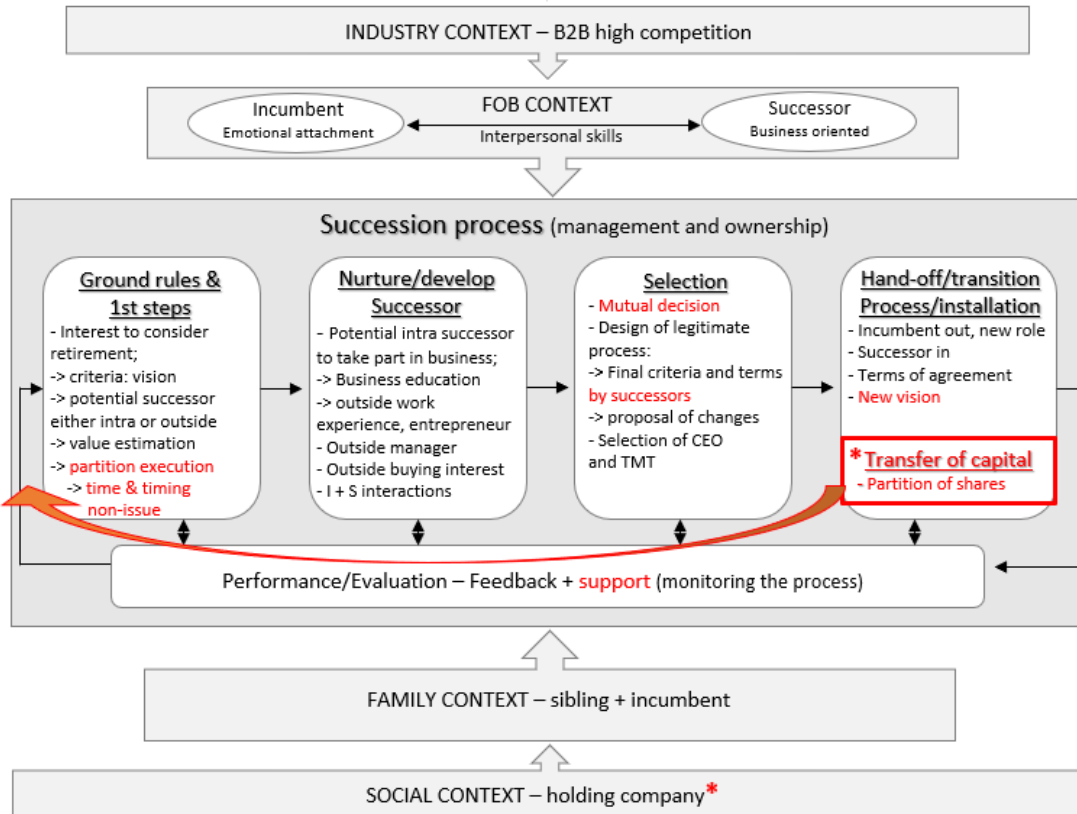


Figure 11 Case FOB process (Adopted from Le Breton-Miller *et al.*, 2004, p. 318).

Another slight deviation is found in second stage, as while training could be seen including different ways of introducing business operations to the successor, in this case, no clear training sessions between incumbent and successor were present, while the topic is raised by Le Breton-Miller *et al.* (2004). Perhaps training in this case happened incrementally during all the years successor was involved in the business and family context or perhaps it is due with the fact, that operations were not going to continue in similar manner. Thus, no specific training as such would occur or would in fact be necessary.

4.2.3 Actors, factors, & contexts

The standing features within succession were divided into three groups in section 2.1.3 and now these features are reflected to the case process and its content to produce a thorough understanding of the stages and the features enabling the process. The order

of first going through the general process seems logical in the sense, that now the features can be further concluded with relevant examples from the presented process.

Actors

As per Le Breton-Miller *et al.* (2004) the main actors in succession process are incumbent and successor, and in the case process those actors are identified as a parent and child. Hoy & Sharma (2010) pointed out how family members are also in a crucial role and here, the spouses of these parties, as in the parents of the successor and his own partner, affected the process significantly and still are equally involved in relations to their partners. Successor and partner are the current copreneurs and incumbent and spouse of equal stance as advisors. Bozer *et al.* (2017) added non-family members as influential actors as well, and though the case process was not negatively affected for their sake, it was also revealed in the interview how only half of the original employees remained after succession and changes.

“During the past couple years, there were some that left for usual normal reasons, few retired, but also some just did not adjust to the new way of doing business under our leadership and either left or had to be let go.” (Interviewee 1)

Factors

In the literature review, focal factors influencing succession were divided into two main categories of personal and professional factors by Bozer *et al.* (2017) which are now to be discovered from the case process. Personal factors of the incumbent were identified as attitudes, cultural shadow, mortality, nepotism, and ethnicity (García-Élvarez *et al.*, 2002; Bozer *et al.*, 2017). Attitudes towards the business and own identity with and without the business were issues that emerged in the case as well in the form of resistance of relinquishing power even after decision of succession was welcomed.

“Their identity was attached and bound to the identity of being a business owner and being part of that culture. Letting go seemed harder than anticipated.”
(Interviewee 1)

Cultural shadow refers to work culture which is mostly affected by incumbent’s level of involvement and leadership style (Davis & Harveston, 1998; Poza, 2009; Santora & Sarros, 2008). In this case the incumbent’s and family’s involvement was extensive and described as hands-on. This became clear through informal discussions and was later confirmed in interview as

“--they [incumbents] are both micro-managers, which is something that neither of us do, which was one of the reasons why some were unable to adjust. They were used to being told what to do and how to do it every step of the way.” (Interviewee 2)

Lastly, mortality, nepotism, and ethnicity as incumbent’s factors refer to the understating of own role and mortality and the way decisions might be favoured towards family members or resembling individuals (Santarelli & Lotti, 2005; Vera & Dean, 2005; Aldrich & Waldinger, 1990). In the case, as established, incubators were willing to retire understanding that their role in the business was to end eventually. Also, as mentioned, no concern towards nepotism and ethnicity was raised due to successors accepted eligibility to the post regardless of family ties through high education, outside business experience, and thorough knowledge of the family business. Furthermore, no other family members, or acquaintances were affiliated with the company in tasks they were not equipped for any period of the time.

Personal factors mainly related to successor were discovered as commitment, gender, and age by Bozer *et al.* (2017). Commitment was a factor in the case process, as without that, the emphasis on learning the trait, familiarizing with the industry, and eventually financial risk taken was all done due to commitment. Whilst the notion of gender and

age does feel outdated, the literature findings in section **2.1.3** did reveal how it is still expected that a male takes on a family business over females, and how the average age of male successor is late twenties to early thirties while for females it is mid-forties to fifties (Stavrou *et al.*, 2005; Ajzen, 1991; Nnabuiife *et al.*, 2019; Aldamiz-Echevarría *et al.*, 2017; Vera & Dean, 2005). While the sibling of successor is male as well, it is interesting to note, how indeed in this case, intra-family successor was male in his early thirties.

Rest of the personal factors influencing succession and its actors are family bound as the presence of family in the business through family culture, family history, and work-family conflict (Bozer *et al.*, 2017). The presence of these features affect non-family members as well, though as supposed to family members, usually effects are not positive due to for example feelings of not belonging in the key group and acting as an outsider (Neckebrouck *et al.*, 2017). In this case family culture and history was not detected to have a great influence in the process at least towards the main actors, however as mentioned, the effect of presence of a close entity such as family, which one is not a part of, could have affected the non-family employees more than it was understood in the moment. This could have further impacted their willingness or capabilities to embrace change.

Professional factors of incumbent seeing having most affect to process of succession are leadership style, fairness, justice, and nurturing (Bozer *et al.*, 2017; Stavrou *et al.*, 2005; Mussolino & Calabro, 2014; Barnett & Kellermanns, 2006; Cropanzano *et al.*, 2001; Barach & Gantisky, 1995). As already enclosed in one of the interview quotes, the leadership style of incumbents was detected as transactional and micro-managing which seemingly worked fine during their active years however after succession the style had surrendered employees unable to make decisions without constant guidance (Johnson *et al.*, 2017). Fairness, justice, and nurturing towards the successors were all factors that the case's incumbents had no issues with, which can be seen with their ability to enable ultimately forthright process amicably, being flexible when needed and nurturing both personal and professional relationship. Interviewee 2 gave an example of the way

incumbent nurtured the business relationship with successor and local stakeholders by making proud personal introductions in entrepreneurial and business events whilst sharing the business culture and knowledge. Fairness and justice can also be reflected to the non-family employees, as while successors presented a change proposal, which was accepted by the incumbents, their decision was made and voiced based on understanding of not purposely reforming the employee structure solely for the purpose of change. As in, while incumbents were supportive towards the changes, they wanted to make sure employees were also taken into consideration.

As discovered in section **2.1.3**, the professional factors of successor affecting the outcome of succession are correspondence to nurturing by incumbent, education and experience, and credibility (Bozer *et al.*, 2017; Morris *et al.*, 1997; Le Breton-Miller *et al.*, 2004; Barach *et al.*, 1988). In the case company's succession process, both higher education and work experience were central aspects for the success of the process. Both features enabled successor's deeper understanding of both intra-business operations and further, micro and macro business environments. This ties into credibility, which according to Barach *et al.* mostly concerns successor's perceived understanding of the business in the eyes of family and non-family employees, especially in a subjective manner. In this case this would mean the capability to understand the fundamentals of the operations while simultaneously being aware of the changes that are required to ensure viability and continuous longevity paired with understanding of own capabilities to carry the change through.

Final professional factor effecting the process introduced earlier was identified as the structure of family-business and the importance to maintain similar structure (Bozer *et al.*, 2017; Janjuha-Jivraj & Woods, 2002; Bennedsen *et al.*, 2007). In this case corresponding features were found as the core structure of the business was indeed maintained. Operations continued in the same physical location, with two people in charge, as co-preneurs, with non-family personnel.

Contexts

The main influencing contexts to succession process were identified by Le Breton-Miller *et al.* (2004) as FOB context, family context and family council, industry context, and social context which can be seen illustrated in **Figure 11** above and below the four process stages. As described earlier in section **2.1.3**, FOB context refers to the overall state of the family-business in terms of viability, operations, leadership capabilities and actors, that mould the perceived requirements of and for successor (Le Breton-Miller *et al.*, 2004; Davis & Harveston, 1998; Dyck *et al.*, 2002). In this case, FOB context had a strong impact on the process and its positive outcomes, due to all elements included being in harmony supporting the process and choices made along the way. Le Breton-Miller *et al.* model include family context for presence of family, family ties and inter-family influences that have been detected to have a separate and substantial influence on succession, planning and executing of it. In the case process, family council was accommodating and no objections within was outed if compared to a case where the choice of successor needs to be made between multiple family members raising issues and possibly negative indications to the context's relations and influence. Family council in practice is a group of people within the context of family that include the central figures of the family influencing in decision making who in this case can be identified the holding partner sibling and incumbents (Churchill & Hatten, 1987). The decisions are made and supported by these focal individuals.

Industry context's influence is identified focal in terms of both stakeholder movement within micro business environment's development and determining some capabilities and qualities of the successor depending on the industry of the business (Churchill & Hatten, 1987; McGivern, 1978). In this case, the industry did in fact play a focal role to both the succession process and the strategic changes which were presented and implemented by successors, and which will be focused on more closely in the next chapter. The way in which the industry context affected the process and more so, the strategic change, was due to a significant change in the markets in terms of foreign, mostly Asian

cost leader entrants, offering similar or identical materials in both high and low quantities, with significantly lower prices. This is partly due to technological advances for example applications, which enable global purchases with few swipes of a finger.

“When we realized we wanted to take over the business, we started looking more closely to the industry and markets to see what we were really getting ourselves into. It was clear how the field of arts and crafts selling B2B in a country, which produces nothing itself was not going to be productive much longer. We would order materials from countries of origin, process them, and send them to our clients in different countries. Chinese operators like Alibaba is currently moving similar products like yarn and fabrics with much lower prices and clients can choose smaller quantities when needed with still a competitive price compared to us, directly and easily from the source.” (Interviewee 2)

Thus, the industry context’s influence on this succession was focal and indicated, that the type of successor required, would be business savvy enough to recognize such issues and would pose capabilities to execute change.

Le Breton-Miller *et al.* (2004) included social context in their model of succession process due to the influential elements identified within. Social context refers to the environment of the business, where outside factors, norms, rules, and laws dictate mode of operations and decision-making (Lansberg, 1988). In this case, the social context posed significant change to the process, where capital was shared earlier on in the business’s life cycle, as previously explained. Social context also includes the requirement of understanding of regulated possibilities and risks. The latter in this case would be more directed to the spouse of successor, Interviewee 2, who comes from a different country and thus, different social context. Thus, it can be concluded how such influences also affected the process, in this case the influence itself could be seen neutral yet in any case, not hindering the process or success of it. This could be due to Interviewee 2’s vast

international work experience from different continents, enabling her to adjust and absorb information and customs quickly as per practice.

4.3 Strategic change

As the process of succession of the case company was demonstrated through the effective FOB succession model by Le Breton-Miller *et al.* (2004), it is time to continue to the next objective of the thesis. The next objective, as explained in section **1.3**, is to identify key elements of strategic change, leadership roles and styles, context, types, and levers of change, that were applied during the process of succession, as described by successors, and to clarify why and how these elements were utilized.

The ultimate reason for strategic change is to keep up in the constantly changing industries and business environments to continue ensuring competitiveness (Johnson *et al.*, 2017; Porter, 1996). As per Lüscher & Lewis (2008), the need for change must be caused by an outside stimulus and is not to be attempted for example merely due to personal interests. This is a significant notion for the reasons of change in the case company's process as well, since as it was disclosed, the founding of the business was over a personal hobby of arts and crafts. That affection towards a very specific subject evolving to life's work is not assumed to be easily duplicated. Of course, there in general may lie one of the reasons for unsuccessfulness of intra-family successions, the level of interest and affection towards the theme of the business. When one is working for themselves around things they truly like, it may enable more energy, durability, perseverance, the essence of entrepreneurialism (Denton, 1993). When the business is passed on to someone who does not share the interest towards the theme, it does raise the question of how much are they ultimately willing to do to save operations when difficult times occur. Conversely, would they be tempted to attempt to change the operations straight off merely to match it more with own interests, thus surrendering the risk of change failure due to invalid reasons for strategic change (Lüscher & Lewis, 2008).

In the case Dutch SME, the interest towards crafts, though over the years has grown more important, was originally not at the same level of enthusiasm as it was for the incumbent in their entrepreneurial beginning continuing all the way to the end. Thus, the first crucial step to note here was, that even though business was not operating in the most interesting or existing fields for successors, they understood and accepted it. The change proposition was prompted due to changes in industry and environmental contexts and while change was required, it was not to merely satisfy the interest of successors but to update the company to current standards considering vast development in every sector of the industry and world in general. These underlying differences towards the business by incumbent and successor can be seen causing further effects. Effects such as willingness and capability of change, since the incumbent is, in addition to financially and way-of life bound, emotionally attached to the business, while successor is more practically oriented, taking on a business opportunity.

According to Johnson *et al.* (2017) research, the four main elements of strategic change are leadership, context, types, and levers as described and explained in section 2.2. In the following sections, these elements are attempted to be recognized in the actions and decisions of successors while linking the decisions to causes and effects.

4.3.1 Leadership

Leadership roles

As it was enclosed in section 2.2.1, the key roles for leaders are envisioning new strategy, aligning operations, and embodying the change (Johnson *et al.*, 2017). First, a skilful leader becomes aware of the required change and understands the need of it being inevitable. The cases successors were able to detect the requirement for change after extensive market research and observation of the industry which revealed narrowed market space due to new entrants, as previously mentioned in context section.

"I read different studies of family-businesses and then one article said that like 70 per cent of successions fail and I was quite shocked. We knew we needed to put everything we got into planning our vision and strategy. It was clear how the field of arts and crafts selling B2B just did not seem plausible as single source of revenue in current environ-ment." (Interviewee 2)

The envisioning of new strategy begun with the notion, that current value chains are too long from both economic and environmental perspectives. Also, as mentioned, due to different operators selling similar materials from bulks to single pieces with lower prices and having knowledge of how some customers were starting to contact the suppliers directly over them, the copreneurs started to view the B2C option more viable and sustainable. The same option would also allow them to tie the move back to their storytelling vision with going back to the roots of the business. Meanwhile, through mediums such as social media, it had become clear, how suddenly people were getting back into making things themselves with their own hands. Thus, the most logical solution for them seemed to be creating a channel directly to the end user.

Aligning operations to fit the new strategy begun by making the current B2B portfolio leaner by focusing solely on the most popular items.

"We knew we would lose some clients because of the changes, but the adjustments were important so we could facilitate the new line." (Interviewee 2)

"Of course we could not just dump the line [B2B] as it would have left us with nothing, we had to make long term plans, where we begin BC2 while still maintaining steady stream of revenues." (Interviewee 1)

Here, the decisions and thought process of copreneurs can be identified tactical and showing understanding of the requirements in strategy work with examples of clear trade-offs, which are essential in business, to release resources towards new ventures (Prendergast, 2002).

The last role as leaders in the four main elements of strategic change is embodying the change (Johnson *et al.*, 2017). As already briefly enclosed in section 4.1, while describing the business currently and after succession and strategic changes, the embodying on the change was commenced after taking control of the business. The change is still ongoing referring to earlier mentioned notion of long-term plans.

“--while currently we are in a good place and have made progress, it is expected to take about five years until we reach the end goal of having only one productive line in with B2C and to have finally closed the door to B2B.” (Interviewee 2)

Leadership styles

In this section the researcher attempts to link the features and means of case's leaders to theory based on data collection. In addition to different roles leaders are required to take on, the style of a leader was determined as either transformational, transactional, and situational, by Johnson *et al.* (2017), where transformational and transactional are the two main separate styles and situational a mixture of both depending on the situation, as described in section 2.2.1. As was discovered earlier, incumbents' style as a leader was leaning more towards transformational as the business and its operations were very much focused on the original vision and the emphasis of employees could be clearly detected, when proposition of changes was introduced. Incumbents only specific desire was for successors to hold on to the sense of culture of a family business where employees matter, and the business focuses on the quality of the products as much as possible amid change. As supposed to simply changing everything to represent modernity merely for the sake of change and not because it is needed.

Successors' style of leadership is detected to be situational as it clearly entails more characteristics of transactional style in comparison to incumbents, possibly induced by the circumstances. As transactional style refers to a leader who is more prone to follow strategy process and progress step by step, in a strategic change process that is expected.

However, there are indicators of transformational tendencies as well, such as vision thriving motivation and operations. This does pose a question of what the style of successors would be in a situation which is not involved with a strategic change process, and if the characteristic style would differ between them. On the other hand, perhaps it could be argued, that to be able to act as an efficient strategic change leader, one must be able to adapt a transactional style of leadership.

4.3.2 Context

While in the process of succession, contexts referred to environments surrounding and influencing the process stages. In strategic change though, context is the state of the change within business which can be determined for example with individual related features and their affects to choosing the means of change. Balogun & Hope Haley (2008) introduces eight features as required time, scope of required change, preservation of resources, diversity of the employees, existing capabilities and capacities, readiness for the change, and power required as demonstrated in section 2.2.2, with the change kaleidoscope (Balogun & Hope Haley, 2008 In Johnson *et al.*, 2017).

According to answers from interviewees already previously quoted, the scope of the change is known to be quite large, executed over time, thus time as such, was not a focal aspect in this case. There was no immediate urge for change, no sensitive timeframe to be achieved, merely the one set by successors themselves. The preservation of resources was also discussed, as it was revealed how the incumbents desired to maintain the employee structure and some aspects of the business even during change. The managerial capability to implement change was assumed appropriate by all involved, though, no amount of education or work experience guarantee a successful change process, as a lot of it is about managing people in act of change, thus ultimately leaning to interaction and communication skills, while striving to avoid conflicts (Oetzel & Ting-Toomey, 2013). Readiness for change and power for change could be seen going hand in hand, as the leaders imposing change in this case were new owners of the business thus embodying all necessary power to impose change.

“The new plan and strategy was introduced to the employees, but at that time most of the employees were in the grass level positions, working in the warehouse, packaging and so forth, while they were well informed and clarifying questions were encouraged, it seems there were still some obscurities left, as some did end up leaving or be let go.” (Interviewee 2)

Another way to determine change context is for example forcefield analysis, as also introduced in section 2.2.2. With forcefield analysis it is possible to indicate for example which style of change leadership should be utilized when comparing two different contextual forces (Johnson *et al.*, 2017). If we incorporate the analysed interview answers to a forcefield example illustrated in **Figure 12**, with measuring forces of readiness and capability determining change leadership style, the result could be interpreted to collaboration and participation. The means to interpret the leadership styles derives from data collection and more so in the narrative of how the process was explained in addition to actual features successors identified in themselves. Thus, the result here is also heavily influenced by researcher’s interpretation of data of how the process was described progressing, including attitudes of employees and consequences of the process, according to the successors.

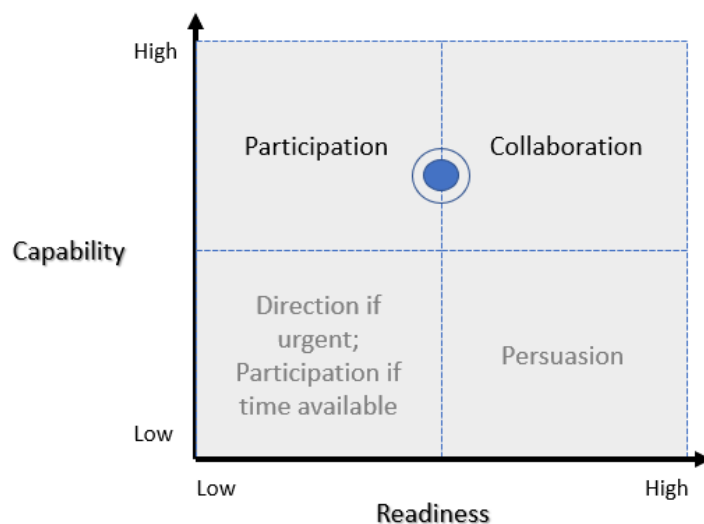


Figure 12 Change leadership style (Adopted from Johnson *et al.*, 2017, p. 476).

This view originates from what was mentioned of the perceived capability of change being towards successors and not so much towards the employees, who for their time in the company, had never witnessed nor experienced any major changes. Thus, participation regarding change management would be highly regarded. Meanwhile, no resistance manifested, thus collaboration style is still seen equally required as the need for participation.

4.3.3 Types

According to Balogun & Hope-Hailey (2016), there are four types of strategies which they identified as realignment, transformation, incremental, and big bang as described and illustrated in section 2.2.3. To determine which type of change is in question in relation to the type of strategy, they suggest comparing two factors of end result and nature of change with the types of strategies resulting to type of change which is either adaptation, evolution, revolution, and reconstruction.

When first considering the type of strategy that was proposed and set to be executed in the case, based on the data collected and presented in narrative and quotes, the type of strategy could be considered transformational (Balogun *et al.*, 2016). As in terms of the extent of end result, transformation strategy goes “beyond the current business model or culture” (Johnson *et al.*, 2017, p. 478). Meanwhile, in terms of nature of change, again leaning to the data and earlier presented results, the type of strategy could be interpreted as incremental. Thus, with the framework by Balogun *et al.*, the type of change is identified as evolution, illustrated in **Figure 13**.

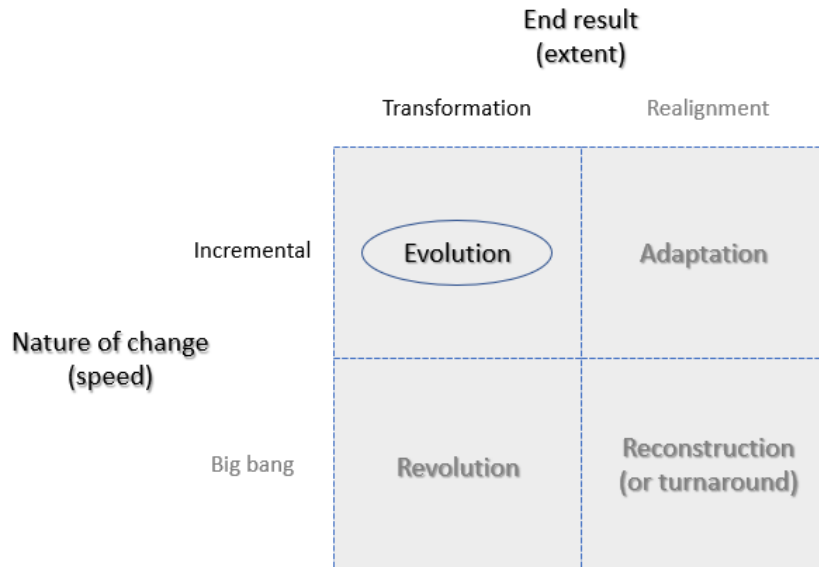


Figure 13 Type of change (Adopted from Balogun & Hope-Hailey, 2016, p.23).

Evolution as a type of change describes that the business will reform gradually. While it might seem like sensible approach, according to Johnson *et al.*, (2017) it is most challenging of the types. They continue to explain how this is to do with the pace of the change as it surrenders major risks for derailing of the original plan. This was an interesting discovery, as Interviewee 2 did mention how:

“--while the strategy is building towards having only B2C, we have still ended up developing ideas for the B2B line as well as for example due to Covid, there are new interesting things being done within the field.”

When questioned, if that does not take the focus away from the original plan, the answer was admitting. While the emphasis is on the B2C, too much attention to develop B2B will most definitely pose a risk of delay or drifting.

4.3.4 Levers

The last of the four elements in strategic change that will be reflected on with the case data is means of change, referred to as levers (Johnson *et al.*, 2017). As was described in

section 2.2.4, levers of change can be identified as different things, such as vision or timing and are often used simultaneously instead of each at a time (Berman *et al.*, 1994; Johnson *et al.*, 2017). While there are different ensembles and frameworks of main levers in strategic change, Johnson *et al.* gathers seven focal levers which are need for change, challenge the known, change operational processes, symbolism, politics, timing, and short-term wins.

Thus, the different levers by Johnson *et al.* (2017) which enable change can be found and seen as pivotal choices that are made during the case process. The existence of the levers seem to help further and promote the change process. Many of the levers coincide with characteristics required from leaders in strategic change as was explored earlier in the section of leadership roles, such as leaders' ability to note change and lever of need for change. The connection is obvious, as it is the leaders who are to use the levers to ensure change progress.

The first levers of need for change and challenge the known in this case occurred jointly within the process of succession. By challenging the known, a path to understanding that change was needed was opened. It could be reasoned that in this case knowledge and education were the initiating reasons for successors to understand and thus know to challenge the current state of operations, and means with which the business is run, for example. Of course, other personal features such as curiosity could have had advancing effects towards challenging as it takes a curious mind to challenge the known and this quality is not possessed by all.

Next mentioned lever of change operational processes in hands of a skilful leader will aide to progress a process as was planned and initiated by the successors.

“Some of the processes were clearly still running due to habits and not practicality. That was something we focused on, making the processes as efficient as possible. Some processes were automated, but at the end of the day, not all. We thought we

needed to change it all and could not understand why something was still done manually, like cutting paper, but once we were actually part of those situations, some old tricks ended up proving sufficient. For now, anyways.” (Interviewee 2)

As levers, symbolism and politics refer to the aid of for example interaction, communication, and networking where symbolism is used by focusing on language used, the things said, and the way they are presented to employees (Lord & Shondrick, 2011; Johnson *et al.*, 2017). According to Johnson *et al.* this can help to make the message of change feel more comfortable. As in this case, interviewee 2, a Finn, attempted and still does, to speak Dutch, instead of English, to the employees as a means of creating a symbolic connection. Politics on the other hand refer to attempting to gather valued sponsors, as for example in this case, the family council of incumbents who are valued and respected among the employees, for the cause in case some changes prove not so easily accepted. If the change is seen promoted by valued figures, their presence may aide to alter attitudes.

Timing and short-term wins as lever of change refer to the actualization of a plan and aiding progress by keeping faith with short-term wins. Timing of change transforms a vision to a plan. In the case timing for change was planned to commence as soon as ownership was taken over. Preparations were able to be made before, as the proposition of change was already approved by incumbent, thus the presence of change forthcoming. As the type of change was identified as evolution, where change occurs incrementally, short-term wins can be seen quite important.

“E-commerce was the way to go, but it seemed impossible to find a company to put together webstore which included both B2B and B2C, so of course we could not stop and wait for that to happen. Everything is in Instagram now, so the first quick step was to set up visually pleasing social media presence. It was a nice boost to have something concrete to have to show of the take-over so soon, and of course

every other step of progress was posted there for the followers. But it was and still is nice for us and staff to see the new things as well.” (Interviewee 2)

4.4 Synthesis – strategic change via FOB succession

One objective of this thesis is to create a synthesis and build a model to illustrate how strategic change is enabled via FOB succession. This is achieved by combining the case company’s effective FOB succession process to the four main elements of strategic change. The synthesis model can be justified with multiple arguments. First, the case company’s process of succession was demonstrated through an established model by Le Breton-Miller *et al.* (2004) with minimal differences. This acts as evidence towards both confirming the *effectiveness* of the Le Breton-Miller *et al.* model as reflection to real-life example of a successful process produced consistent results. Same evidence simultaneously confirms that the case company’s process is suitable to be featured in the process of synthesis’ model, as it mainly matches with the established model of Le Breton-Miller *et al.* which is used as a base for the synthesis.

Secondly, there were clear indicators and plausible connections of the actions made and reasoned by the case company to enable strategic change to the four main elements of strategic change by Johnson *et al.* (2017), as demonstrated in section 4.3. Thus, a conclusion can be drawn, that the said elements were present in the case company’s decision-making process both when planning and initiating the change process. Thirdly, with the knowledge obtained from both theoretic and empiric portions in the process of this theory-building case study, the elements of strategic change can be validly placed in the FOB succession process by matching the objective of both succession stages and their contexts with each strategic change element with deductive reasoning by researcher with knowledge obtained. With foregoing arguments and reasoning, it is thus attempted to form a model of strategic change via fob succession as illustrated in **Figure 14**. This model and the arguments of formation ultimately provide an answer to the research question of the study: how can FOB succession process enable strategic change?

While limitations of synthesising two established theory frameworks seemingly for the first time with theory-building, as of yet, lacking academic confirmation is taken in to consideration, the results of this study regardless suggest that all stages and contexts of succession process are involved in enabling strategic change.

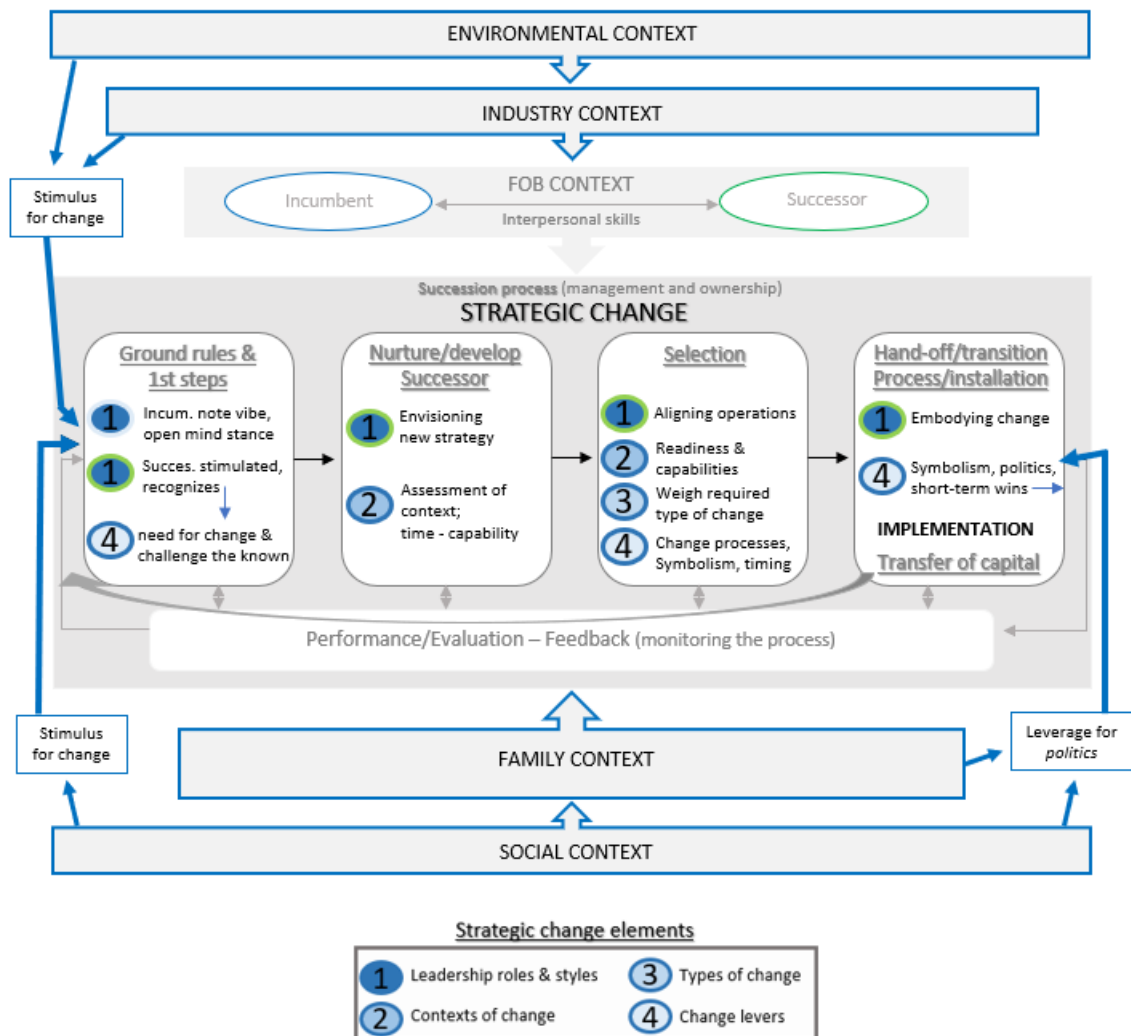


Figure 14 Model of strategic change via FOB succession (Adapted from Le Breton-Miller *et al.*, 2004, p. 318; Nordqvist *et al.*, 2013, p. 1092; Johnson *et al.*, 2017).

Change itself is initiated through the four main elements of strategic change of leadership roles and styles, contexts of change, types of change, and change levers, which are placed in **Figure 14** in succession process stages where they are ultimately activated. As the change and change planning can be seen progressing throughout the succession

process, it could be argued that the most important part is the leader's role of recognizing the need of change as without that, no change would be initiated. The need for change is then processed and appropriate strategy plan formed which requires competent leaders with thorough knowledge and understanding of the current capabilities and resources of the business, the surrounding business and industry environments, and the competence to process gained knowledge to be able to formulate a viable vision that is applicable in both current state and perhaps even more importantly, in the near future as well.

To reflect the results of empirical research, a context which was not included in the model by Le Briton-Miller *et al.* (2004) but which was found in a different model representing FOB succession from an entrepreneurial perspective by Nordqvist *et al.* (2013) and found including focal aspects of outside influences is *environmental context*. Their study shows that implications from environmental effects and changes may motivate changes and thus promote both the exit of incumbent and entry of successor and new venture opportunities. Thus, the context is added into the synthesis model as it adds relevant influences on strategic change in FOB succession process.

The perspective of industry, social, and family context concerning strategic change may differ a little from the influence surrounding contexts have on succession process. The perspective for environmental context affecting strategic change include influences such as environment consciousness, sustainability but also macro business environment aspects such as for example technology development. Industry context here represents changes in the industry, competitors, customer behaviour, change in demand and so forth. Social context includes similar features to succession perspective, such as for example surrounding norms, laws, regulations, and taxes, and further their affect to new business ventures. Thus, this context is inevitably involved when planning changes in business operations. While family context in general has nothing to do with strategic change in business, in FOB however, there lies influences that cannot be ignored, and more specifically in family council which exists within the context, as per section **2.1.3**.

Further, as was enclosed in section **4.3.4**, levers of change include politics as a mean to shift attitudes toward favouring change with a help of perceived influencing people. In FOB field, those influencing people that may promote strategic change are found in family council and is thus included here as influential context.

First strategic change elements occur during the first stage of succession process. **Figure 14** demonstrates, how first, environment, industry, and social context give stimulus for change which is detected by both incumbent and successor. Element of leadership included roles and styles of a leader. Whilst incumbents recognized change in the environment:

“--they had already made up their mind of wanting to get out. Of course, they had noted the change in the industry, but thought there is nothing they would be capable of doing about it anymore. Though in general they did mostly focus on their own thing anyways and the practise side, as we [successors] are much more strategic-minded and eco-friendly, so of course I was always focusing on the outside more than them.” (Interviewee 1)

Successor on the other hand is up to date on industry, environmental, and social aspects, such as norms and regulations for eco-friendly approaches, thus is stimulated in a different way and recognizes the need for change, which transfers to first levers of change as need for change and challenge the known. Further, to be able to translate environmental knowledge to actions, it could be argued that high education in business and economics allowed leaders in this case to link knowledge to, for example, understanding changes of value chains and the indications in terms of future business relationships and operations. As in, the compounded comprehension of both environmental issues in general and their link to changing business environments promoted proper research, planning, and execution of profitable change.

The second stage in succession process include sharing knowledge of the current operations and trades, which enables envisioning change in a form of new strategy. This includes assessing context of change with relations between time frame and the capability to execute change leading to participation and collaboration, as per section **4.3.2**. As per previous literature, this stage would include training of successor, while in this case according to interviewees, specific training was not present. While studying deviations between process model by Le Briton-Miller *et al.* (2004) and case in section **4.2.2**, it was argued that this was perhaps to do with the fact, that operations were not about to continue in similar manner.

The third stage, once the selection is made, an informal power shift can immense, which enables actions towards starting to align operations with understanding of readiness and capabilities of existing resources. Based on that, the type of change is identified as evolution. Levers utilized here include immense changing of processes, considering the timing of different stages of change, first ones beginning immediately in take-over, such as brand building towards vision. Lever of symbolism is used to promote the situation as positive change, exciting new opportunities with a sense of togetherness. As previously enclosed, in this case, it would also include personal contact in native language as a form of symbolism to decrease the sense of distance and unfamiliar internationality. While in general this could translate to for example striving to form connection to employees by joint activities or simply attempting to converse of change without business jargon, rather in a more approachable and understandable ways.

In the last stage of succession, official take-over, new leaders play important role of embodying the change. Change levers utilized in this stage are symbolism, politics and enhancing and promoting planned short-term wins. As the implementation if change can be considered intimidating and goals distant, the communication must be clear of the first steps and following accomplishments. Levers of symbolism and politics are used to promote the change as positive through both the help of family council, which in this case at that moment include old familiar and respected leaders, the incumbents, and

social context. As social context includes the immediate environment, including business partners and norms and attitudes of social acquaintances, values such as sustainability can be enhanced and promoted towards employees more credibly. In general, the use of symbolism and politics here represent down-to-earth approach to employees as not as figures of authority, rather as team members where cooperation is valued and promoted with the help of outside figures, such as family council, of respected supporters of change and the positive results effective change could enable for all.

Thus, **Figure 14** illustrates the usage and appearance of four main elements of strategic change within the process of FOB succession. This is followed by active following of strategy and planned steps in practise with help of appropriate change management and monitoring of the process. Changes are unique and can take time, as in the case, it was previously mentioned how successors expect the main change of operations to completely shift from B2B to B2C to take place in five years' time. Meanwhile aligned operations, while working towards the goal consistently, continue to rely on short-term wins as motivator and reminder of end goal. Once resources are completely released from existing operations currently in reduction, begins the new era and with it, new possibilities.

5 Discussion

Executing strategic change is difficult in any circumstances, though it can be seen even more so in a family business, where the concepts of family and work are combined. Change is always a risk as it is opportunity, thus, when implementing change for business which is embedded in family-life, risk due to simultaneous involvement in both doubles. When this thought is added to the fact, that most FOBs strive with the established status, and operations over decades are usually developed to support rather than expand or differentiate from the base operations, thus hindering proceedings of change, the execution of major strategic changes can seem overwhelming and desired to be avoided. In these cases, the inevitable change is thus thrust upon to the next generation.

However, as environment develops, so should a business in conjunction. It could thus be argued that this has some impact for why successions fail in over two thirds of cases, as in, if the two processes are executed separately, FOBs predispose themselves to two consecutive change events. First the process of succession is executed, followed by the process of major changes in operations due to necessary strategic changes. Due to this reasoning, it is argued in this thesis, that perhaps by joining the two processes the risk of failure decreases. This argument was attempted to be responded by studying the two frameworks involved, process of FOB succession and main elements of strategic change.

The purpose of this study thus was an attempt to offer a model which illustrates how strategic change can be enabled within FOB succession process answering the question of "how can FOB succession process enable strategic change?" To make sure the answer would be comprehensive, three study objectives were drawn to both keep the focus of the study in line, and to aide to justify the acquired answer to the research question. Objectives were set as first to demonstrate a successful succession process by using appropriate framework while confirming it and justifying its suitability as base for theory-building model. Next to identify the content, appearance, and means of strategic change elements in theory and later in case context. And lastly, to merge the two frameworks to

build a synthesis of the components as a model for FOB succession process enabling strategic change.

The process began by an in depth literature review concerning both theories' frameworks. The review on FOB produced an extensive description of different streams on literature and research. While some of the content would not be reflected upon later in the thesis, it was seen important, nevertheless, to allow readers to get an understanding of the complexity and profundity of the concept of FOB. While researcher would be aware of the existence of influences and nuances in analysis, without the information, a reader would not be able to understand the unique atmosphere where decisions are made in FOB, in comparison to non-family business. While conventionally business decisions can be brushed off with an expression "it's only business, nothing personal", in FOB and intra-family succession, no such expression or even state of mind truly exists. For research purposes, the extensive theoretical background information concerning multi-level influences generated added fascination while crucial information to the analysis of empirical data.

Literature review continued to strategic change and the four main elements of strategic change. The content of the elements were studied to be able to link case context behaviour and decision-making back to the elements in analysis. Clear links and indicators were found from the data to the extent of being able to produce a clear correlating feature from the case context to each theoretical change element. As the elements derive from established theories and literature and both successors have high education, results suggest that it was due to the knowledge and ability of the successors as change leaders that ultimately enabled the process to be successful.

Further, results indicate that FOBs strategic change is enabled by succession process by utilizing the content and actions of each stage the process holds. The most crucial point is found to locate in the first stage of succession process, where two elements of strategic change were activated, the leader's ability to detect the need of change and their ability

to use that knowledge as the first lever for change. The succession process, its content and actions are then utilized to develop, plan and, initiate required change. This ultimately relies on leader's ability and knowledge to properly study both business' existing resources and capabilities, the outside business environments, and further, to the competence to process the gained information to produce a profitable strategy and means of executing the change to reach set goal.

5.1 Theoretical implications

Based on the analysis where theoretical and empirical data were combined, the results implicate how both theories used, the effective FOB succession process model by Le Briton-Miller *et al.* (2004) and the four main elements of strategic change combined by Johnson *et al.* (2017) are confirmed as being replicable contributing to promoted objectives. Thus, this study offered valuable further research on both theories and even further, a different perspective to both as they were joined in synthesis model which can be further developed and tested.

As for example the deviations found between the case and literature and model by Le Briton-Miller *et al.* (2004) of FOB succession process further the study of the process. Some differences were linked to the possibility of differences between larger firms and SME's, which was further thought to indicate how perhaps the Le Briton-Miller *et al.* as such would be more descriptive of a larger businesses succession process and currently acts more as applicable to SME's, where decisions were found being made more freely and actions not planned in definitive manner.

Simultaneously, the framework of four main elements by Johnson *et al.* (2017) in literature were described in general terms with varying examples. This study took the elements to a specific environment of FOB succession process, thus producing new examples of illustration, content, and influence of different elements in a new perspective. Further, the synthesis and combination of these frameworks, as mentioned earlier, is

seemingly being attempted here for the first time, thus the thesis can be seen widening the interpretation of all the actors, factors, and contexts present in the synthesis.

While opinions in literature differ between advantages of producing example process models, and studies to discover hindering and enabling factors in past processes, benefit of both styles is nevertheless noted. This study ultimately exploited both styles, as with strategic change elements, certain affiliations were searched in the data, of which influences could have been found either promoting or hindering change. Thus, analysis furthered the study of understanding influencing factors with new found indicators, such as for example the addition of environmental context by Nordqvist *et al.* (2013) to the synthesis process producing a valuable positive influence enabling change as the mean of, in this case, discovering need for change. Meanwhile, through reflecting the existing model process through a real-life example, similarities and differences were able to be detected, furthering the research on understanding FOBs and their intra-family succession processes.

5.2 Managerial implications

The study's results clearly highlight the importance of leader's overall awareness, though not seen bound solely to FOB's. A good manager and leader is always aware of what is happening inside and outside of the business. While the main job of business is to stay profitable, thus able to stay in operation, decisions should be educated, not based on guesses or personal preferences. Being a business owner equals to responsibility towards viability and wellbeing of both physical operations and employees, thus attempting to embark on high risk change operations, a good leader comes well prepared.

Further, there is no guarantees. While the thesis was able to produce a model attempting to illustrate strategic change via FOB succession, aiming to replicate the process as such will not guarantee success. All business and especially all FOBs are different and unique, thus the circumstances are different, and each process will ultimately be affected with unique influences. Thus, the importance of situational awareness is raised again. While

literature is filled with different model representing different processes, they exist in theory, where the main purpose is to further research and study phenomena. They are not necessarily applicable to practise as such, and affiliations are heavily case dependent.

Thus, practical implications indicate emphasis on education. Many larger companies are known to offer education in different forms however this should be enabled in SME's as well. A small investment in the form of educating courses or degrees can yield many positive outcomes, including profitability. In a case of FOB succession, it could thus be included, that an educated leader may affect to the successfulness of the process as the stages of succession require understanding and relations of different influences. Practical observations should be able to be transformed into operational changes which require understanding of operations and how profitability is enabled. Thus, in succession process, knowledge transfer of current state of business is also a focal action. If succession is planned to enable only intra-family transfer of power and not include any major strategic changes, the planning would be more incumbent asserted, and more emphasis would be drawn towards training to ensure continuum.

However, if change is required, as discovered in the study, the emphasis on specific training is not required and the significance of successor's individual abilities grow as they need to be able to strategize a new way of profitable operations. This will require both knowledge of the existing resources and capabilities in addition to education on strategy work. While being aware of one's surroundings and understanding the importance of questioning methods does not necessary always equal to high education, there is no evidence that suggests education and deep knowledge would affect results negatively in neither succession process, nor strategic changes. Thus, while some leaders may be able to produce successful businesses without any formal education, relying only on practical knowledge, when change is concerned, multiple influences must be taken into consideration and inter-related connections understood, which might prove difficult without knowledge of for example different process stages. Education enables understanding of the complexity of business and provides both actual tools to aid strategy work but more

importantly, it offers the knowledge of what to take into considerations and what to be aware of. Furthermore, as environments and industries develop, so do means of business, thus new and more efficient ways of doing business could be mastered and further implemented.

5.3 Suggestions for further research

The study process alluded to multiple suggestions for further research. First, as was found, the concept of FOB and thus the field of literature is vast. While numerous streams exist already it is noted, how the subject of business and human behaviour together tends to always focus on one point of view, leaving some aspects unattended. As for example a sociologist studying FOB context will ultimately focus on different aspects, than an economist. Thus, the totality of the concept is possibly never truly understood by a single researcher. Nevertheless, the field and especially succession could be further studied and compared between SMEs and larger corporations. Further, as planning succession is a focal part of the current models and thoughts, studies towards sudden or forced succession processes could open new ventures in terms of change management, developmental opportunities in crisis, and family context's role in unexpected situations.

Strategic change elements also offer multiple streams and possibilities for further research. The elements can be further studied to find links to other, new emerging theories as while the environment develops, so should theory. Certain aspects remain, but for example current trends of cutting middle managers from operations will ultimately have effect on change leadership as the current theories continue to rely in their presence in the assistance and implementation of change. Furthermore, as per this thesis, the elements can be combined with any other business process or phenomena dealing with strategic change to gain more understanding of the elements influence and function.

The produced model can be further developed by testing it in other case contexts. While current literature tends to focus on succession where operations are kept similar, and this thesis focuses on a change process initiated by the successor, the model could be

further developed and tested with cases, where the planning of succession include a change prompted by the incumbent or is planned in co-operation with the successor.

5.4 Limitations

While interesting, the topic of FOB also posed limitations to the study. The scope of the study would not allow a total focus on the succession process itself, which on one hand is a standing characteristic of FOB, and on other hand what surrendered the study of succession superficial. While the process stages are comprehensible, the content, actions and underlying inter-relations with family could only be introduced and comprehended in a general matter.

Furthermore, the research strategy as case study tends to already yield analysis's decreased reliability do to the case dependent nature of data. This is especially highlighted when a phenomenon is studied through only one case. To make generalizations, should the data be extensive and varied as well. Further, as per Saunders *et al.* (2016) semi-structured interviews in general are not seen generating repeatable data validly. Thus, a limitation in this thesis does lie also in the collection of data. A cross-analytical multiple case study would have decidedly produced more quality data to draw conclusions from, though at the same time, would have surrendered close focus, which benefit a single case study does possess.

For these reasons it is clear how this study nor the resulted model should not be viewed as a template, rather a contribution to the research of involved theories. Further, while the used theories are established and generalizable, the study in this thesis was of a very specific event in a particular type of FOB, thus should not be interpreted as a discovery, rather an observation of events concluding to a synthesis of theories.

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Appendices

Appendix 1. Interview questions

With your own words, please describe ... (with the help of specifying points)

1. The company's history shortly

- who founded, when, where, why, who were involved (other family members etc?)

:

2. How involved were other generations in the operations over the years?

- did you work in the company regularly? Do you have siblings and if, were they involved in the business as well?

:

3. By whom was it decided to pass the business on to the next generation and not sell outside?

- consensus plan all along, incubators desire, successors own decision, if siblings, why only you etc.?

:

4. How was the succession executed? Why?

- (how) clear sales transaction cutting founders ownership, management, board seats etc?

- (why) heritage not possible due tax reasons, to rule out favouritism among other siblings etc, are there any special 'macro-influences' in Holland concerning succession etc?

:

5. Did you voice any decisions towards possible change of operations prior to the succession? If so, how were these plans received by the founder?

- what were the main points you wanted to change and why? Were you met with doubts, fears, optimism etc? Why do you feel the reception (reaction to new plans) was how it was?

:

6. What were the biggest changes you made to operations, how and why?

- did you execute all plans presented to the founder, did something else, added ventures etc?

:

7. In your opinion, was the succession successful? Please also shortly describe the current state of the business and the progress made after succession.

- main parts will suffice, can also illustrate with a timeline etc.

:

8. What are the main aspects you feel have contributed to the current state of your business?

- both hard and soft qualities; own strengths, support, experience, education etc?

: