



JÖNKÖPING UNIVERSITY

*Jönköping International
Business School*

Impact of non-family executives on family businesses in the Scandinavian region

MASTER THESIS WITHIN: Business Administration

NUMBER OF CREDITS: 30 ECTS

PROGRAMME OF STUDY: Strategic Entrepreneurship

AUTHOR: Syed Muhammad Haider & Malik Daniyal Ahmed

TUTOR: Evangelos Bourellos

JÖNKÖPING May 2023

Master Thesis in Business Administration

Title: *Impact of non-family executives on family businesses in the Scandinavian region*

Authors: *Syed Muhammad Haider & Malik Daniyal Ahmed*

Tutor: Evangelos Bourellos

Date: 2023-05-21

Key terms: *Family business, Family executives, non-family executive, Family involvement, Family values, Family-owned business, Succession, and managerial ownership.*

Acknowledgments

We express our utmost gratitude for the invaluable support and assistance we have received during the arduous journey of writing this master thesis. We are acutely aware of the challenges we have faced, and therefore, we are even more grateful for the individuals who have aided us along the way. Foremost among them is our esteemed tutor and thesis supervisor, Evangelos Bourellos. Your unwavering dedication, constructive feedback, and unwavering support have played a pivotal role in the advancement of this paper. We are genuinely impressed by your profound knowledge and expertise, which have not only guided us but also motivated us as individuals. Your ability to encourage us to think beyond conventional boundaries and question our own assumptions has been instrumental in shaping this thesis. Our sincerest appreciation for your exceptional guidance and unwavering commitment. Thank you!

Next, we would like to extend our gratitude to our two peer supervision groups. Your contributions in terms of thought, energy, support, and ideas have been instrumental in the development of this paper. We sincerely appreciate the assistance you have provided, which has significantly aided our progress. Thank you for your valuable input!

Furthermore, we would like to extend our heartfelt appreciation to each participant and interviewee involved in this research. Your active participation and invaluable contribution of knowledge and insights have played a pivotal role in the success of this study. We acknowledge the time, effort, and genuine interest you have invested, without which this research would not have been possible. Thank you for your unwavering support!

Lastly, we would like to express our gratitude to one another for the unwavering encouragement and perseverance we have provided during the process of writing this paper. Nurturing a mindset of support, motivation, and active listening amidst the challenges has been no small feat, but together, we have accomplished it. Thank you for the invaluable camaraderie and solidarity throughout this journey!

Syed Muhammad Haider

Malik Daniyal Ahmed

Jönköping, May 21st, 2023

Abstract

The research critically examines the positive and negative effects of hiring and not hiring non-family executives in Scandinavian family businesses. The research relies on qualitative data collection method through semi-structured interviews with four participants. They can provide diverse information on the topic. It has been justified to use 2/1 ratio as one of the participants who had experience of hiring non-family executive, had not hired it yet. It has been indicated from the current research that non-family business executives may bring healthy changes to the family business like they can have greater efficiency, growth, and increased profitability. Nevertheless, challenges occur in recruiting and retaining non-family executives because of the unique family business dynamics. The research claimed that balancing the relationship between family workers and non-family executives can be a significant challenge. It is recommended from the research findings that family businesses in Scandinavia are required to identify the significance of embracing talent and expertise in order to drive growth and innovation. They must take the necessary measures to ensure that non-family executives are on the same page. Future research must focus on discovering innovative perspectives to make necessary changes, increase sales, enhance the customers' base, and ensure prolonged growth in family businesses.

Contents

Chapter 1: Introduction	1
1.1: Background	2
1.2: Problem Statement and Motivation	4
1.3: Research Aims and Objectives	5
1.4: Research Question	6
1.5: Contribution of Research	6
Chapter 2: Literature Review	7
2.0: Introduction	7
2.1: Characteristics of Family Business:	7
2.2: Key theories and concepts related to family businesses and non-family executives:	9
2.3: Overview of Family Businesses in the Scandinavian region	10
2.4: Effectiveness and Ineffectiveness of Non-family Employees in Family Businesses Success	13
2.5: Roles and Qualities of non-family executives in family businesses:	19
2.6: Challenges of Non-family executives in Family Businesses in Recruitment and Retaining	21
2.7: Literature Gaps	25
Chapter 3: Research Methodology	27
3.0: Introduction	27
3.1: Research Approach	27
3.2: Research Philosophy	27
3.3: Research Method	28
3.4: Research Context and Selection of Case Studies	29
Case Study 1: Best Business	30

Case Study 2: Foga System	30
Case Study 3: HörbyBruk	30
Case Study 4: EY's private	31
3.5: Data Collection Method	31
3.5.1: Collection of data from Primary Sources	31
3.5.1: Sampling Techniques	33
3.5.2: Data Collection from Secondary Sources	34
3.5.2.1: Search Strategies	35
3.6: Research Quality	35
3.6.1: Credibility	35
3.6.2: Transferability	36
3.6.3: Dependability	36
3.6.3: Confirmability	37
3.7: Data Analysis	37
3.8: Ethical Considerations	40
Chapter 4: Result	41
4.0: Introduction	41
4.1: Perspectives of Family Business Consultants related to Non-Family Executives	41
4.1.1: Key Factors for Hiring Non-family Executives	42
4.1.2: Risks and Challenges	43
4.1.3: Strategies and Approaches to Deal with Non-Family Executives	43
4.2: Perspectives of Family Business Hiring Non-Family Executives	44
4.2.1: Roles and Benefits of Hiring Non-Family Executives	45
4.2.2: Issues and Challenges they faced after hiring Non-family Executives	46

4.2.3: Ways to Deal with Challenges Encountered after Hiring Non-family Executives	47
4.3: Perspectives of Family Business Not Hiring Non-Family Executives	48
4.3.1: Benefits of Hiring Non-Family Executives	49
4.3.2: Reasons for not Hiring Non-family executives	51
4.3.3: Strategies to Deal with Non-Family Executives	52
4.4: Cross-Case Analysis	53
Chapter 5: Analysis	55
5.1: Roles and Qualities of Non-Family Executives in Family Business in Scandinavian family businesses	55
5.2: Effectiveness and Ineffectiveness of Non-Family executives in Family Business Success in Scandinavian family businesses	55
5.3: Challenges for family Business to Recruit and Retain Non-Family Business Executives in Scandinavian family businesses	57
5.3.1: Cultural Differences:	57
5.3.2: Unclear Responsibilities and Roles:	57
5.3.3: Lack of trust:	57
5.3.4: Compensation:	57
5.4: Balancing the Relationship between Non-Family Executives and other Family Workers in Scandinavian family businesses	58
5.6: Strategies and Approaches to successfully hire non-family executives	59
5.6.1: Effective Collaboration and Communication:	59
5.6.2: Training and Development:	59
5.6.3: Recognition and Appreciation:	60
Chapter 6: Conclusion and Recommendations	61
6.1: Conclusion	61

6.2: Theoretical and Practical Implication	62
6.3: Limitations of research	63
6.4: Direction for Future Research	64
7. References	65
8. Appendix	79
8.1: Appendix 1: Different Questionnaire	79
8.2: Appendix 2: Coding System	81

Chapter 1: Introduction

Family businesses have become a vital part of the economy of any country as it is accounting for the considerable proportion of small to medium-sized businesses (Tabor et al., 2018). In recent years, family businesses have recruited non-family executives to fill the knowledge gaps and bring the required skill sets (Bjuggren et al., 2018). The involvement of non-family executives in family businesses has become a complicated process, which can impose considerable implications for the performance and growth of businesses. Studies related to family business have presented hurdles faced by family members after hiring non-family executives (Sharma, 2004). Stewart and Hitt (2012) and Tabor et al. (2018) mentioned that family firms are not connected merely with family ownership; however, they are also connected with family business management. The Chief Executive Officer (CEO) becomes the most vital non-family member in the family firm (Tabor et al., 2018) that makes the business management process more complicated. On the other hand, Stewart and Hitt (2012) resulted in a positive connection between family business performance and external executives. Due to limited expertise or members in the family CEO are regularly being hired like actors; however, the current information related to non-family members are limited and fragmented. Studies (Bjuggren et al., 2018; Tabor et al., 2018) showed that hiring non-family executives in family businesses is a highly complex and controversial issue. On one hand, such executives can bring a wealth of expertise, professional experience and fresh perspectives to companies that lead potentially to enhanced growth, profitability, and efficiency. On the other hand, the decisions for bringing in outside talent can form conflicts and tension within the culture of the company and within the family. This potentially results in the disruption in communications, decreased morale, and power struggle (Hitt, 2012) and Tabor et al., 2018). This research aims to conduct primary research on demonstrating the influence or examine the positive and negative effects of hiring and not hiring non-family executives in family businesses from the Scandinavian region. This would include different factors that impact the decision of hiring or not hiring non-family executives that include industry norms, financial considerations, conflicts, company culture, and family dynamics. It focuses on identifying how their hiring can

positively or negatively influence the company performance, employee relationship, and family relationship. It also focuses on investigating strategies to integrate non-family executives effectively into a family-owned business like the creation of clear lines of communication and the formation of trust between family members and non-family executives.

1.1: Background

Since the early 1990s, academic research has provided extensive documentation of the significance of family companies like H&M, Lego, Carlsberg Group, Arla foods, and Orkla Asa (Bjuggren et al., 2018). Karatas-Ozkan et al. (2011) have defined a family business as business wherein family members work in business operations as facilitators and constraints both. The terms “family” and “family culture” are frequently used to conjure up idealized notions of cohesion, harmony, and loyalty (Karataş-Özkan et al., 2011).

Arguably, the family unit can enable the organization to work cooperatively for the common good since it serves as a source of trust and belonging. The family can also act as a place of exploitation when some members are “othered” or taken advantage of. These studies have presented significant attention towards the function of non-family members in managing family organizations (Sievinen et al., 2019; Karatas-Ozkan et al., 2011). Non-family board members, or those who are also non-executive directors and do not belong to the family, can be extremely influential. By non-family board members, we mean those who are not family members but work in the executive position. Board and management are different as the board of directors is the group of individuals focusing on overseeing the overall strategic direction of the company and representing the stakeholders’ interests. On the contrary, management is defined as the team of executives who are responsible to execute the routine operations by executing the strategies set by board. This research focuses on executives rather than board members. Non-family executives are useful outside networks and have experience in business, which they can offer to the company. Such members may be a source of improvement for a company’s ability to better align with shifting external needs and, as a result, achieve long-term sustainability (Sievinen et al., 2019).

This research aims to focus on the Scandinavian region. The region has been selected because of the existence of high number of family businesses in the regions Norway, Iceland, Denmark, Sweden, and Finland (Gupta et al., 2011). Statistically about 70% of businesses are operated and owned by family members (Ernst & Young Global Limited, 2019). Family businesses and their growth have become an imperative part of the economy of the region. Unfortunately, lack of expertise in family businesses can impose adverse impacts on the overall growth of the business and national economy. The skill gap can be overcome by hiring non-family executives. CEOs in family businesses can also have an impact on family and ownership procedures, such as the process of ownership succession and the integration of the next generation. Understanding the effects of appointing a non-family member as CEO is crucial from a commercial standpoint, but it also has clear effects on family and ownership processes and outcomes (Waldkirch, 2020). Family businesses can face unique challenges while recruiting and retaining non-family executives, especially when family members dominate the decision-making and leadership roles within the family businesses.

In the Scandinavian region, there are strong family values that make the recruitment of non-family executives difficult and ultimately influence business performance because of lack of knowledge. Basco et al. (2019) further claimed that non-family executives also face challenges to work in family businesses due to their informal management structures and high trust factor among family members. Decisions for the business are taken through family members consensus rather than considering the business trends and benefits.

High family ownership concentration enables the issues caused due to ownership separation and management separation to be minimized through proficient monitoring of actions of management that leads to the opportunistic initiative's contraction from managers, even when families are not also engaged in top executive roles in the boards. When ownership and control coexist in a family, the owner may take on an excessive amount of responsibility, which may result in issues with management entrenchment. The family shareholders, who frequently dominate the company, might seize the wealth of other minority shareholders through their concentrated block holding

(Rubino et al., 2016). On the other hand, Basco et al. (2019) indicated that successful family businesses follow dual management structures wherein family members manage the strategic direction of the business while non-family executives manage routine operations. It is important to understand the difference, significance, and shortcomings of having a non-family executive as one of the key aspects to open up to involvement externally on the board (Johannisson & Huse, 2000).

The research particularly focused on the old and small family businesses in Scandinavian region that operates in low-tech industry to evaluate the positive and negative impacts of hiring and not hiring non-family executives. According to Basco et al. (2019), old and small family businesses are a potential part of Scandinavian business landscape as they have deep-rooted traditions and cultural importance into the unique opportunities and challenges they encounter. Moreover, Waldkirsch et al. (2020) claimed that small family businesses form a significant contribution to its economy as they create employment opportunities and produce local income. An understanding of the hiring practices and the influence of non-family executives can highlight their growth potential. Moreover, by focusing particularly on the low-tech industry, it became easier to explore the dynamics of businesses, relying on traditional manufacturing methods or providing services that are not highly dependent on technology. Such businesses often encounter different challenges and operate in competitive markets with particular labour demands.

1.2: Problem Statement and Motivation

Family businesses in the Scandinavian region contribute to its economy with several well-established and successful companies that are owned and operated by families. Nevertheless, family businesses grow and evolve, and witness challenges in terms of leadership and management succession. Addressing the issue, many family businesses have recruited non-family executives for managing routine business operations (Ernst & Young Global Limited, 2019). PwC (2016) and Financial Times (2017) argued that hiring non-family CEOs in family businesses will fill the knowledge and skill gaps in businesses. Several past studies have identified extremely positive impacts of non-family executives on businesses. Fang et al. (2012) argued that the

CEO is supposed to integrate the best of the company's knowledge by bringing the history of family together, managerial expertise and entrepreneurship. Waldkirsch et al. (2020) claimed that existing information on non-family executives and their influence on family firm results and processes is spread across multiple fields like finance, accounting, economics, and management, with the minimum integration among the diversified streams.

Scandinavian family businesses have been focused as their people are more inclined towards family values, trust family members and provide minimal to no freedom to non-family executives influencing their ability to take appropriate decisions about businesses. In the Scandinavian region, family businesses are prevalent and there has been an increasing trend towards professionalizing the governance and management of family businesses by hiring non-family executives (Fang et al., 2012). In wake of the challenges and benefits of non-family executives in the family business, it is imperative to develop a transparent and clear understanding related to governance structure as well as balancing the interests of family members and non-family members.

1.3: Research Aims and Objectives

The purpose of the research is to determine the impacts of non-family executives on family businesses in the Scandinavian region. The objectives of the research are given below:

- To determine the extent to which family businesses in employ non-family executives
- To discover the factors that motivate family businesses to recruit or not recruit non-family executives.
- To compare the performance of family businesses who recruit and do not recruit non-family executives in terms of their growth and profitability.
- To identify the challenges and drawbacks of recruiting and not recruiting non-family executives in family businesses in the
- To develop ways to balance the interests of family members and non-family members.

1.4: Research Question

What is the impact of hiring non-family executives in family business in the Scandinavian region?

1.5: Contribution of Research

The research covered an underexplored research topic that could help in overcoming the knowledge gap. It enhances understanding related to non-family executive roles and benefits in family business, and how they can positively or negatively influence business performance. The focus allows the researcher to highlight the unique opportunities and challenges that arise due to recruiting non-family executives. It also provides insights into different factors that hinder or facilitate the success of non-family executives in family businesses. It highlights the difference in the performance of family businesses that recruit and do not recruit non-family executives. It can better suggest family businesses in the Scandinavian region whether they should hire non-family executives, what should be their roles, and the degree to which they need to be involved.

Chapter 2: Literature Review

2.0: Introduction

The section critically reviews the past papers related to positive and negative effects of hiring and not hiring non-family executives. It critically discusses the findings and results of past papers and works on identifying loopholes.

2.1: Characteristics of Family Business:

Family enterprises possess a distinct array of attributes that differentiate them from other business models (Johansson et al., 2020). For instance, Berrone et al. (2020) stated that these attributes reflect the cultural, economic, and historical contexts of the Scandinavian region and are instrumental in shaping the business environment of the area. A similar study claimed that family enterprises are notable for their longevity. These companies have survived several economic and social revolutions and have remained in existence for many decades (Dieleman, 2019). H&M, a Swedish shop founded in 1947 that continues to be operated by the Johansson family and continues to expand to be one of the world's largest retailers of clothing, is an outstanding instance of such a firm. It has been supported, Arzubiaga et al. (2021), this longevity reflects the family's persistent commitment to the firm and its tradition, and also their capacity to adapt to changing market conditions. These firms are mostly owned and controlled by the original family or their progeny, who have substantial ownership and power to make decisions. It can be illustrated further from the case study of Kone that is a Finnish company specializing in the manufacture of stairs and elevators that have been controlled within the Harlin family for over six decades. This ownership structure allows for a more long-term and methodical approach to business tasks since family members prioritize the enterprise's success over short-term financial advantages (Aiello et al., 2021).

In contrast to other business models, Pikkemaat & Zehrer (2016) stated that family-owned firms demonstrate a higher level of ethical behavior and dedication to sustainability. This attitude is consistent with the region's strong social welfare measures and environmental restrictions. A case in point is Novo Nordisk, a Danish company that specializes in producing diabetes and other diabetes medicines and has

proven itself as a leader in social and environmental consciousness via its consistent dedication to ethical business practices. One's family's desire to leave a lasting impression that will contribute to the advancement of society usually drives the emphasis on conservation and social responsibility. The family's desire to create a lasting effect on society and leave a legacy of accomplishments can frequently be what lies behind their emphasis on technology and business.

In line with the above studies, Zaman et al. (2021) results family firms have particular characteristics that make them an important component of the region's commercial environment. These characteristics include strength, familial leadership and management, societal responsibility and environmental sustainability uniqueness and businesses, and employee and patron devotion. Understanding these characteristics allows us to have a greater comprehension of the role of family-owned enterprises in creating the economy of the area and society (Aiello et al., 2021). The findings of the research are in line with the study of Bansal et al. (2022) claimed that family-owned businesses in the Scandinavian nations place a strong emphasis on accountability to society and the environment. The aforementioned businesses put the well-being of their staff, local groups, and their surroundings first, usually incorporating sustainable practices into their operations. The emphasis on accountability to society develops a strong feeling of purpose and devotion to the enterprise's future success (Bansal et al., 2022).

In addition to this, some studies (Rashid & Ratten, 2020) presented that those companies often have a long-standing set of values that have been passed down through generations, providing a basis for decision-making and generating a feeling of sense of belonging within the organization. This can foster an overwhelming sense of patriotism among employees and a commitment to supporting the organization's principles (Rashid & Ratten, 2020). It can be justified from the study of Zaman et al. (2021) who noticed that family-owned businesses also have an aptitude towards contemplation of the future in their choices and processes. Instead of accentuating benefits in the short term, these firms focus on building and maintaining their operations over time, which may create security and longevity. This plan of action may also show a

conservative approach to risk-taking and a propensity for reinvesting earnings back into the business versus seeking rapid advancement or growth. Family enterprises outperform other company models in terms of staff engagement and customer loyalty. The dedication is generally fostered by the family's long-term view and commitment to contributing to society, which develops a strong feeling of the purpose of community inside the organization. IKEA, a Swedish furniture company founded in 1943 by the late Ingvar Kamprad, is a noteworthy example (Banalieva & Eddleston, 2011). It is known because of its exemplary approach to staff and the creation of a happy work atmosphere. This devotion creates a positive circle of prosperity, as workers and consumers are far more inclined to stick with the business, therefore resulting in improved profitability over time (Dana et al., 2021).

2.2: Key theories and concepts related to family businesses and non-family executives:

Family-owned businesses have particular difficulties in their daily operations, notably in the areas of leadership and administration (Lu, 2020). A study revealed that the relationship between family enterprises and non-family executives is an important subject of research (Ghafoor et al., 2022). Several significant theories and ideas have been developed and put into practice in the framework that family-owned businesses in order to better understand this connection. One such theory is the theory of agency, which holds that the goals of the entity in charge (i.e., the family company owners) and the agent (i.e., the non-family CEO) may not always line up. Conflicts between personal interests and a lack of trust between the two parties might come from this (Kollitz et al., 2019). Stewardship theory is an additional theory that contends non-family leaders may be more successful in advancing long-term corporate objectives than family members due to the fact they are less interested in immediate financial gain (Williams, 2021). There are other significant ideas to consider in the environment of family enterprises and non-family CEOs alongside these theories (Pittino and Vsintin, 2019).

As an example, the expression "family involvement" emphasizes how closely people from the family are involved in the daily operations of the company. Due to the likelihood that family members could be more inclined to regard the CEO as an outsider,

this might have a detrimental effect on the connection involving family-owned companies and non-family executives (Karlsson, 2020). A significant factor when assessing how much control family members have over the way an organization makes decisions is the idea of family control. As per Lee (2023), the connection involving family-owned enterprises and non-family executives may be negatively affected by this factor because members of the family could be unwilling to turn over making decisions to outsiders. Family enterprises and non-family executives have complex and varied associations. Practitioners and scholars are able to tackle the problems and opportunities linked to the participation of non-family managers in family firms by understanding the core ideas and concepts linked to this connection (Hillebrand et al. 2020).

2.3: Overview of Family Businesses in the Scandinavian region

The Scandinavian economy is primarily reliant on family enterprises, which have a strong tradition of entrepreneurship, innovation, and commitment to long-term viability (Tajpour et al., 2022). As per Micelotta et al. (2020), these firms employ a sizable proportion of the private sector and contribute considerably to the region's GDP. The next section provides a thorough examination of the data on how family companies affect the Scandinavian economy, notably in terms of creating employment and GDP growth. According to a study, familial enterprises employ more than half of all private-sector employees in the Nordic region and play an essential role in regional prosperity (Del Vecchio et al., 2020). Additionally, family-owned enterprises contribute significantly to the region's overall economy (GDP), including predictions that range from thirty to sixty per cent. In the Nordic nation of Norway for example, family firms account for about 50% of that country's GDP, highlighting their critical role in fueling economic progress.

Furthermore, family firms in the Scandinavian region are popular for emphasizing a long-term plan and financial stability. A study revealed that family businesses in Norway generated more employment opportunities than non-family businesses, which was attributed to their steadfast commitment to their workforce and long-term vision (Micelotta et al., 2020). In addition, family businesses are more likely to prioritize

financial stability over short-term profits. They tend to avoid excessive debt and focus on building reserves to ensure long-term sustainability. This approach to financial management helps family businesses weather economic downturns and remain competitive in the long term.

Family businesses also play a crucial role in rural areas in the Scandinavian region. They are substantial employers and contributors to the local economy. According to Basco et al. (2019), familial businesses in rural parts of Finland have a beneficial influence on the economy of the area by providing jobs, helping local suppliers, as well as adding a local tax base. Furthermore, family-owned enterprises situated in rural areas exhibit a greater inclination towards upholding their local communities and endorsing local initiatives. Furthermore, it is likely that their group will dedicate finances to expanding operations, therefore improving the financial circumstances of their community. This, in turn, ensures the ongoing existence and nourishment of the geographical region's rural districts. Moreover, family businesses in the Scandinavian region are renowned for their dedication to innovation and technology adoption. They acknowledge the significance of innovation in maintaining their competitiveness in a constantly evolving business environment.

According to a study conducted by Camilleri and Valeri (2021), family-owned businesses in Sweden exhibit a higher rate of innovation than non-family businesses, which can result in amplified competitiveness and growth. Family-owned enterprises possess a notable degree of agility and flexibility, enabling them to promptly integrate novel technologies and procedures. This adaptability to evolving business landscapes is instrumental in sustaining their competitiveness over extended periods and bolstering the economic growth of the region. In the Scandinavian context, family businesses constitute a crucial constituent of the economy, generating substantial employment opportunities, augmenting the GDP, ensuring financial stability, and fostering innovation. These enterprises are renowned for their enduring outlook, unwavering dedication to financial stability and constructive influence on rural areas. Family firms are determined to employ new practices and technical improvements in order to remain viable in a volatile commercial market. In essence, these enterprises play a major part

in encouraging sustainable economic development in the area in question. In the Scandinavian region, family businesses place significant emphasis on succession planning, as they are frequently transferred across generations. It is imperative for these businesses to establish a well-defined strategy to ensure a seamless transition of leadership. The Nordic Centre for Research on Marine Ecosystems and Resources under Climate Change (NorMER) has reported that family businesses in this region highly value their family legacy and endeavor to sustain ownership and management continuity across generations. Scandinavian family firms are well-known for their dedication to company philanthropy, with a preference for long-term thinking and prioritizing the well-being of staff, consumers, and communities in which they operate.

According to Ding et al. (2022), family firms in Scandinavian are more likely to participate in socially responsible practices such as ethical manufacturing and environmentally conscious regulations. This commitment to social responsibility contributes to the overall sustainability and reputation of family businesses in the region. Family enterprises constitute a crucial aspect and also consider a backbone of financial stability in the Scandinavian region, and their prosperity is attributed to their varied ownership structures. These structures may involve sole family ownership, joint ownership by multiple families, or the inclusion of external investors or stakeholders.

The two categories in question, no matter what ownership, range in size from tiny and small and medium-sized to massive across-the-globe corporations. Furthermore, these companies operate in a number of areas, which are not exclusively, production, distribution, agriculture, and services. This is done in order to emphasize the region's particular family-owned enterprises landscape. Family enterprises also play an important role throughout the workforce sector in the Scandinavian region, accounting for more than half of all people working in the private sector. This is especially important in rural areas along with regional locations, where these businesses contribute to the region's economic prosperity. Furthermore, family firms in this region are known for being inventive and open to change, allowing them to react quickly to market developments and launch novel goods and services. H&M and Novo Nordisk Corporation are two notable instances of family-owned enterprises known for their

creative organizational structures and products. The region's favorable policy environment towards family businesses is a notable aspect. Governments extend diverse forms of support, such as tax incentives and funding programs. Sweden, for instance, has instituted specific tax regulations for family businesses, while Norway has established a dedicated fund to aid these enterprises. Engeset (2020) stated that the supportive policy environment underscores the significance of family businesses in the region's economy and recognizes their crucial contribution to job creation and innovation. Family businesses in the Scandinavian region are diverse and contribute significantly to the economy and society. Their unique ownership structures, industry diversity, and government support make them an essential component of the business landscape in the region (Fletcher and Adiguna, 2020).

2.4: Effectiveness and Ineffectiveness of Non-family Employees in Family Businesses Success

There are a number of studies that have focused on the benefits of having non-family employees, particularly CEOs and executives. According to Martino et al. (2020), non-family executives are known for bringing variable skills and expertise as well as fresh perspectives to family businesses. Supporting this, Rashid & Ratten (2020) further claimed that non-family executives aid in growing and thriving in the competitive business world. Some further benefits of non-family executives have been identified by Siakas et al. (2014) who claimed that non-family executives probably bring objectivity sense and professionalism sense to the business as it reduces the conflicts risk or personal family issues that can arise in the family business.

Quigley and Graffin (2017) defined CEOs are those imperative individuals in family businesses who take impressive roles because of their overall management responsibilities in the firm as the research on strategic leadership presents. Interestingly, Waldkirsch et al. (2020) have recently performed a systematic literature review by collecting, organizing, and structuring the contemporary knowledge of non-family executives on family firms. The research confirmed that non-family CEO and their influences on family firms is crucial from the theoretical and practical aspects.

Busenbark et al. (2016) defined CEOs are the most powerful people in the organization while Quigley & Graffin (2017) ensured that they have a useful influence on the survival, strategy, growth, and utmost fate of their organizations. Miller et al. (2014) and Naldi et al. (2013) have taken the organizational perspective to explain that non-family CEOs have been connected with a multitude of issues like business performance. Nevertheless, Daspit et al. (2016) and Wiklund et al. (2013) added to the impact of non-family executives on the business and claimed that CEOs in family businesses can impose a considerable influence on processes within the ownership and family aspects. Daspit et al. (2016) specifically claimed that they influence the process of ownership succession while Wiklund et al. (2013) noticed that the integration of the next generation is affected. Therefore, the understanding of the influence of selecting non-family members as executives is not merely useful from the business perspective; however, it has clear implications for family outcomes and ownership processes.

Family firms have a distinct business structure due to their reputation for sustainable and ethical behavior. Presenting the historical aspect, Machek et al. (2019) showed that these companies have operated with an intense awareness of social duty and accountability, something that is becoming more and more essential in today's economic environment (De Massis & Kammerlander 2020). According to Machek et al. (2019), family companies may improve their brand image and get an upper hand in the market by concentrating on ethical practices, minimizing the ecological impact, and making contributions to their local communities.

Interestingly, Alrubaishi et al. (2021) found that the establishment of partnerships and collaborations can give family companies the possibility to expand and get into new markets. Higher education institutions, laboratories, and business groups in this region offer family companies a fantastic platform to develop innovative products and offerings and keep them aware of the most recent trends and innovations (Alrubaishi et al., 2021). In this regard, Meglio & King (2019) showed that privately owned businesses may boost their competitive advantage by efficiently applying all available resources. Yu et al. (2019) claimed that the present market circumstances are advantageous, and the government has implemented a number of policies and programs targeted at stimulating

the growth of privately held businesses. The governments of Scandinavia, Denmark, and Norway have put rules and laws in place to support family businesses and promote entrepreneurial endeavors. In this regard, the Swedish government offers investment support through its program for province investment support, which provides financial assistance to owned family company companies for investments in assets, growth initiatives, and the creation of jobs.

Justifying this, Alrubaishi et al. (2021) noticed that the Family Management Association was created in Denmark to promote networking, finance access, and assistance from other national-owned firms. Through its Innovations Norway program, the Norwegian government also gives financial support to small businesses owned by families. These initiatives and programs assist family companies in overcoming challenges and growing their operations, which generates different employment opportunities and benefits the economy (Yu et al., 2019). On the other hand, Madison & Kellermanns (2013) stated that it is renowned for setting the standard that the preservation of the environment, social welfare, and responsible corporate practices, which presents an amazing chance for family companies to concentrate on ecology and CSR. Family companies can fulfil the rising demand for sustainable goods and services and draw in people who care about the environment by rendering ecology their highest priority. Furthermore, by utilizing resources better and by reducing waste, sustainable practices may mitigate costs.

A skilled labor force with excellent educational backgrounds and linguistic competence is also present in the area. This gives family-owned businesses the chance to access a highly trained pool of possible employees, making it easier to find and keep qualified staff (Hiebl & Li, 2020). The region also has a long tradition of academic and industrial cooperation, which families of businesses are able to make use of to access research and development skills, join creative initiatives, or create fresh products and services. Additionally, the benefits from supportive public policies encourage entrepreneurial and family enterprises. This comprises a variety of financial initiatives, tax breaks, and various other types of support that may help families with businesses get currency, develop plans for their businesses, and enter new markets.

The Nordic Innovation Fund, for instance, offers financial support to family companies and other innovative businessmen in the Scandinavian countries and presents family enterprises with a range of options that can greatly affect their success and survival. Another possibility is an increasing emphasis on ecology and accountability to society, which enables family companies to stand out from rivals by highlighting their dedication to these ideals. This may be done by taking steps like using sustainable methods of manufacturing or helping communities near you via charitable endeavors. Family firms have the opportunity to develop unique goods and services that comply with changing demands of customers because of the region's vibrant innovation culture. Businesses may stay inventive and competitive by implementing cutting-edge technology and working with academic institutions (Neffe et al., 2020). Justifying this, Lönngren et al. (2021) urged that family enterprises in the Scandinavian region might profit from an advantageous constitutional framework that includes tax advantages and financing initiatives that can promote development and expansion. Family firms might boost profits and openings for employment by utilizing these guidelines to seek funding and put money into new projects (Lönngren et al., 2021).

Family enterprises have a wide range of important and varied prospects in the Scandinavian region (Choi, 2019). As per Vaughn (2020), these possibilities include fostering innovation, promoting environmental and social responsibility, as well as enacting helpful policies. Family companies in the area may maintain their growth and accomplishments for subsequent generations by strategically utilizing these possibilities and having the flexibility to respond to the changing business environment.

In recent years, many researchers have delved into the topic of hiring non-family executives in family businesses. In light of various studies performed, it has been determined that employing outside individuals for such positions can offer numerous benefits to said businesses (Kanin et al., 2020). Non-family executives bring a fresh perspective to the business, which can help family businesses overcome the challenges related to succession planning, professionalization, and strategic planning (Fabel et al., 2022). They have specialized knowledge and diverse skill sets that can help family businesses become more competitive and innovative in their respective industries

(Neffe et al., 2020). Furthermore, the inclusion of non-family executives can facilitate a dispassionate and neutral decision-making process, thereby preemptively nullifying potential clashes of interest that could develop within family-owned enterprises. Also, the integration of non-family executives into family businesses can create a more professional and structured organizational culture. As per Waldkirch (2020), the introduction of expanded management practices and modernization of the business can enhance its efficiency and effectiveness of the business. The diversity that non-family executives bring can help the business to broaden its customer base and open up new markets. They can also bring access to a wider network of industry professionals and key stakeholders, which can help family businesses to build valuable relationships and partnerships.

However, in the study of Khanin et al. (2020), it was found important to recognize that the integration of non-family executives in family businesses can also bring some challenges (Khanin et al., 2020). Among the principal obstacles that one may encounter while running a business with both family members and non-family executives lies in navigating the cultural differences that might arise between both groups. Executives who lack a familial relationship with the business owners may not possess adequate experience and awareness regarding the characteristic values and established customs of the family-run enterprise (Ghafoor et al., 2022). As a consequence, this disparity in comprehension has the potential to generate unintended conflicts and misinterpretations between personnel. As per Zahra (2020), another challenge is communication problems that can arise due to language barriers or a lack of clear expectations regarding the roles and responsibilities of non-family executives. Possible rephrased version such as resistance from relatives can pose a challenge, particularly when a non-kin executive is seen as encroaching on or diluting the family's power to make decisions in the business (Zahra, 2020).

Bringing in external, non-family executives into family businesses can be advantageous in various ways, such as providing specialized knowledge, a range of abilities, and new opportunities. Nevertheless, it is imperative for family-run firms to create and implement successful tactics to counter any difficulties that could arise

during the combination of non-family personnel (Habba et al., 2022). A powerful command style that assists open dialogue, cooperation, and an atmosphere of faith is essential to make sure the successful merging of non-family executives. By doing this, family businesses can take advantage of the know-how and competencies of non-family executives to help secure their long-term achievements and stability (Kormann & Suberg, 2021).

Family companies are well known for their unique characteristics, which include engagement of the family, shared values, and a focus on the long term. However, hiring non-family leaders to improve productivity is a new trend in family firms. According to research, family firms that employ non-family CEOs typically do better than those that do not. This is due to the non-family executives' external expertise, understanding, and abilities, which augment the family's assets. Non-family executives likewise offer an objective viewpoint and question the presumptions and prejudices of members of the family, leading to more creative and strategic decision-making.

Azizi et al. (2022) stated that non-family CEOs can improve performance in family firms while also enhancing a family's standing and credibility in the marketplace. This tactic may successfully allay worries about cronyism and nepotism, which are frequently connected to family-owned enterprises. However, this strategy could have a few drawbacks. One such worry is that directors who are not related to the family could not completely understand or respect the family's ideals and culture, which may lead to disagreements including a lack of integration within the organization (Jain et al. 2021). The long-term aims and vision of the family must be communicated to non-family executives, rather than only emphasizing short-term financial results. In general, the outcome of the assessment of family firms with non-family executives on staff and those without emphasizes how crucial it is to strike a balance between the family's capabilities and the knowledge of outside executives (Fang et al., 2022). The particular elements that contribute to the successful hiring of non-family leadership in family-run businesses, as well as potential challenges and solutions, might all be the subject of further study.

There are some studies that have suggested ways to include non-family executives. According to Rubino et al. (2017), the roles and responsibilities of non-

family and family members must be defined to avoid conflict of interest. Firfiray & Gomez-Mejia (2021) claimed that an effective and proper decision-making system must be formed to resolve conflicting situations in family businesses that arise due to non-family executives. Some family businesses invest in the proper training and development of non-family executives so that they can get a unique business culture and values.

2.5: Roles and Qualities of non-family executives in family businesses:

According to Miller et al. (2014), family-owned enterprises are a unique organizational structure that encounters distinct hurdles, and the assimilation of non-familial executives within their managerial team is an indispensable aspect to ensure long-lasting viability and triumph. It has been clarified from the study of Moreno-Menéndez & Casillas (2021) that the integration of non-family executives into family-run enterprises can prove to be an invaluable resource in conquering the obstacles encountered while pursuing growth and expansion. With their unique talents and know-how, these external personnel provide a broad range of proficiencies that complement those brought forth by the closely related members of the organization. Countless academic investigations have established the fact that enlisting the services of non-family executives is conducive to ameliorating the financial well-being of family-owned enterprises (Mustafa et al. 2015). Such personnel are instrumental in offering a dispassionate and forward-looking outlook on decision-making processes. Furthermore, their involvement can bolster the establishment of a superior and efficient corporate culture by instilling optimal approaches, refining interactions, and elevating management frameworks (Baublyte, 2010).

According to Bansal et al. (2022), non-consanguineous executives can also wield a notable influence in tackling the ubiquitous predicament of succession planning that invariably plagues family-owned enterprises on a global scale. On the other hand, Qin et al. (2023) stated that the presence of non-family executives can help family businesses develop and implement succession plans that ensure the continuity of the family business in the long term. Such people possess the potential to cultivate a

system based on merit, wherein leadership positions are assigned according to an individual's expertise and capabilities, rather than biases rooted in personal relationships. Extending the discussion, Berrone et al. (2020) claimed that the result of this occurrence leads to a more impartial method of assessing candidates for the positions mentioned earlier, thereby contributing to a greater sense of equity (Berrone et al., 2020).

The hiring of non-family executives in family businesses offers several advantages, including the provision of valuable insights and ideas, an impartial and objective perspective on business decisions, and support in accessing new markets and expanding operations (Andersson et al., 2019). The integration of non-family executives into a family-run business may present certain trials, including familial opposition arising from apprehension over relinquishing control or sway over the company. Additionally, Ansell et al. (2022) presented differences in culture between those related by blood and non-relatives hold the potential for causing tensions within the organization.

Therefore, family businesses must carefully consider the benefits and challenges of hiring non-family executives and develop effective strategies for their integration. It is of paramount importance to establish unequivocal expectations and effective communication pathways, makes certain that non-family executives comprehend the core values and ethos of the family-run enterprise, and create an unambiguous comprehension of duties and accountabilities (Lundström et al., 2020).

A Study demonstrated that effective governance mechanisms, such as family councils, can also be established to address conflicts and ensure the alignment of family and business objectives (Tobak et al., 2018). The incorporation of non-family executives into family-owned enterprises is a multifaceted and intricate undertaking that demands a thoughtful analysis of its rewards and obstacles (Sarasini & Langeland, 2021). Moreno-Menéndez & Casillas (2021) suggested that, by utilizing the specialized competencies and knowledge that these executives possess, family businesses can not only elevate their financial status but also enhance their workplace culture while ensuring longevity. Nevertheless, Fang et al. (2021) noticed that it is crucial to acknowledge any potential complexities or impediments to such integration and

subsequently devise effective plans with an end-State objective in mind (Williams, 2021). Also, the expertise of executives who do not have familial ties to the business can prove pivotal in confronting the widely faced hurdle of effectively executing succession planning within family-owned enterprises. The presence of non-family executives can help family businesses develop and implement succession plans that ensure the continuity of the family business in the long term (Qin et al., 2023). Similarly, Kien (2021) noticed that the impact that they have is not solely restricted to the possibility of promoting a culture emphasizing merit-based leadership based on expertise and proficiency, in preference to familial ties; they also exemplify the fundamental components integral to an impartial global system.

In general, non-family executives have a favorable influence on family businesses as they provide valuable insights and innovative ideas. Moreover, they offer an impartial outlook on business rulings to ensure optimal results (Demirova & Ahmednova, 2020). A study (Bratnicka-Myśliwiec et al., 2019) suggested that non-family executives can also aid in accessing fresh markets and broadening operations while improving the organization's culture to guarantee long-term sustainability for the family company. Nevertheless, it is critical for family businesses to meticulously consider integrating non-family executives and devise effective strategies regarding this integration to tackle any impending troubles.

2.6: Challenges of Non-family executives in Family Businesses in Recruitment and Retaining

There are studies that have discovered several negative impacts on businesses. The majority of studies identified that there are some challenges faced by non-family executives that make the utmost utilization of all their skills and expertise. According to Sachy (2019), it becomes hard for non-family executives to understand and navigate the unique culture and dynamics of family businesses, which are different from traditional corporations. Another study (Cater III & Justis, 2010) claimed that non-family executives faced resistance from family members who perceive that they are being replaced in business management.

Transferring ownership and administration to the following generation is a key difficulty for Scandinavian family companies and is generally referred to as the process of succession planning (Tang et al., 2014). According to Graafland (2020), this approach has been linked to obstacles such as family feuds, a lack of growth, and even the final extinction of a firm. To properly plan future succession, family members' aspirations, talents, and interests, in addition to the business's long-term objectives need to be carefully considered. It is critical to identify and nurture possible successors, build a clear transfer plan, and ensure that every family member agrees on the plan. This procedure can be difficult, especially when members of the family have conflicting expectations or intentions (Fang et al., 2021). To overcome the challenges involved with preparing for succession, family-owned businesses in the Scandinavian region may choose to hire professional advisers such as consultants, attorneys, or accountants (Yu et al., 2019). Additionally, excellent communication with loved ones and their participation in the process of planning is critical to ensuring an orderly change between management and ownership (Razzak & Jassem, 2019). As per Amann & Jausaud, (2012), the topic of management and choice-making is a considerable difficulty for Scandinavian family firms. Given the active role of loved ones in the venture, there is the possibility of competing agendas and desires, which can complicate decisions. Balancing the demands of close family members with those of the organization may be difficult, especially if conflicts or personal connections arise.

It is advised that transparent and explicit governance frameworks be built to clarify what is expected of family members, the board of directors, and management in order to solve the difficulty of making decisions in family enterprises (Belenzon et al., 2011). This technique can assist in guaranteeing that decisions are made using objective criteria while ensuring conflicts related to interests are kept to a minimum. Furthermore, family firms might benefit from soliciting other viewpoints, such as external directors or consultants, to give an impartial viewpoint and aid in decision-making processes. Another problem was found in relation to the study of Diaz-Moriana et al. (2020) that showed that Scandinavian family firms confront is personnel retention and development. Attracting and maintaining top talent may be challenging, especially if members of the family are given preference for leadership roles (Diaz-Moriana et al.,

2020). It is critical to understand that family-owned businesses may suffer financial restrictions that limit their ability to engage in employee education and development courses, limiting potential customers for upward mobility and personal development (Mura, 2021).

To address this issue, family firms might priorities recruiting and retention and offer attractive compensation packages in order to attract and maintain high-performing personnel. Furthermore, giving opportunities for professional advancement as well as continuing training and development efforts may increase worker allegiance and participation. Also, family-run businesses may benefit from fostering a culture of inclusion and diversity, which may increase the selection of expertise and regards open to them.

A study stated that family enterprises in the Scandinavia area have a big challenge in the shape of possible family conflicts (Lorenzo et al., 2022). The complex nature underlying family relationships can lead to conflicts, especially during making decisions and succession planning. Divergent company ideas or opposing views on leadership positions can strain relationships and even lead to legal issues (Sanchez-Famoso et al., 2019). To address this issue, family-owned businesses should design explicit organizational frameworks and processes for making choices that help reduce disagreements and ensure that each member of the family has a chance to express their viewpoints on the business. Including outsider consultants and experts who may provide objective advice and help resolve disputes might be beneficial. In managing disputes and guaranteeing the continued prosperity of a company, successful interaction, and a readiness to compromise are equally important. Personal companies in the Swedish area face an enormous obstacle in obtaining funding. These companies usually struggle to secure finance, particularly when they need significant investments in capital or are currently growing the way they operate. This can be because conventional lending institutions think that family-run businesses are riskier than non-family enterprises, or it might be because they don't have the obligation to comply with the same accounting and disclosure rules as publicly listed corporations (King et al., 2022).

It is advised that family firms operating within the look into other funding options such as private equity, venture funding, or household office investment in order to address the issues they confront (Firfiray & Gomez-Mejia, 2021). They may also think about working together with different businesses to pool knowledge and resources, or they could use government-sponsored funding programs. Their appeal to conventional lenders may be further enhanced by strengthening their reporting as well as leadership procedures. Building trust ties with lenders is also essential if you ever need to access loans. In general, the particular difficulties family companies in the area confront, such as problems with planning for future governance, fundraising, and managing family relations, can have a positive impact on their long-term profitability and sustainability (Aiello et al., 2021).

As per Harsch & Fasting, (2019), family-owned enterprises continue to be an important part of the neighborhood economy despite a number of obstacles, and they are praised for their creative and adaptable business plans. Engeset (2020) stated that families must take a proactive strategy towards handling their affairs in order to triumph over these challenges, which requires building strong governance constructions, giving succession preparation a first priority, and settling tricky relationships with relatives. Furthermore, family businesses must be open to investigating alternative funding options including private equity, venture capital, and government-sponsored funding programs. They must also maintain solid ties with financial organizations, particularly banks, and follow accepted standards in bookkeeping and leadership. Scandinavian family firms have an unusual array of challenges, but they also benefit from an enabling governmental environment and an extensive history of creativity and entrepreneurial spirit. Family companies may continue to thrive and make substantial contributions to the financial health and well-being of the region for an assortment of centuries by embracing these benefits and facing challenges head-on (Dieleman & Konning, 2020).

The potential for a clash in principles and social norms is one of the main challenges in hiring non-family CEOs (Mullens, 2022). Family-owned firms usually reflect the values, traditions, and culture of the owners' families, which may not align with the beliefs of non-family executives. Conflict might happen as a result, which would

prevent the business from running smoothly. Being held accountable for a lack of dedication and commitment to the company is an additional challenge with appointing non-family leaders. Non-family managers might not be as emotionally invested in the company as loved ones are, and they might not be as dedicated to the long-term prosperity of the company. On the other hand, Köhn et al. (2022) suggested that refraining from hiring non-family executives may have certain drawbacks. The lack of a wide variety of thoughts and viewpoints is a serious downside. Businesses governed by families that only rely on close relatives for leadership risk becoming inflexible and immobile, missing out on possibilities for innovation and growth. A lack of qualified leadership skills might result from the lack of non-family executives. Family members might not constantly possess the knowledge or experience necessary for handling the business efficiently, leading to inefficiency and overlooked possibilities.

2.7: Literature Gaps

Although family businesses in Sweden have been extensively explored in academic literature, there are still certain research gaps that present opportunities for further study. There is a significant knowledge gap on the influence of hiring or not hiring family executives particularly in Scandinavian region. Despite the fact that family companies significantly contribute to the local economy, it is crucial to understand how they can be utilized appropriately to overcome the family business challenges and involvement of non-family executives in decision-making process. The lack of study related to issues faced by non-family executives to involve in businesses is another literature gap. On the other hand, more comparative investigations related to family businesses hiring and not hiring non-family executives, and their impacts on business performance is another void in the research. There is a dearth of research that compares family firms' performance and management practices across many industries, despite some studies having been done in specialized areas (Chaisuriyathavikun, 2015).

The analysis of such research might make important advancements in our knowledge of all the variables that influence the success of family companies. Additional longitudinal studies that closely examine the development of family-owned businesses

through time require immediate attention. These studies can provide substantial insight into how family firms respond to changes in the business environment and utilize the skills and expertise of non-family executives. Despite the extensive research on family enterprises in the Scandinavia region, there still remain specific deficiencies that offer opportunities for more study. By filling in these gaps, a considerable understanding of the challenges and opportunities faced by family companies in the area may be acquired.

Chapter 3: Research Methodology

3.0: Introduction

The section outlines all the research approaches, techniques and methods that would be employed to respond to the positive and negative impacts of hiring and not hiring non-family executives on family businesses in the Scandinavian region. It also provides the rationale and reasonable justifications to adopt a particular research method.

3.1: Research Approach

There are three major types of research approaches i.e., Inductive, abductive, and deductive approach. Inductive reasoning works on the development of theory while deductive reasoning aims to test a contemporary theory (Soiferman, 2010). Whilst abductive reasoning refers to the form of logical intervention that engages making an educated hypothesis for explaining a set of observed phenomena. In this research, an inductive approach has been selected for evaluating the impacts of non-family executives on family businesses in the Scandinavian region. In our research, through the inductive approach, we demonstrated data, particularly from the perspectives of the as the topic has been understudied from this aspect and existing knowledge is not sufficient (Azungah, 2018).

Inductive research deals with deriving generalization theories and conclusion from particular observations or data; thus, it is suited well to explore complicated phenomena like the influence of hiring or not hiring non-family executives as it enables us for having an in-depth insights and analysis of existing data for identifying patterns, relationships, and trends. The use of exploring approach in this study, we understand the current phenomenon taking the real-life context and investigating the novelty phenomenon.

3.2: Research Philosophy

The adopted research philosophy for this research was interpretivism philosophy wherein there is a minimal focus on external social factors (Alharahsheh& Pius, 2020). Interpretivism philosophy is more likely to be adopted in qualitative-based research as it

encourages participants to present their complicated and different people's experiences as well as understand similar objective realities in diverse ways (Ryan, 2018). Thus, the adoption of interpretivism philosophy aligns with the qualitative nature of the research.

Moreover, our research employed a constructionist research design along with a relativistic ontology as it enabled us understanding the phenomenon of effectiveness or ineffectiveness of hiring or not hiring non-family executives, meaning that we considered the perspectives of multiple sources. Moreover, the “truth” in our research relied on the participants’ perspectives, their views and interpretation of their experience. This is helpful for exploring multi-case study. The cases relied on family businesses in the Scandinavian region. With the help of extensive literature review, we narrowed down the research question for exploring the benefits and challenges that are faced by non-family executives. We compared different case studies of family businesses who hire non-family executives and who do not hire, and then we analyze what benefits they achieve from this. Analyzing their responses allowed us to generate new insights about the topic in a case. Another reason for using an inductive approach is its suitability to analyze the issues and challenges faced by stakeholders in the regions such as business owners and CEOs. Based on the overall reasons, the adoption of inductive research approach has been justified.

3.3: Research Method

The decision to hire or not hire non-family executives in family businesses may impose considerable implications for the business. Thus, it is imperative for using the research method that could provide nuanced, comprehensive, and rich understanding of the issue. Thus, this research has used a qualitative approach as a research method as it allowed comprehensive exploration of the research topic in a non-statistical or text-based manner (Azungah, 2018). The qualitative method ensured flexibility to discuss the information from diverse perspectives. For instance, this enabled us easily to explore the perspectives and experiences of involved participants. The method involves the extraction of data with the help of focus groups, interviews, observations for gaining insights into social phenomena and is mostly employed for exploring complicated and particular issues.

Also, the qualitative research enables us to generate a more detailed and contextualized analysis of the influence of hiring or not hiring non-family executives. Contrary to quantitative research method that depends on statistical data, we employed qualitative research technique for gathering data to better understand the issue. Moreover, qualitative research methods are also suitable for exploring complicated social phenomena, which cannot be conveniently measured via quantitative research approaches. The decisions for hiring or not hiring non-family executives in the family business is a complicated issue, which involves different factors that include organizational culture, family dynamics and different barriers in decision-making. The use of this method assisted in highlighting these interrelated and complex and provides a detailed nuanced understanding about the issue.

3.4: Research Context and Selection of Case Studies

The Scandinavian region is famous for its unique business culture that is classified by a powerful stress on social responsibilities, teamwork, and egalitarianism. Also, family businesses are highly prevalent in the area, with several of them being multi-generational and highly effective in terms of managing business. The Scandinavian region is regarded for the strong cultural values of collaboration, social responsibility, and trust. Such values are reflected in the region's business culture, where family businesses are valued highly for their prolonged orientation and commitment to the community. Moreover, family businesses are unique in their decision-making processes, and they have a strong identity sense and attachment to the family roots. This may impact their strategic decision-making as well as organizational culture. They are more likely to encounter challenges like conflict resolution, business interest, succession planning, and balancing family. Nevertheless, the question of whether to hire non-family executives in the businesses is an extremely controversial question, with arguments both against and for such a move.

With respect to the uniqueness, implications, and prevalence of family businesses, they are valuable research areas from business management discipline. Understanding the challenges and dynamics of family businesses could assist us to

identify best practices in regard to hiring or not hiring non-family executives for greater success and competitive benefits.

In this research, we have used three case studies of family businesses in the Scandinavian region. One company hires non-family executives and 2 companies who do not hire non-family executives while another case study of family business consultant. We focused on family business as they are prevalent globally and play roles in the global economy significantly. They account for 2/3rd of every business world in the Scandinavian region.

Case Study 1: Best Business

Our first selected case study was based on Best Business Company that started its operations in 1990. It is a small-sized company with 8 people. We conducted an interview with the owner of the company. The company has hired non-family executives, making them suitable for the research to understand the positive and negative impact of hiring and not hiring non-family executives in the region.

Case Study 2: Foga System

The Sweden-based Foga System Company offers a diverse aluminum profile to customers globally (Foga System, 2023). Founded in 1965, it is a well-known family business that provides premium systems in aluminum turns initially to interior designers, industrial companies, and exhibitors in demand of qualitative versatile, flexible, and durable products and solutions. It is a small-sized company with 9 employees. We conducted an interview with the vice director of the company due to his availability and command on the topic. The company has been selected as they operate without hiring non-family executives so their insights can be valuable to understand their stance for not hiring non-family executives and prevailing challenges after their recruitment.

Case Study 3: HörbyBruk

It is another Sweden-based company that has been known as a wheelbarrows manufacturer (HorbyBruk, 2023). It is a producer of tools and equipment for private gardens. For many years, its classic products are quite common among people because of its consistent combination with craftsmanship traditions of Sweden with

advanced technology in the production. Started in 1920, this is a family-based company having 10 employees. It has also not hired non-family executives.

Case Study 4: EY's private

It was believed that it is imperative to understand the scenario from the perspectives of family business consultants to understand their stance on positive and negative impacts of hiring and not hiring non-family executives. For this, the family business consultant of EY's private has been selected. The company offers advice to family businesses to ensure success, business growth and development. This small-sized company was comprised of 19 employees.

3.5: Data Collection Method

The selected data collection methods for our research were primary and secondary sources. The importance of collecting data from both sources allowed the researcher to fill the research gaps and provide the common aspects from past studies. This further assisted in the data validation.

3.5.1: Collection of data from Primary Sources

Primary sources provide first-hand information about the topic. It is widely adopted in research work that has employed understudied research topics. As per Hox & Boeije (2005), primary sources provide different ways to collect data including interviews, surveys, experiments, and observation.

In this research, we intend to further explore their perspectives, whether the involvement of non-family executives allowed them to manage their business functions, and how they make a balance between family employees and non-family executives. We further evaluated how the recruitment and involvement of non-family executives impact their decision-making approach and selection of business strategies.

We have conducted semi-structured interviews as it provides flexibility in the collection of data. The participants have a predetermined list of questions; however, the researchers have the opportunity to explore more topics on the basis of the participants' responses. Over the period of time, we changed the questions as we started developing more knowledge of the topic after each interview. The interviews were conducted from

owners, Vice directors, Head of EY's private, and family enterprise team (Consultant) to evaluate how they use the expertise, knowledge, and skills of non-family executives, and how it influences their overall business performance. Interviews were conducted by people with diverse positions to get significant information. Family Business owners can provide details about their decisions about hiring non-family executives. We analyzed their perspectives on the topic that was helpful for understanding the impact of non-family executives on business performance.

We have formed comparatively similar questions for each participant with minimal modifications as they were different in terms of their expertise. Each questionnaire roughly carried 8 open-ended questions (see appendix). The use of open-ended questions allowed us to extract comprehensive information on the topic as the participants were allowed to freely answer their responses. They conducted 4 interviews with different participants through online and/or offline platforms as per the feasibility of the participants. First, we interviewed a business firm with non-family executives to demonstrate the positive and negative impacts of hiring executives and how they can be beneficial for businesses. Then, we conducted second and third interviews from participant 2 and participant 3 who have not hired non-family executives to understand how beneficial or disadvantageous a hired non-family executive can influence business performance. The fourth interview was conducted by the family business consultant based on our frame of reference.

During each interview, we stressed particular issues, challenges, patterns and how participants would have done it differently. By conducting semi-structured interviews, we encouraged our informants to give more comprehensive explanations and particular follow-up questions for understanding the context better, we recorded and transcribed each interview along with taking notes. Also, all the researchers were present in the interviews. Our similar understanding of the interview reinforced our confidence in the data quality.

Our interviews lasted between 40 minutes to one hour on average. With the progress of each interview, we stressed on particular patterns, outcomes, and issues, and how participants have done it differently. Due to the use of semi-structured

interview process, we encouraged our participants to give more detailed responses to our questions so that we could understand the context better. For assuring accuracy, we recorded interviews after taking consent from the participants and took detailed notes. All the researchers were present in every interview for a better analysis. This has also allowed us to ensure reliability. For example, our similar understanding reinforces our confidence in our extracted data.

3.5.1: Sampling Techniques

The sampling population of the research was the family business in Scandinavian region. We have recruited owners, vice director and family business consultant who may have knowledge of the effect of hiring or not hiring non-family executives. The total sample size for the research was 4. Different case studies have been selected to have diverse information on the topic.

We emailed our professor who provided us with links to different family businesses in Scandinavian region. Then, we used these links and emailed to different family businesses in March to reach out to them and we even initially adopted snow-ball sampling to get contacts of the family businesses in Scandinavian region. On 15 March, we met a girl who also provided us with a reference, then we got some more references to reach out to family business. In this manner, we adopted snowball sampling that has been selected as it is sometime hard to reach out to the populations due to several reasons like sensitivity of the topic or hesitation of the participants. We received replies from a few business firms. We personally visited different firms we received responses from and gathered general information about the companies. Then, we adopted purposive sampling technique in which the researchers use their own knowledge and expertise to select the right candidate from each company (Qin et al., 2023). We have selected purposive technique because it better allowed the researchers to identify the right participants who can answer the research questions based on their experiences and knowledge. Using this sampling technique, we tapped into the current networks and connection with the family business in Scandinavian regions, and we have also identified considerable participants and reached a wider stakeholder range.

Moreover, we used purposive technique because Waldkirch (2020) claimed that it could assist in overcoming the potential issues with participants mistrust and reluctance that could be chance in the research. They may be hesitant to share their concerns about hiring or hiring non-family executives to avoid damaging their family businesses. Thus, the use of purposive sampling technique could assist in establishing a trust level and rapport with considerable participants by leveraging the current connection and relationships. Based on these reasons, the adoption of purposive technique has been justified.

1. Table 1: Description of Selected Participants

Name	Company	Designation	Employees	Size	Type	Founded in
P1	Best business	Owner	8 people	Small sized		1990
P2	Foga system	Vice director	9 people	Small sized	Provide aluminum profiles	1965
P3	HörbyBruk	Owner	10 people	Small sized	Wheelbarrows	1920
P4	EY's private	Head of EY's private and family enterprise team (Consultant)	19 people	Small sized	Consultation business	2005

3.5.2: Data Collection from Secondary Sources

Secondary-based sources provide second-hand information. To understand and verify the data collected from the structured interview, the research has also employed

secondary sources in the form of articles, journals, research papers and official documents.

3.5.2.1: Search Strategies

The reliability and validity of the secondary source rely on the search strategies (Ali & Usman, 2018). This research has used different search strategies. First, authentic electronic databases have been employed like Academia, Google Scholar, EMBASE, Tandoffline, and so on to access business-related research articles. Besides, the employed key terms would be used “non-family member”, “Family Business”, “CEO”, and “non-family executive”. The use of key terms assisted us filtering the research data and saved the time and energy of the researchers.

3.6: Research Quality

For conducting the research with high greater reliability and credibility, we have considered multiple qualitative assurance factors like attractiveness and relevance. We intended to ensure that our research and its findings are appropriate for the academic publication. We conducted our research in a transparent manner after clearly understanding each step and process. We have clearly defined how our methodology was appropriate in the context of the research question, setting, and case studies that was assured by having a useful coherence of our relevant literature, findings, and aim. Additionally, our research has not captured statistical data instead we are involved in articulating the research question transparently for understanding the complex phenomenon with management research better (Easterby-Smith et al., 2018). With the help of using multiple-case studies, we formed a contextual understanding, empirical, logically coherent valid research. We have established trustworthiness in our research that can be illustrated from below aspects taken from Guba (1981).

3.6.1: Credibility

The research credibility can be reflected in the accuracy and trustfulness of the findings (Ghafoor et al., 2022). We made sure that the participants got a complete knowledge of our information continuously and were qualified to give answers to our questions. This approach helped us to ensure credibility. Also, we ensured that every participant belonged to family businesses. Additionally, our research took multiple

perspectives so that any possible bias can be eliminated. For instance, we considered the views of owners, consultants, and vice directors so that bias that might be obtained due to a single perception can be eliminated. We also carried out peer debriefing for incorporating feedback on our research methodology and findings along with avoiding any researcher bias arising due to numerous sessions with our university supervisors. With respect to Guba (1981), we have also conducted member checks with our participants. For instance, we sent them the final draft to ensure our findings remained coherent with their opinions. We also strengthened our research credibility by establishing confirmability by justifying and explaining a step clearly from data collection to analysis to interpretation (Guba, 1981)

3.6.2: Transferability

The next imperative factor is transferability, that is highly imperative in qualitative based research. The applicability of our research findings to other scenarios and context explained the extent of transferability. For this, researchers must involve in theoretical sampling that we did by retrieving enough and related data in our research context (Guba, 1981). Moreover, the retrieving of the thick descriptions has also allowed us to contextualize our findings by discussing the degree to which our data might be transferable to other contexts. We employed thick descriptions for contextualizing the success or failure, or effectiveness or ineffectiveness of hiring or not hiring non-family executives in family business in Scandinavian region. Based on our research findings, we claimed about which family business who hires or who does not hire work well. We conveyed an extensive description of your data analysis, research method and theory building for establishing transferability to provide reasonable space to do informed assumption and theory application in another context (Easterby-Smith et al., 2018).

3.6.3: Dependability

It can be ensured by offering sufficient information so that study reliability in replicability can be made (Guba, 1981). Our research ensured it to be repeatable as per the similar situations another place and time. For acquiring dependability, our research employed stepwise replication, overlapped approaches, and made sure a dependability in terms of audit trail. We executed triangulation by interviewing members first, then we

performed the portions of analysis of data separately for finding similar and different patterns and themes in our codes. We consistently challenge the process reliability and empirical findings to guarantee the possible replicability. We remained close and consistent in dialog with our supervisors to ensure that we followed acceptable research standards.

3.6.3: Confirmability

It demonstrates the accuracy and neutrality of the research findings (Guba, 1981). For this, we employed practiced reflexivity, saving data securely, and triangulation for the confirmability audit. We did triangulation in the dependability section by interviewing the research phenomenon from diverse perspectives. Also, we considered secondary-based data to guarantee that the collected information was correct. For this, we collected background information about the companies of the participants from their websites and additional reports. We expressed our epistemological assumptions intentionally for avoiding personal bias and maintaining neutrality. Besides, we accepted our research role and implications of our research findings. We focused on building relationships and rapport with our participants by avoiding steering on them while taking any answer. This approach allowed us to prevent misunderstanding. We consistently asked follow-up questions and updated questions to confirm their answers. Besides, we provided extensive description of our research method and process for establishing confirmability.

3.7: Data Analysis

As the research is entirely based on a qualitative-based pattern, a thematic analysis technique has been employed. The thematic analysis technique allows the interpretation of the data in a meaningful manner by dividing extracted data into themes, sub-themes, and common patterns (Braun & Clarke, 2012). The use of thematic analysis forced us to implement an analytic approach for examining each case individually so that we can familiar ourselves and explore the unique patterns. In this way, we were able to compare the responses in the future. We have formulated four systematical stages for the findings and analysis for moving from raw materials to

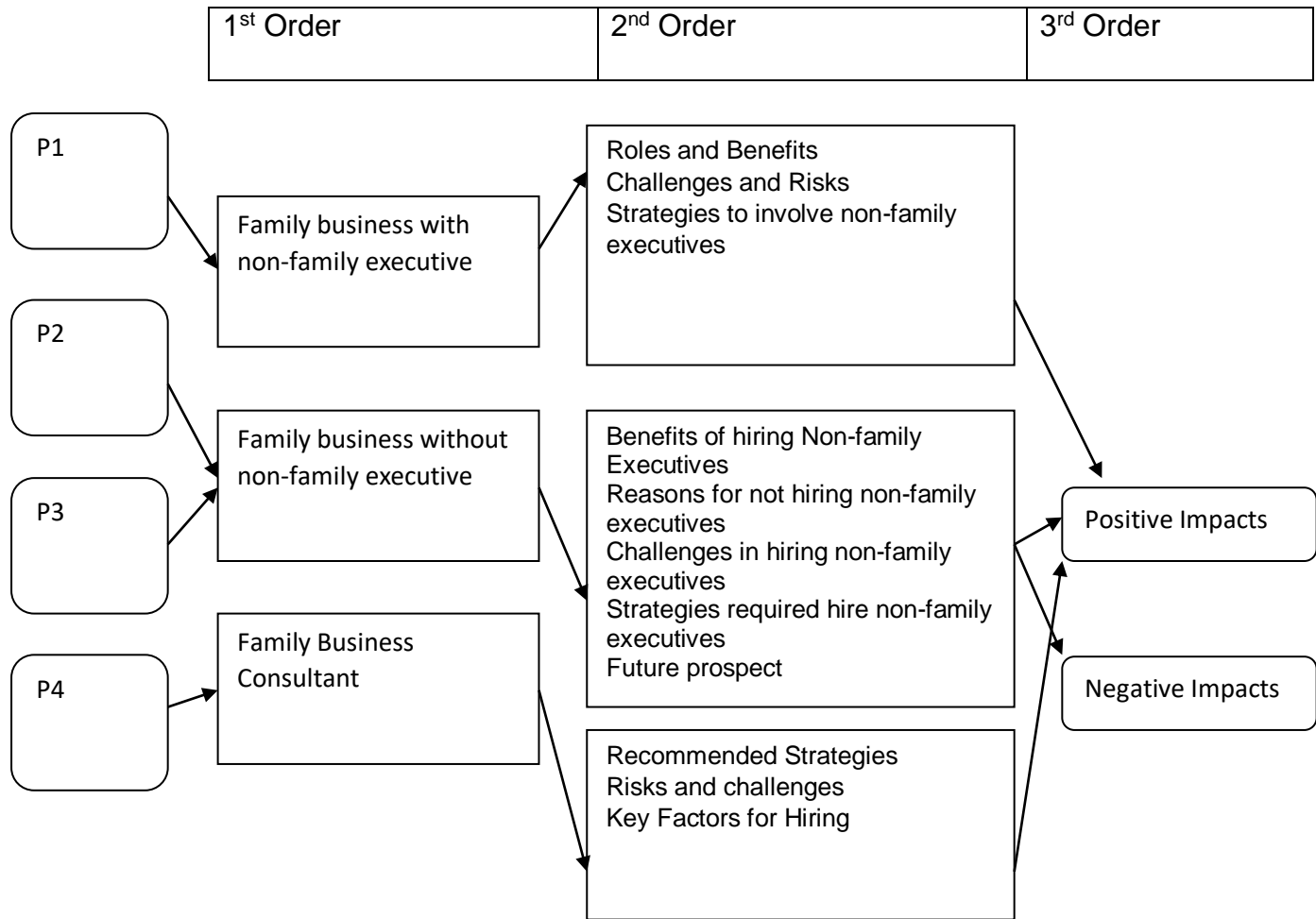
theoretical interpretations. The four stages are presented below for improving the theory building and findings generalization.

Stage 1: Our first formulated stage was the development of rich and detailed description for every case by incorporating numerous types of data for describing the organizational context, cultural factors, barriers for non-family executives, and its outcomes. Simultaneously, we retrieved data and analyzed cases for allowing questions and insights so that future data collection can be shaped. We consistently shared our data with our supervisors so that we could strengthen our reliability and comprehensiveness. The overall findings allowed us to focus on integrating patterns and themes in our analysis.

Stage 2: Our second stage recognized key challenges, issues, and insights with integrating of the gained output. It was performed by producing a list of evolving issues from different case studies of family businesses that hire and do not hire non-family executives. We employed short descriptions to code the extracted information and then group them thematically.

Stage 3: In the third stage, we recognized patterns of integration. For this, we investigated our research and asked questions about how and why family businesses in Scandinavian regions hire and do not hire non-family executives, and how it could influence their business. This presented three aggregated categories.

Stage 4: The fourth stage was related to building theoretical model in which we integrated information related to the case context, integrated patterns, and key issues for comparing with family business that hire and do not hire family executives. Additionally, we also embedded current literature for creating a theoretical model for interpreting the information in a more meaningful and understandable manner.



3.8: Ethical Considerations

The research has followed all the ethical principles to ensure the high validity and reliability of the research findings. For instance, while conducting interviews, we got consent from the participants. We ensured that the interviews were done without harming any participant. Their confidentiality and dignity have been respected for the psychological well-being of the participants. We formed an open-minded and engaging environment for them and formed a mutual understanding by introducing the topic to each participant. We formed an interview guide so that everyone could easily understand the significance of the research. We clarified that the personal data of the participants would not be provided to any external party. We ensured the anonymity and confidentiality of the patients.

Their dignity has been ensured by assuring that the shared information was valuable and demanded. We also considered listening to the participants carefully and avoided interrupting them while speaking. We ensured that we did not show any judgment of their opinions. Moreover, we ensured the relevancy of our interview questions to protect the privacy of the participants. For instance, we avoided asking about age, gender, or any personal information about the business. We did not convince any participants for sharing information they were uncomfortable answering.

For secondary data collection, the research will ensure avoiding any deceptive and manipulative practices. The researcher will ensure copyright protection. All the researchers whose work would be included would receive credit for their work through proper citations.

Chapter 4: Result

4.0: Introduction

This section is largely based on the extracted information from interviews. It identifies and analyses the interview to answer the research questions. We also presented empirical findings in the section and summarized the information gathered from the participants during interviews. The structure of the section has been guided by the categories and themes that evolved from the developed codes during data analysis. This section further lays a basis for further analysis and discussion. We assigned a title to each participant as P1, P2, and P4 to ensure their confidentiality and anonymity.

4.1: Perspectives of Family Business Consultants related to Non-Family Executives

Family business consultants contribute to the family business by advising and supporting family-owned businesses. They provide details about governance, strategic planning, succession planning, and governance. Due to their vast experience working in a family business, they can successfully provide useful insights into challenges, issues, and benefits they achieve while hiring and not hiring non-family executives. We took insights from a business consultant to share his views about family businesses. Taking the insights of the family business consultant made it easier to have unbiased opinions on the topic. He provided us with positive aspects of hiring non-family executives in the family business as he stated, “... *Such family business {not hiring} is more likely to miss out on new opportunities to grow their business. They cannot grow and innovate. Also, their knowledge about conducting business is insufficient. And they have limited ability for competing in the market.*”

He further shared success stories of global and famous firms that have recruited non-family executives. According to him, “*One is Mars Inc which has integrated outsiders into the CEO position. The CEO of the company, Paul Michaels, expanded the company’s product portfolio, improved its supply chain management, and increased its global reach. And our household name Walmart started as a family business. The company hired David Glass as CFO. And after the recruitment, Glass contributed to*

Walmart's growth, he helped the company expand from a regional retailer to a global supermarket today."

Based on his responses, we have identified 3 major factors i.e. associated risks and challenges, key factors for hiring, and recommendations and strategies for the successful hiring of the non-family executive. All these themes and the influence of non-family executives have been presented below:

4.1.1: Key Factors for Hiring Non-family Executives.

While hiring non-family executives, there are several key factors that are considered by family businesses as these key factors may influence the overall growth and productivity of the family business. The family business consultant has identified several key factors that need to be considered. The first major key factor is competencies in the non-family executive. Competencies include diverse experience, trustworthiness, and the ability to bring new ideas. It can be illustrated by the following statements:

"...they are useful and have diverse expertise.... allowing them to see the bigger picture of an issue and opportunity. They know better who and how one can manage an issue. They better sense potential challenges and work to address them."

He further stated, *"Strong internal leadership that enables them to take leading roles. Ability to an open and collaborative business, and potential for bringing new ideas and achieving success."*

Besides competencies, a considerable factor that must be considered is cultural fit. The consultant identified that they must consider whether the non-family executives fit well within the company culture and family members. He focuses on sharing the same beliefs, work ethics, and values. According to the consultant (P4), *"they must consider the cultural preferences of non-family executives and determine whether they could fit in their business or not. This would assist them to maintain a legacy of the family and preserve its culture."*

Some other factors are family dynamics and having a clear governance structure. P4 quoted, *“One common mistake that family businesses make is hiring non-family executives without considering family dynamics. It resulted in potential resistance from members. Without having a clear succession plan, family businesses cannot achieve the benefits of non-family executives.”*

4.1.2: Risks and Challenges

Family businesses are unique entities as such businesses have a powerful family orientation in the decision-making processes and operations. In connection with this, the family business consultant has identified some key risks and challenges. He noticed some prominent key issues such as communication issues, trust issues, short-term focus, and resistance from family members. It can be illustrated from the given statements, *“First challenge is that family members may feel threatened by the expertise, knowledge and skills of non-family executives and they may feel uneasy. Some members really have trust issues, and they want to avoid including them in decision-making. The issue can be addressed by facilitating conversation between the members so that trust-worthy relationships can be formed.”*

4.1.3: Strategies and Approaches to Deal with Non-Family Executives

The family business consultant critically evaluated different strategies and approaches that can be adopted by family businesses and non-family member executives to work smoothly and avail maximum benefits. Particularly to have a fair balance between the need for outside expertise with the desire to maintain family control over the business, P4 recommended, *“They must have clear goals and responsibilities for every inside or outside talent. It allows them to ensure that everyone understands their positions in the company along with their expertise. Then, they can establish a governance structure in which they can form a decision-making process and define the direction. In this way, they can better form a collaborative decision. A training program can be started for both family and non-family executives and workers to increase their awareness about how they can grow the business.”*

He further advised family business owners, *“Family businesses must consider the valuable contribution of non-family executives and praise them for guiding them in*

strategic decision-making.... they can have a clear succession plan that forms how leadership duties will be transitioned from one generation to the next.”

Extending the discussion, he presented some more ways for the useful integration of non-family executives into the company culture and decision-making process. He said, “*. can communicate clearly about the values, culture, and visions to executives. They must form a sense of collaboration and trust between the non-family and family member.*” Throughout this approach, they focused on consistent communication.

Key themes of Perspectives of Family Business Consultant related to non-family executives		
Key Factors	Risk and Challenges	Strategies and Approaches
Strong internal leadership	Open Communication	Clarifying goals
Competencies	Trust issues	Collaborative decisions
Cultural preferences	Short-term focus	Better understanding of the position
Clear and transparent governance	Resistance	Establishment of governance structure
Clear Succession Plan	Fearful and uneasy family members	Appreciation
Collaboration	Decision-making issues	Better Pay
		Inclusive culture

4.2: Perspectives of Family Business Hiring Non-Family Executives

Family business who has hired non-family executives may have better knowledge of the positive and negative impacts of hiring them for an executive position. To extract their opinions on the business's outcomes, we have recruited a family

business owner (P1). Based on his responses, we have formulated three major themes. The first theme was related to roles and benefits, challenges and risks, and strategies to involve non-family executives.

4.2.1: Roles and Benefits of Hiring Non-Family Executives

Family businesses are more likely to hire non-family executives if they believe that their current organization lacks some useful skills, expertise, and experience. In order to understand what are the major roles that such executives play in the organization, we asked P1 to share his view on the roles of non-family executives. He has pointed out 5 major roles i.e., professional leadership, creative ideas, networking skills, problem-solving and strategic planning. It can be illustrated by the below response:

“...he is investing his professional leadership... [proposed] solution to our business issues because he provides diverse and fresh ideas that we may be ignoring, or we may not be able to discover it. We have literally become successful to meet the challenges because of our executive's professionalism and strategic planning.... He is also playing roles in accessing a wider network of professionals from the industry”.

Besides, he has noticed some useful skills and qualities of their non-family executives including an understanding of culture, understanding of current market trends, building a powerful relationship, earning trust and respect, communication, and having a positive track record of working experience. According to him, “. the most suitable quality was having a powerful understanding of values and culture of the family business and we were able for working within that framework.” Emphasizing building relationships, he said, “Another integral quality of non-family executives for the family business in Scandinavian *is the ability for building powerful relationships with family members, team members and external parties. This could better allow them to earn trust and respect soon and from family. They must be able to communicate efficiently with everyone*”.

We further asked him to explain how he contributes to the overall success and growth of the organization and what benefits the company has to achieve under his

leadership. P1 said, “. our company has been boosted because he made efforts to build a valuable partnership”. To further demonstrated the benefits to non-family executives, he elaborated on his own experience,

“5 years back, we were only stuck to our traditional businesses and products that were sold by our ancestors. We were emotionally attached, and we did not think of further development. But the arrival of an executive has changed our perspectives. He used his skillset, revise our products, and helped us in making them diverse. Before him, we had 4 products but after his arrival, we now sell more than 15 products”. The statement shows the effectiveness of hiring non-family executives for launching products. He further confirmed that non-family executives assisted in business growth as their unique skill set, outstanding business planning and creativity allowed them to streamline operations increasing efficiency and reducing cost. As he stated, “It was surprising that we received better results and return over investment (ROI) [after his arrival].”

4.2.2: Issues and Challenges they faced after hiring Non-family Executives.

It is important to have real-life issues and challenges identified by the family business after hiring non-family executives. Throughout the interview, P1 pointed out a number of issues, challenges, and risks they encountered. A major issue was a trust issue. According to him, “We also believed that the arrival of non-family executives might limit our decision-making power”. He further stressed, “.... trusting non-family executives [was an issue] because of the increased chance for disputes of interest and concerns regarding loyalty.... The situation would make it hard to trust the newly hired executives with key decision-making responsibilities.”

The second most considerable issue was the fear of changing culture. It can be illustrated by the statement, *“We were unsure whether the hiring of non-members executives fulfil our expectations and follow our culture or not.”* He emphasized further, *“We have a unique culture and operating style that made it hard for outsiders to navigate and understand the unique organizations and their culture”*. However, extending this discussion, he surprisingly mentioned the positive change in culture resulted in hiring non-family executives. He highlighted, “The executive arrived, and he started prioritizing long-term, having wider vision and mission.”

Another major challenge that was identified by Participant P1 was family resistance. He noticed, “We may witness resistance from family members if we give some key positions to executives within the company.” He further added, *“There were some family members who felt that hiring non-family executives might not have the similar commitment levels of commitment or emotional investment level in our business.”* He claimed that the arrival of an outsider executive undermined the significance of ownership and control of the business. All these statements confirmed that family resistance was a considerable issue for family businesses that even hired non-family executives.

4.2.3: Ways to Deal with Challenges Encountered after Hiring Non-family Executives.

Change in any form can be challenging for businesses; however, effective businesses make approaches to deal with the challenges so that they can benefit from the change (Habba et al., 2022). It has been clarified from the case study of Participant (P1) who shared how his family business worked for minimizing the effectiveness of changes aroused after the arrival of non-family executives. According to him, *“We took a proactive approach to foster relationships with non-family executives. We provided him with a better environment for learning about the company and our legacy, values, and goals. Initially, we did not get involved in decision-making processes. He also remained transparent about his expectations and concerns, and he worked collaboratively with us for building a shared vision for our business.”*

They also mentioned that they have improved their decision-making process to further ensure the smooth functioning of non-family executives in the family business. *“.... We formed a clear protocol for decision-making and communication. Through consistent consent, it is ensured that everyone is on the same page and working towards the same goals”.*

Through a consistent communication system and the involvement of each worker in the decision-making, the company managed the issues related to resistance and cultural variations. He said, *“...we ensured the right combination of transparency, collaboration and proficient communication.”*

It has been found from the responses of P1 that the development of a correct balance between the relationship between non-family executives and family members is imperative. He provided some useful ways to achieve that correct balance. He said, *“...establishing a transparent governance structure, defining contribution of family members and non-family executives [for] creating an advisory board in which both family members and non-family executive is included.... Another approach... is establishing transparent and effective policies and procedures to not only but also promoting non-family executives.”* He also suggested adopting a performance management system on the basis of objective and merit criteria, and on-boarding and training programs.

Key Themes of Perspective of Family Business Hiring Non-Family Executives		
Roles and Benefits of hiring Non-family Executives	Issues and Challenges	Dealing Approaches
Skills and Expertise	Trust Issue	Change management
Diverse Experience and Networking	Fear of changing culture	Inclusive decision-making
Creative Ides	Family Resistance	Communication
Problem-solving		Mutual Consent
Strategic Planning		Correct balance
Professional Leadership		Transparent governance structure

4.3: Perspectives of Family Business Not Hiring Non-Family Executives

It is also important to take insights from the companies that do not hire non-family executives as they can share valuable reasons why they have selected to maintain family control over the business as well as bring outside employees. It can assist in

understanding the distinctive challenges and opportunities encountered by such family businesses and tend to convey a balanced opinion on the benefits and issues of hiring non-family executives. Moreover, by understanding the reservations and concerns that family businesses have regarding hiring non-family executives, it tends to assist for identifying areas of the business where outside talent may be advantageous and overcome any considerable resistance for changing that probably current within the family business.

We were extremely concerned to understand the factors resisting non-family executives for not hiring non-family executives. We took interviews with two firms that have not hired non-family executives. They are identified as P2 and P3. Interestingly, we found considerable differences in their opinions. One of the owners was in favor of hiring non-family executives, whereas the other participant (vice director) was highly against it. Based on their responses, we have identified five major themes, benefits of hiring non-family executives, reasons for not hiring non-family executives, challenges in hiring non-family executives, strategies required hire non-family executives, and future prospect. The themes are discussed below comprehensively:

4.3.1: Benefits of Hiring Non-Family Executives

Hiring non-family executives may not always beneficial and may do harm more than doing good because of the selection of the wrong candidates. However, in some cases it allows family members to stress their core strengths and passions. In this context, it is useful for exploring the significance of hiring non-family executives and understanding how family businesses may integrate outside talent into their operations. Taking this contrary effect of hiring and not hiring non-family executives for different firms, we have interviewed two family businesses who do not hire non-family executives currently. However, both have the contrary views. Participant 3 who have hired non-family executives in the past claimed a positive effect of hiring non-family executives.

According to him, *“He [their ex non-family executive] was a sensible, experienced, and knowledgeable leader. I witnessed a positive change in my business outcomes as he earned me more business. We were progressing towards the betterment and our relationship with customer was getting stronger... After he gone, I*

found gaps in our skills and talent.” He further added that under the leadership of non-family executives, his company was driving growth and achieving success. Elaborating this, P3 claimed, *“Having skills and insights in business functioning and operations could drive success and growth. Our e-commerce business can be improved. He can make strategic guidance about how to enter new markets and how to develop new products.”*

Rejecting the above, P2, who has not recruited non-family executives yet claimed that they have never considered hiring non-family executives as they have strong family bonds, and their family members are enough to achieve business success. He elaborated, *“. there is no deny that I feel that there are some challenges and lacks in skills we witness.... We are not very innovative in terms of product launches and service improvements. Another lack is dealing with complicated business structure for scaling and adapting to market changes. As our entire family members work in this company, we have lack of exposure how certain issues can be resolved, how others work and what are our weaknesses.”* Yet, he claimed that rather than hiring non-family executives, they forced their current generation to develop the required skills to deal with business challenges.” Thus, the participants’ views were entirely different from each other.

P3 has interestingly presented a connection between inclusion of non-family executives and increasing profitability. He said, *“I am open to the ideas to hire outside talent even for leading positions to achieve a long-term success. I think by including non-family executives, I could better have unique ideas related to business. He can bring in expertise in those domains that may not be the strength of my family member. His knowledge and skills can allow us to better identify and capitalize on new market opportunities.”*

They were further asked whether they want to hire non-family executives or not. P3 gave a comprehensive reason for hiring non-family executives and said, “I believe that I would hire an outside talent for marketing and branding department.”

4.3.2: Reasons for not Hiring Non-family executives.

While recruiting non-family executives may bring considerable advantages to a family business, there are number of reasons why some family businesses probably select not to go this route. It was interesting for us to understand why family businesses do not hire non-family executives because one of the companies (P3) has prior experience of hiring non-family executives. Based on his opinions, the issues resisting them to hire non-family executives include family resistance, conflicts in making decisions, misalignment between their family politics, and differences in salaries. He elaborated, *“The family members want to have all the power and they also expect to receive higher salaries irrespective of their qualification and responsibilities. On the other hand, they were unwilling to pay the non-family executive for his hard-earned money.”*

On the other hand, P1 has stronger views for not hiring non-family executives. According to him, *“I am concerned more about family members resistance. We work in our company with a sense of loyalty and proactiveness. On the other hand, an outsider has the chance to work in another organization, but this family business is our entire asset, so we work hard. The family members would not accept an outsider in the fear of loss in our business.”* He also believed that their company could not afford any experiment as it might impose risks on them.

He noted further, *“They [non-family executives] failed to understand our culture...can never put his greater commitments and all dedications toward the business. He would only focus on short term goals for his own interest rather than long term so how we could sustain our business.”*

Both of the participants have also confirmed trust issue is a major problem. P2 claimed, *“.... Trust issues exist because the executives are not our family part, and our business is not his first priority. He cannot give his heart and soul into it.”*

They have also identified some particular challenges in hiring and retaining non-family executives. With respect to P2, *“One major challenge was that few family members did not value the outsider, their opinions and they were not attractive to non-family executives who sought opportunities for advancement and growth. The second most challenge was that the family members were hesitant to cede control and*

decision-making power for outsiders.” He mentioned that outside talents were not fit well to his family business culture and there were major differences.

On the similar note, P3 identified, *“I believe that recruiting them is not really a challenge but retaining them is because many of them cannot tolerate rigid behavior of family members. Many of them felt out grouped and lack of power over business functions.”*

Besides, P3 has presented some insights related to other challenges like communication breakdowns, conflicts, politics, and misunderstandings that were impacting and threatening the non-family executive. These challenges were not identified by P1 who has not hired a non-family executive ever.

4.3.3: Strategies to Deal with Non-Family Executives

We have identified from the participants that P2 has not mentioned any strategies to deal with challenges and issues related to hiring non-family executives. The most probable reason is his lack of experience with having non-family executives in the past. On the other hand, P3 has identified some strategies. He said, *“...a unified and cohesive business environment with no family politics.”*

Key Themes of Perspective of Family Business Not Hiring Non-Family Executives		
Benefits of hiring Non-family Executives	Reasons for not hiring non-family executives	Dealing Approaches
Better experience	Family differences	Unified and cohesive business environment
More knowledgeable	Family politics	No politics
Better customer relationship	Gaps in salaries	Hiring more professional non-family executives
Driving business growth	Family Resistance	
Fulfillment of skill gaps	Lack of connectivity with	

	the organization	
	Lack of dedication	
	Trust issues	
	Lack of control and power given to non-family executives	
	Misunderstandings	

4.4: Cross-Case Analysis

After critically reviewing the roles, skills, and benefits of hiring non-family executives from the perspectives of four participants, it has been found that hiring of non-family executives has resulted in bringing positive changes in the family business. The participants (P1, P3, and P4) who had an experience with non-family executives have shared a positive experience with hiring non-family executives as they stress that their professional leadership, problem-solving skills, networking skills, and creative ideas are the considerable skills of non-family executives for bringing profitability and growth in the business. They have also presented the significance of non-family executives understanding the culture and values of the company as well as the building of strong and positive relationships and effective communication skills. Contrary to this, P1 was not in support of hiring non-family executives as they believe that they may bring ideas and expertise to the business but may expose the family business to other hurdles. Both P3 and P4 have stressed hiring the right candidates to achieve the benefits of non-family executives. It has been analyzed from the cross-case analysis that non-family executives may bring new ideas, skills, and expertise to the family business that may lead to growth and increased efficiency.

Moreover, we have also performed cross-case analysis of all the risks, challenges, and issues faced by hiring non-family executives. One major issue was trust as all participants shared their concerns about failure to trust outsiders with key

decision-making responsibilities and the potential for disputes of loyalty or interest concerns. The second most identified issue was resistance from family members as some family members claimed that family members feel threatened by the skills and knowledge of non-family executives while family members may also be hesitant to cede decision-making power to outsider. The third identified issue was cultural fit as participants presented their concerns about lack of understanding of outsiders to the unique culture and operating style of the family business. Some other challenges included politics, communication breakdown, disputes, misunderstanding, and differences in salaries and expectations. They claimed that these issues made it challenging to attract and retain non-family executives because of the rigidity of some family members as potential turnoff for non-family executives.

Then, they have presented some approaches and strategies to deal with these challenges. The suggested approaches are effective communication and collaboration, clear roles and responsibilities, training and onboarding, and recognition and appreciation.

Chapter 5: Analysis

With reference to the extracted information from interviews and secondary sources, this research will discuss the data in detail. It explains whether the exacted information from primary sources supported or rejected past studies.

5.1: Roles and Qualities of Non-Family Executives in Family Business in Scandinavian family businesses

The research has shown that the hiring of non-family executives can be helpful for family business because of their diverse skills and expertise. It has been supported by the research findings of Gómez-Mejia et al. (2022) and Kollitz et al. (2019) who claimed that non-family business executives can see the business functions from different perspectives and challenge the status quo. Some studies have also found that these executives can introduce innovative ideas to businesses (Querbach et al., 2022). It is validated from this research as it has also presented the significance of hiring the right candidates with the appropriate skills and expertise to ensure introduction of innovative products, services, and businesses.

In addition to this, the research has also presented the relationship building and networking roles of non-family executives as they have strong communication skills. Such findings have also been supported in the research findings of Garcés-Galdeano & García-Olaverri (2020) and Tsao et al. (2021) that discovered that effective communication and trust-building between family members as well as non-family executives are imperative for the success of family businesses (Azizi et al., 2022). This has been further discovered by YAZICI et al. (2019) noticed that family businesses are expected to establish a clear communication channel, build trust, and promote transparency for guaranteeing that everyone is aligned with the goals and objectives of the family businesses.

5.2: Effectiveness and Ineffectiveness of Non-Family executives in Family Business Success in Scandinavian family businesses

This research has confirmed that non-family executives can bring new ideas, skills, and expertise to the business that result in increased growth and efficiency. It further identified from the finding that right candidates' selection is important as they are

more likely to establish a clear governance structures and communication system for ensuring successful integration of non-family executives into the family business. In previous studies, similar positive influences of hiring non-family executives have been identified. Christensen-Salem et al. (2021) noticed family businesses with non-family executives are more likely to success than family businesses who do not hire them in terms of better performance, profitability, and growth. Likewise, Jain et al. (2021) presented that a positive association of the non-family executives eth higher levels of innovation and better financial performance in family businesses.

It has been analyzed from the research that the effectiveness of non-family executives to attain profitability, productivity, and growth in Scandinavian family businesses became possible through the innovative ideas they bring to the table. Marler et al. (2021) claimed that innovative businesses today are more likely to succeed in the current business environment.

On the other hand, the research has also presented some concerns like potential conflicts between family and non-family members, the risk of losing control over the business, and cultural differences. The research identified that these factors may limited to achieve positive effects non-family executives in family businesses. In line with the research, other studies identified that the effectiveness of non-family executives may rely on numerous factors like the level of involvement, the form of hired non-family executives, and the extent of trust and communication between family and non-family members (Wei & Chen, 2023). Chung et al. (2021) showed that the non-family executive presence in family businesses could result in conflicts and tensions in case the family members felt excluded from decision-making processes or in case if there was an insufficient trust factors between family and non-family members.

Some concerns raised by participants related to the exposure of family businesses to new barriers when having non-family executives are valid as Schell et al. (2020) indicated that potential conflicts may arise if non-family executives are welcome into family. The issues are more related to control and power. The studies recommended family businesses for having a mindful of the significant conflicts and

form clear governance structure as well as decision-making process for managing them effectively.

5.3: Challenges for family Business to Recruit and Retain Non-Family Business Executives in Scandinavian family businesses

Throughout the research analysis, there were several issues and challenges that have been identified in recruiting and retaining non-family business executives in Scandinavian family businesses. Some of the major issues are discussed below:

5.3.1: Cultural Differences:

The research has claimed that non-family executives probably have diverse cultural backgrounds and working styles in comparison to the family members, leading to conflicts and communication breakdowns. The research findings have been in line with past papers (Paderna et al., 2020).

5.3.2: Unclear Responsibilities and Roles:

This research has found that confusion and misunderstandings among the non-family executives may arise if roles and responsibilities have not been identified clearly. Köhn et al. (2022) also stressed setting clear goals and objectives to ensure effectiveness.

5.3.3: Lack of trust:

In this research, it has been found that one of the major issues faced after hiring non-family executives is trust-building. This issue leads to difficulty in decision-making and leadership approach; thus, tension and resentment resulted (Chen, 2020).

5.3.4: Compensation:

This research has shown that family businesses probably struggle offering competitive compensation packages as compared to family members. The huge differences among the payment, leading to challenges in attracting and retaining top talent (Lu, 2020). The issue has not been much discussed in past studies.

5.4: Balancing the Relationship between Non-Family Executives and other Family Workers in Scandinavian family businesses

The research has focused on ways to balance the relationship between non-family executives and other family workers in relation to Scandinavian family businesses. The study resulted that a balance can be created by determining and defining roles and responsibilities clearly as it may avoid conflicts of interest. They must also stress transparency and open communication between family and non-family members for maintaining a healthy work environment. This research has also claimed that a balance can be achieved if there is trust and respect among the members as it could form a positive relationship between family and non-family executives.

In past studies, the concept has been explained as a psychological ownership that can be employed for understanding the challenges to balance the relationship between family and non-family executives. The research work of Hiebl & Li (2020) defined psychological ownership is defined as the feeling of attachment and possession that a person has towards an organization and its resources. This research has confirmed this concept by presenting that family members in the business may feel a powerful sense of psychological ownership towards their business, leading to disputes with non-family executives. On the contrary, non-family executives probably feel a lack of psychological ownership, resulting in influencing their motivation and commitment towards the business adversely. Some studies also suggested some strategies to balance the relationship. Neffe et al. (2020) claimed that a shared mission and vision of the family business makes a balanced relationship as this may build a common ground and establish a sense of belonging among the stakeholders. Whilst some studies (Fabel et al., 2022; Khanin et al., 2020) suggested developing a culture of mutual respect, transparency, and trust, where both members can communicate and collaborate with each other.

Nevertheless, the research has also claimed that challenges may arise to implement these strategies in the form of family resistance who may become reluctant for sharing power and control over decision-making. Past papers have suggested an incremental and gradual approach as it can be efficient to overcome the challenges. For

example, family members tend to initiate by delegating small responsibilities and tasks to non-family executives and then they can increase their involvement in the business gradually over time (Zapata-Cantu et al., 2022).

Based on the overall discussion, it has been found that balancing the relationship between family and non-family executives can be a complex and dynamic phenomenon, demanding continuous efforts and adaptation for successfully running a business. It stresses managing the tensions between psychological ownership, trust, communication, and decision-making.

5.6: Strategies and Approaches to successfully hire non-family executives

The study has presented some useful strategies that can be employed by family businesses to achieve benefits for non-family executives.

5.6.1: Effective Collaboration and Communication:

This research has confirmed that effectiveness is the key to providing clear and consistent details on the roles of family and non-family executives. Communication is a tool for establishing governance structure transparently and ensuring everyone is involved in the process. Effective communication and collaboration can potentially deal with trust related issues and develop respect between family and non-family members (Hiebl & Li, 2020). Effective communication is also useful for ensuring a smooth functioning of outside talent. It is crucial to have clear roles and responsibilities for involved parties. In this way, effective communication can avoid conflicts and confusion as well as guaranteeing that everyone understands their position in the firm with their skills.

5.6.2: Training and Development:

The research has also presented the importance of training and onboarding programs for both parties in order to increase their awareness related to how they can grow the business. It assists in creating a unified and cohesive business environment without family politics (Neffe et al. 2020). It has been justified by Azizi et al. (2022) who claimed that onboarding is an effective approach as it allows employees to have clear communication related to history, goals, values of family for the business. Another study

(Neffe et al., 2020) noticed that non-family executives for understanding and appreciating the legacy and vision of the family for the company.

5.6.3: Recognition and Appreciation:

The research suggested the family business identify and appreciate the valuable contribution of non-family executives to guide and instruct the business in strategic decision-making. It can be confirmed from Fabel et al. (2022) and Khanin et al. (2020) who further noticed that recognition and appreciation is useful and can be done through a transparent succession plan, forming how leadership duties and responsibilities can be transitioned from a generation to the next.

Chapter 6: Conclusion and Recommendations

6.1: Conclusion

The research aimed to evaluate the positive and negative impacts of hiring and not hiring non-family executives. We have achieved our aims and objectives by finding the effectiveness and ineffectiveness of non-family executives in Scandinavian family businesses. The first research objective was to determine the extent to which family businesses employ non-family executives. The research achieved this research objective by presenting evidence that hiring non-family executives is advantageous for family businesses in the context of bringing diverse skills, innovative ideas, and expertise. Based on the roles, qualities, challenges, and effectiveness related to non-family executives, this research confirmed that their hiring is beneficial to a higher extent. The second major research objective was discovering the factors that motivate family businesses to recruit and not recruit non-family executives. The research objective has been achieved as it has been found that the qualities of non-family executives like changing status quo, effective communication, relationship building, trust-building, and introducing innovative ideas are the key drivers that motivate family businesses to hire non-family executives. All these factors directly or indirectly resulted in improving performance, growth, and profitability.

The third research objective was comparing the performance of family businesses who recruit and do not recruit non-family executives in terms of profitability and growth. The research has partially achieved this research objective as we have failed to hire an equal number of family businesses who hired or not hired non-family executives. Based on our analysis, family businesses that recruit non-family executives are more likely to have better performance, profitability, and growth as compared to those family businesses who do not hire non-family executives. The fourth research objective was identifying the challenges and issues to recruit a non-family executive in family business. The research has presented different challenges and issues. The most considerable challenges include cultural differences, unclear responsibilities and roles, lack of trust, compensation disparities, resistance to power sharing, communication and integration, and governance and decision-making.

The fifth and final research objective was identifying ways to balance the interests of family members and non-family members. The ways included clearly defining roles and responsibilities, fostering effective communication and collaboration, promoting a culture of mutual respect and trust, and providing training and development opportunities.

6.2: Theoretical and Practical Implication

With respect to theoretical framework, this research presented valuable insights into roles of non-family executives as it sheds lights on the diverse skills, expertise, and tendency of them to bring innovative ideas. It supports the existing literature related to the value of external talent in family firms that challenge the notion that family members should hold leadership positions exclusively. It also validated the effectiveness and challenges while hiring non-family executives in Scandinavian family businesses. It clarified that there is a strong and positive influence of non-family executives on business profitability and growth. The research has also determined the challenges encountered by family businesses to recruit and retain non-family executives.

Another contribution of the research is that it adds to the current literature by investigating the perceptions and attitudes of family business owners about hiring non-family executives and not hiring non-family executives. It points out the requirements for family business for embracing talent and expertise in order to drive growth and innovation. Moreover, this research stresses the significance of effective integration of outside talent into the organization for achieving required results. The research sheds light on the importance of effective communication, relationship management and trust-building between family and non-family members. It reinforces the understanding that successful family businesses demand transparent and open communication channels, irrespective of familial ties.

With respect to practical implications, the family businesses in the Scandinavian region must embrace expertise and talent and hire the appropriate candidates to work in

the leading position (Karlsson, 2020). Family businesses must work on striking a balanced relationship between non-family executives and other family workers to ensure a smooth working environment. They should take useful measures for integrating non-family executives into the organization to ensure their performance and longevity successfully (Fang et al., 2022).

Family businesses must take steps to address these issues. For instance, they can offer competitive compensation packages, or they can provide opportunities for professional development (Goncarova et al., 2020). They must have clear roles and responsibilities to avoid misunderstandings, conflict of interests, and role ambiguity. They must have training and development programs for improving skills and enhancing business understanding.

6.3: Limitations of research

There are a number of limitations of the research that has been found. One of the major limitations was the small sample size. As we have limited time for performing this research, we failed to recruit a number of participants to achieve the research objectives and aims. We relied on the perspectives of only 4 participants who even belonged to different fields. In this way, we may fail to represent the entire population of Scandinavian family businesses, leading to influence the generalizability of the findings. Another limitation is the self-reported data as we heavily relied on the responses of the participants. Their perceptions and experiences may be subjective and biased. This probably did not essentially reflect the real circumstances in Scandinavian family businesses.

As we only adopted qualitative research methods, we have failed to verify the effectiveness and ineffectiveness of recruiting non-family executives on the profitability and growth of family businesses objectively. In addition to this, the research may also be influenced due to limited scope as we merely focused on the particular region i.e., Scandinavia; thus, its implication to other countries or regions with different business and cultural context is daunting.

6.4: Direction for Future Research

Based on the limited focus and methodological issues, the research can provide direction for future research. For instance, this research focused on Scandinavian family businesses; thus, the researchers in the future can focus on exploring the roles of non-family executives in diverse types of family businesses like multinational corporations or SMEs. Moreover, they can also examine the influence of non-family executives on prolonged sustainability and growth of family businesses as this research has failed to particularly focus on this regard.

Some further suggestion for future research is that they can explore the challenges of recruiting and retaining non-family executives that have been explored in this research, and they can also identify approaches to overcome these challenges. In addition to this, they can investigate the influence of cultural variations on the relationship between family workers and non-family executives as this research has yet briefly touched upon the significance of cultural fitness. Deeper insights into the topic are yet required.

7. References

- Aiello, F., Cardamone, P., Mannarino, L. & Pupo, V., (2021). Green patenting and corporate social responsibility: Does family involvement in business matter?. *Corporate Social Responsibility and Environmental Management*, 28(4), pp.1386-1396.
- Alharahsheh, H. H., & Pius, A. (2020). A review of key paradigms: Positivism VS interpretivism. *Global Academic Journal of Humanities and Social Sciences*, 2(3), 39-43.
- Ali, N. B., & Usman, M. (2018). Reliability of search in systematic reviews: Towards a quality assessment framework for the automated-search strategy. *Information and Software Technology*, 99, 133-147.
- Amann, B., & Jaussaud, J. (2012). Family and non-family business resilience in an economic downturn. *Asia Pacific business review*, 18(2), 203-223.
- Azizi, M., Bidgoli, M. S., Maley, J. F., & Dabić, M. (2022). A stewardship perspective in family firms: A new perspective for altruism and social capital. *Journal of Business Research*, 144, 764-775.
- Azungah, T. (2018). Qualitative research: deductive and inductive approaches to data analysis. *Qualitative research journal*, 18(4), 383-400.
- Azungah, T., (2018). Qualitative research: deductive and inductive approaches to data analysis. *Qualitative research journal*, 18(4), pp.383-400.
- Basco, R., Campopiano, G., Calabrò, A., & Kraus, S. (2019). They are not all the same! Investigating the effect of executive versus non-executive family board members on firm performance. *Journal of Small Business Management*, 57, 637-657.
- Baublyte, D. (2010). Talent management: Myth or Reality in Today's SMEs: A study into the importance and use of talent management within small and medium-sized enterprises.
- Belenzon, S., Pataconi, A., & Tsolmon, U. (2011). *Managerial redeployment, ownership structure, and family ties*. Working paper.

- Berrone, P., Duran, P., Gómez-Mejía, L., Heugens, P. P., Kostova, T., & van Essen, M. (2020). Impact of informal institutions on the prevalence, strategy, and performance of family firms: A meta-analysis. *Journal of International Business Studies*, 1-25.
- Bjuggren, P.O., Nordström, L. & Palmberg, J., (2018). Are female leaders more efficient in family firms than in non-family firms?. *Corporate Governance: The international journal of business in society*.
- Bratnicka-Myśliwiec, K., Wronka-Pośpiech, M. & Ingram, T., (2019). Does socioemotional wealth matter for competitive advantage? A case of Polish family businesses. *Journal of Entrepreneurship, Management and Innovation*, 15(1), pp.123-146.
- Braun, V., & Clarke, V. (2012). *Thematic analysis*. American Psychological Association.
- Busenbark, J. R., Krause, R., Boivie, S., & Graffin, S. D. (2016). Toward a configurational perspective on the CEO: A review and synthesis of the management literature. *Journal of Management*, 42(1), 234-268.
- Camilleri, M. A., & Valeri, M. (2021). Thriving family businesses in tourism and hospitality: a systematic review and a synthesis of the relevant literature. *Journal of Family Business Management*, 12(3), 555-576.
- Cater III, J. J., & Justis, R. T. (2010). The development and implementation of shared leadership in multi-generational family firms. *Management Research Review*, 33(6), 563-585.
- Chaisuriyathavikun, M. (2015). Key factors influencing employee commitment and intention to stay of non-family employee in gold retailer business.
- Chen, T. X. (2020). *How the Board Power and TMT Restructuring Influence the Poor Performance after Non-family CEOs Succession: The Case of Taiwanese Family Business/submitted by Ting-Xi CHEN* (Doctoral dissertation, Universität Linz).
- ChiefExecutive (2017). Chocolate scion shakes up governance with first non-family CEO ChiefExecutive.net |. ChiefExecutive.net |. March 31 Chief Executive

magazine;[http:// chiefexecutive.net/chocolate-scion-shakes-governance-first-non-family-ceo/](http://chiefexecutive.net/chocolate-scion-shakes-governance-first-non-family-ceo/)

- Choi, H. (2019). *Examining Bifurcation Bias and Its Possible Consequences for Family Firm Competitiveness* (Doctoral dissertation, Université d'Ottawa/University of Ottawa).
- Christensen-Salem, A., Mesquita, L. F., Hashimoto, M., Hom, P. W., & Gomez-Mejia, L. R. (2021). Family firms are indeed better places to work than non-family firms! Socioemotional wealth and employees' perceived organizational caring. *Journal of Family Business Strategy*, 12(1), 100412.
- Chung, P. H., Lee, C. J., Wu, H. L., & Lee, C. Y. (2021). Innovation Promoter or Inhibitor? Non-Family CEO's Effect on Innovation in Family Businesses. *IEEE Transactions on Engineering Management*.
- Daspit, J. J., Holt, D. T., Chrisman, J. J., & Long, R. G. (2016). Examining family firm succession from a social exchange perspective: A multiphase, multistakeholder review. *Family Business Review*, 29(1), 44–64.
- De Massis, A., & Kammerlander, N. (Eds.). (2020). *Handbook of qualitative research methods for family business*. Edward Elgar Publishing.
- De Massis, A., Frattini, F., Kotlar, J., Petruzzelli, A. M., & Wright, M. (2016). Innovation through tradition: Lessons from innovative family businesses and directions for future research. *Academy of management Perspectives*, 30(1), 93-116.
- Del Vecchio, P., Secundo, G., Rubino, M., Garzoni, A., & Vrontis, D. (2020). Open innovation in family firms: empirical evidence about internal and external knowledge flows. *Business Process Management Journal*, 26(5), 979-997.
- Demirova, S., & Ahmedova, S. (2020). Analytical study of family business in Bulgaria. *Innovations*, 8(1), 18-20.
- Diaz-Moriana, V., Hogan, T., Clinton, E., & Brophy, M. (2019). Defining family business: A closer look at definitional heterogeneity. *The Palgrave handbook of heterogeneity among family firms*, 333-374.

- Dieleman, M. (2019). Reaping what you sow: The family firm innovation trajectory. *Journal of Family Business Strategy*, 10(4), 100248.
- Ding, R., Liu, M., Wang, Y., & Wu, Z. (2022). Can family involvement be a substitute for executive inside debt in lowering the cost of bank loans? A behavioral agency perspective. *Review of Corporate Finance*, 2(4), 819-860.
- Engeset, A.B., (2020). “For better or for worse”—the role of family ownership in the resilience of rural hospitality firms. *Scandinavian Journal of Hospitality and Tourism*, 20(1), pp.68-84.
- Fabel, O., Mináriková, D., & Hopp, C. (2022). Differences and similarities in executive hiring decisions of family and non-family firms. *Journal of Family Business Strategy*, 13(2), 100481.
- Fang, H. C., Memili, E., Chrisman, J. J., & Tang, L. (2021). Narrow-framing and risk preferences in family and non-family firms. *Journal of Management Studies*, 58(1), 201-235.
- Fang, H., Chrisman, J. J., Daspit, J. J., & Madison, K. (2022). Do nonfamily managers enhance family firm performance?. *Small Business Economics*, 58(3), 1459-1474.
- Fang, H., Memili, E., Chrisman, J. J., & Welsh, D. H. (2012). Family Firms' Professionalization: Institutional Theory and Resource-Based View Perspectives. *Small Business Institute® Journal (SBIJ)*, 8(2).
- Financial Times (2017). Ferrero appoints first non-family CEO. March 30
Financial Times <https://www.ft.com/content/b0583c87-40b5-3fb3-979c-b3878009f56d>.
- Firfiray, S., & Gomez-Mejia, L. R. (2021). Can family firms nurture socioemotional wealth in the aftermath of Covid-19? Implications for research and practice. *BRQ Business Research Quarterly*, 24(3), 249-257.
- Fletcher, D., & Adiguna, R. (2020). Ethnography: a much-advocated but underused qualitative methodology in published accounts of family business research. *Handbook of Qualitative Research Methods for Family Business*.

Foga System (2023). About. Retrieved from:

<https://www.bing.com/ck/a?!&&p=2ac0f2d76d2467a9JmltdHM9MTY4MzE1ODQwMCZpZ3VpZD0yYTBINTIIZC1INzY5LTZjOTUtMjhINS00Yjg4ZTY2MDZkYWlmaW5zaWQ9NTE3Mg&pbn=3&hsh=3&fclid=2a0e59ed-e769-6c95-28e5-4b88e6606dab&psq=foga+system+company&u=a1aHR0cHM6Ly9mb2dhc3lzdGVtLmNvbS8&ntb=1>

Garcés-Galdeano, L., & García-Olaverri, C. (2020). How important is family involvement for small companies' growth?. *Journal of Small Business and Enterprise Development*, 27(4), 531-554.

Ghafoor, S., Wang, M., Chen, S., Zhang, R., & Zulfiqar, M. (2022). Behavioural investigation of the impact of different types of CEOs on innovation in family firms: moderating role of ownership divergence between cash flow rights and voting rights. *Economic Research-Ekonomska Istraživanja*, 35(1), 2906-2929.

Gómez-Mejía, L. R., Chirico, F., Martin, G., & Baù, M. (2022). Best among the worst or worst among the best? Socioemotional wealth and risk-performance returns for family and non-family firms under financial distress. *Entrepreneurship Theory and practice*, 10422587211057420.

Goncarova, Z., Pitekova, J., & Vrablikova, M. (2020). Assessment of the impact of selected satisfaction parameters on the competitiveness of family tourism.

Graafland, J., 2020. Family business ownership and cleaner production: Moderation by company size and family management. *Journal of Cleaner Production*, 255, p.120120.

Gupta, V., Levenburg, N. M., Moore, L., Motwani, J., & Schwarz, T. (2011). The spirit of family business: A comparative analysis of Anglo, Germanic and Nordic Nations. *International Journal of Cross Cultural Management*, 11(2), 133-151. doi:10.1177/1470595811399187

- Habba, B., Alliou, A., & Farhane, F. (2022). Moroccan family businesses professionalization: benefits and challenges. *Journal of Family Business Management*, (ahead-of-print).
- Harsch, K., & Festing, M. (2019). Managing non-family talent: Evidence from German-speaking regions. *German Journal of Human Resource Management*, 33(3), 249-279.
- Hiebl, M. R., & Li, Z. (2020). Non-family managers in family firms: review, integrative framework and future research agenda. *Review of Managerial Science*, 14, 763-807.
- Hiebl, M. R., & Li, Z. (2020). Non-family managers in family firms: review, integrative framework and future research agenda. *Review of Managerial Science*, 14, 763-807.
- HorbyBruk (2023). About. Retrieved from:
<https://www.bing.com/ck/a?!&&p=f7b12334f8c1cd4dJmItdHM9MTY4MzE1ODQwMCZpZ3VpZD0yYTBINTIIZC1INzY5LTZjOTUtMjhINS00Yjg4ZTY2MDZkYWlmaW5zaWQ9NTlyNg&ptn=3&hsh=3&fclid=2a0e59ed-e769-6c95-28e5-4b88e6606dab&psq=H%c3%b6rbyBruk&u=a1aHR0cHM6Ly93d3cuaG9yYnlicnVrLnNIL2VuL2NvbXBhbnkv&ntb=1>
- Hox, J. J., & Boeije, H. R. (2005). Data collection, primary versus secondary.
- Jain, S. S., Fernando, G. D., Tripathy, A., & Bhatia, S. (2021). Closing the gender gap in top management teams: An examination of diversity and compensation parity in family and non-family firms. *Journal of Family Business Strategy*, 12(4), 100388.
- Johannisson, B., & Huse, M. (2000). Recruiting outside board members in the Small Family Business: An Ideological Challenge. *Entrepreneurship & Regional Development*, 12(4), 353-378. doi:10.1080/08985620050177958
- Karataş-Özkan, M., Nicolopoulou, K., İnal, G., & Özbilgin, M. (2011). Cross-cultural perspectives of diversity within family businesses. *International Journal of Cross Cultural Management*, 11(2), 107-111. doi:10.1177/1470595811419005

- Karlsson, J. (2020). *Essays on family firms and firm growth barriers* (Doctoral dissertation, Örebro University).
- Khanin, D., Rakshit, A., Mahto, R. V., & McDowell, W. C. (2020). An Ongoing race: family CEOs vs. non-family CEOs. *International Entrepreneurship and Management Journal*, 16, 1043-1063.
- Kien, C. C. (2021). *Relieving Owner-Managers of Operational Duties: Aligning Leadership Priorities through Delegation and Empowering of Non-Family Employees within the Family Business: An Action Research Inquiry*. The University of Liverpool (United Kingdom).
- King, D. R., Meglio, O., Gomez-Mejia, L., Bauer, F., & De Massis, A. (2022). Family business restructuring: A review and research agenda. *Journal of Management Studies*, 59(1), 197-235.
- Köhn, P., Ruf, P. J., & Moog, P. (2022). Why are non-family employees intrapreneurially active in family firms? A multiple case study. *Journal of Family Business Strategy*, 100532.
- Kollitz, R., Ruhle, S., & Süß, S. (2019). Recruitment practices under scrutiny: A latent-profile analysis of family firms' approaches to recruit non-family employees. *German Journal of Human Resource Management*, 33(3), 167-196.
- Kormann, H., & Suberg, B. (2021). The Challenges and Benefits of Non-family Management in Family Enterprises. *Topics of Family Business Governance: Insights on Structures, Strategies, and Executives*, 143-147.
- Lönngren, J. (2021). Ideological dilemmas in first-year students' positioning: Duties to take responsibility for one's own studies, but limited rights to actually do so. In *NORDISCO, the 6th Nordic Interdisciplinary Conference on Discourse and Interaction, Uppsala, Sweden, November 17-19, 2021*. Uppsala universitet.
- Lorenzo, D., Núñez-Cacho, P., Akhter, N., & Chirico, F. (2022). Why are some family firms not innovative?: Innovation Barriers and Path Dependence in Family Firms. *Scandinavian Journal of Management*, 38(1), 101182.

- Lu, K. (2020). Non-family CEO compensation and firm performance: Evidence from Chinese listed family firms.
- Machek, O. (2017). Employee compensation and job security in family firms: Evidence from the Czech Republic. *Journal of East European Management Studies*, 362-373.
- Madison, K., & Kellermanns, F. W. (2013). Is the spiritual bond bound by blood? An exploratory study of spiritual leadership in family firms. *Journal of Management, Spirituality & Religion*, 10(2), 159-182.
- Marler, L. E., Vardaman, J. M., & Allen, D. G. (2021). Human resource management in family firms: Review, integration, and opportunities for future research. *Research in personnel and human resources management*, 39, 175-201.
- Martino, P., Rigolini, A., & D'Onza, G. (2020). The relationships between CEO characteristics and strategic risk-taking in family firms. *Journal of Risk Research*, 23(1), 95-116.
- Meglio, O., & King, D. R. (2019). Family businesses: Building a merger and acquisition research agenda. In *Advances in mergers and acquisitions* (Vol. 18, pp. 83-98). Emerald Publishing Limited.
- Micelotta, E., Glaser, V. L., & Dorian, G. (2020). Qualitative research in family business: methodological insights to leverage inspiration, avoid data asphyxiation and develop robust theory. In *Handbook of Qualitative Research Methods for Family Business*. Edward Elgar Publishing.
- Micelotta, E., Glaser, V. L., & Dorian, G. (2020). Qualitative research in family business: methodological insights to leverage inspiration, avoid data asphyxiation and develop robust theory. In *Handbook of Qualitative Research Methods for Family Business*. Edward Elgar Publishing.
- Miller, D., Le Breton-Miller, I., Minichilli, A., Corbetta, G., & Pittino, D. (2014). When do non-family CEO s outperform in family firms? Agency and behavioural agency perspectives. *Journal of Management Studies*, 51(4), 547-572.

- Miller, D., Le Breton-Miller, I., Minichilli, A., Corbetta, G., & Pittino, D. (2014). When do non-family CEO s outperform in family firms? Agency and behavioural agency perspectives. *Journal of Management Studies*, 51(4), 547-572.
- Moreno-Menéndez, A. M., & Casillas, J. C. (2021). How do family businesses grow? Differences in growth patterns between family and non-family firms. *Journal of Family Business Strategy*, 12(3), 100420.
- Moreno-Menéndez, A.M. and Casillas, J.C., 2021. How do family businesses grow? Differences in growth patterns between family and non-family firms. *Journal of Family Business Strategy*, 12(3), p.100420.
- Mura, L. (2021). INTERNATIONALIZATION OF SLOVAK FAMILY ENTERPRISES- TERRITORIAL APPROACH: Reference: Mura, L.,(2021). Internationalization of Slovak family enterprises-territorial approach. *International Journal of Entrepreneurial Knowledge*, 9 (2), 109-118. *International Journal of Entrepreneurial Knowledge*, 9(2), 109-118.
- Mustafa, M., Ramos, H. M., & Man, T. W. Y. (2015). Linking psychological ownership to employee extra-role behaviours in small overseas Chinese family businesses: Does family status matter?. *Journal of Entrepreneurship in Emerging Economies*, 7(2), 129-147.
- Naldi, L., Cennamo, C., Corbetta, G., & Gómez-Mejía, L. R. (2013). Preserving socioemotional wealth in family firms: Asset or liability? The moderating role of business context. *Entrepreneurship Theory and Practice*, 37(6), 1341–1360.
- Neffe, C., Wilderom, C. P., & Lattuch, F. (2020). Leader behaviours of family and non-family executives in family firms. *Management research review*, 43(7), 885-907.
- Neffe, C., Wilderom, C. P., & Lattuch, F. (2020). Leader behaviours of family and non-family executives in family firms. *Management research review*, 43(7), 885-907.
- Paderna, R. D., Guiveses, M. L., Ong, S. J., & Tsai, J. L. (2020). Improving employee experience in a medium-sized retail chain through quality human resource

- management practices: does bifurcation bias in family firms moderate the nexus?. *Review of Integrative Business and Economics Research*, 9, 62-79.
- Pikkemaat, B., & Zehrer, A. (2016). Innovation and service experiences in small tourism family firms. *International Journal of Culture, Tourism and Hospitality Research*.
- PwC (2016). The 'missing middle': Bridging the strategy gap in family firms. PwC; <https://www.pwc.com/gx/en/family-business-services/global-family-business-survey-2016/pwc-global-family-business-survey-2016-the-missing-middle.pdf>
- Qin, Y., Wang, X., Xu, Z., & Skare, M. (2023). The effects of globalization on family firms' business model in Europe. *International Journal of Entrepreneurial Behavior & Research*, 29(1), 27-48.
- Querbach, S., Waldkirch, M., & Kammerlander, N. (2022). Benefitting from benefits—A comparison of employee satisfaction in family and non-family firms. *Journal of Family Business Strategy*, 13(2), 100351.
- Quigley, T. J., & Graffin, S. D. (2017). Reaffirming the CEO effect is significant and much larger than chance: A comment on Fitza (2014). *Strategic Management Journal*, 38(3), 793–801.
- Rashid, S., & Ratten, V. (2020). A dynamic capabilities approach for the survival of Pakistani family-owned business in the digital world. *Journal of Family Business Management*, 10(4), 373-387.
- Razzak, M. R. (2023). Extra-role behaviour of non-family employees in private family firms through job crafting: mediating role of workplace flourishing. *Journal of Family Business Management*.
- Rubino, F. E., Tenuta, P., & Cambrea, D. R. (2016). Board characteristics effects on performance in family and non-family business: A multi-theoretical approach. *Journal of Management & Governance*, 21(3), 623-658.
doi:10.1007/s10997-016-9363-3

- Rubino, F. E., Tenuta, P., & Cambrea, D. R. (2017). Board characteristics effects on performance in family and non-family business: a multi-theoretical approach. *Journal of Management & Governance*, 21, 623-658.
- Ryan, G. (2018). Introduction to positivism, interpretivism and critical theory. *Nurse researcher*, 25(4), 41-49.
- Sachy, C. G. D. (2019). *The Process of Internationalization: A Family Business Company-A Case Study of Cerinnov Group* (Doctoral dissertation, ISCTE-Instituto Universitario de Lisboa (Portugal)).
- Sánchez-Marín, G., Meroño-Cerdán, Á. L., & Carrasco-Hernández, A. J. (2019). Formalized HR practices and firm performance: an empirical comparison of family and non-family firms. *The International Journal of Human Resource Management*, 30(7), 1084-1110.
- Schell, S., de Groote, J. K., Moog, P., & Hack, A. (2020). Successor selection in family business—A signaling game. *Journal of family business strategy*, 11(3), 100286.
- Sharma, P. (2004). An overview of the field of family business studies: Current status and directions for the future. *Family Business Review*, 17(1), 1–36.
- Siakas, K., Naaranoja, M., Vlachakis, S., & Siakas, E. (2014). Family businesses in the new economy: How to survive and develop in times of financial crisis. *Procedia Economics and Finance*, 9, 331-341
- Sievinen, H. M., Ikäheimonen, T., & Pihkala, T. (2019). The advisory role of non-family board members: A case-based study of a family firm. *Journal of Management and Governance*, 24(4), 871-903. doi:10.1007/s10997-019-09496-8
- Soiferman, L. K. (2010). Compare and Contrast Inductive and Deductive Research Approaches. *Online Submission*.
- Soiferman, L. K. (2010). Compare and Contrast Inductive and Deductive Research Approaches. *Online Submission*.

- Stewart, A., & Hitt, M. A. (2012). Why can't a family business Be more like a nonfamily business? Modes of professionalization in family firms. *Family Business Review*, 25(1), 58–86.
- Tabor, W., Chrisman, J. J., Madison, K., & Vardaman, J. M. (2018). Nonfamily members in family firms: A review and future research agenda. *Family Business Review*, 31(1), 54-79.
- Tajpour, M., Salamzadeh, A., Salamzadeh, Y., & Braga, V. (2022). Investigating social capital, trust and commitment in family business: Case of media firms. *Journal of Family Business Management*, 12(4), 938-958.
- Tang, H. (2014). Are CEO stock option grants optimal? Evidence from family firms and non-family firms around the Sarbanes–Oxley Act. *Review of quantitative finance and accounting*, 42, 251-292.
- Tobak, J., Nagy, A., Pető, K., Fenyves, V., & Nábrádi, A. (2018). The main factors determining effective operation in case of a family business. *International Journal of Entrepreneurial Behavior & Research*.
- Tsao, C. W., Le Breton-Miller, I., Miller, D., & Chen, S. J. (2021). Firing managers: The benefits of family ownership and costs of family management. *Journal of Family Business Strategy*, 12(3), 100411.
- Vaughn, D. (2020). *Family Business Leader's Perceptions Regarding the Influence of Leadership Training & Development on Generational Succession: Case Study* (Doctoral dissertation, University of Phoenix).
- Waldkirch, M. (2020). Non-family CEOs in family firms: Spotting gaps and challenging assumptions for a future research agenda. *Journal of Family Business Strategy*, 11(1), 100305. doi:10.1016/j.jfbs.2019.100305
- Waldkirch, M. (2020). Non-family CEOs in family firms: Spotting gaps and challenging assumptions for a future research agenda. *Journal of Family Business Strategy*, 11(1), 100305.

- Wei, X., & Chen, L. (2023). Structural power distribution between family and non-family executives and innovation performance in family firms. *Journal of Innovation & Knowledge*, 8(1), 100304.
- Wiklund, J., Nordqvist, M., Hellerstedt, K., & Bird, M. (2013). Internal versus external ownership transition in family firms: An embeddedness perspective. *Entrepreneurship Theory and Practice*, 37(6), 1319–1340.
- YAZICI, Ö. (2019). FAMILY AND NON-FAMILY EMPLOYMENT IN THE FAMILY FIRM. *CURRENT STUDIES ON EMPLOYMENT AND UNEMPLOYMENT*, 181.
- Yu, A., Ding, H. B., & Chung, H. M. (2015). Corporate social responsibility performance in family and non-family firms: The perspective of socio-emotional wealth. *Asian Business & Management*, 14, 383-412.
- Zahra, S. A. (2020). Technological capabilities and international expansion: The moderating role of family and non-family firms' social capital. *Asia Pacific Journal of Management*, 37, 391-415.
- Zaman, S., Arshad, M., Sultana, N., & Saleem, S. (2021). The effect of family business exposure on individuals' entrepreneurial intentions: an institutional theory perspective. *Journal of Family Business Management*, 11(4), 368-385.
- Zapata-Cantu, L., Sanguino, R., Barroso, A., & Nicola-Gavrilă, L. (2022). Family business adapting a new digital-based economy: Opportunities and challenges for future research. *Journal of the Knowledge Economy*, 1-18.

8. Appendix

8.1: Appendix 1: Different Questionnaire

8.1.1: Interview Questions with Family Businesses Hire Non-family Executives

- What roles non-family executives play in your company?
- Do you think, non-family executives contribute to your business success? How? Elaborate by giving some examples
- How do you think you face challenges in trusting non-family executives?
- *What approaches you have selected to Deal with the challenge?*
- How do you think you face challenges in term of resistance from other family member? *How these resistances were managed?*
- What are the qualities that could make a non-family executive suitable for a family business?
- How do you balance the relationship between non-family executives and other family workers? How Scandinavian family businesses balance the need to maintain family control over the
- In your opinion, how do you see change in the trends of recruiting non-family executives in family business of Scandinavian region?

8.1.2: Interview Questions with Family Businesses Hire Non-family Executives

- Do you think you are facing challenges in recruiting and retaining outside talent? How do you address these challenges? Explain
- Do you ever think of recruiting non-family executives in your family businesses? What are your thoughts on it? Have you done in the past?
- What benefits would you think a non-family executive can bring in your family business? You can refer to any skill or expertise you business is currently lacking
- In your opinion, non-family executives could assist you in driving growth and success in your family business?
- How do you think, there are any business areas or department that could be benefit by outside expertise?

- What concerns do you have about recruiting non-family executives for working in your family business? (family resistance, trust issue, communication issue, disruption in current business culture)
- In your opinion, there are any particular business challenges or risks you face by relying only on your family members?
- In your opinion, inclusion of non-family executives may impact your business performance in terms of increasing profitability?

8.1.3: Interview questions for Family business consultant (participant 4)

- Kindly share your perspective as a family business related to the impact of hiring non-family executives on the family business success?
- List common challenges that family business face when considering hiring non-family executives, and comment on how these challenges can be addressed?
- Do you have success stories of family business who hired non-family executives and viewed positive outcomes?
- With reference to your experience, kindly share some key factors that family businesses must consider when deciding whether to hire non-family executives or not?
- What advise do you give to family businesses to have a fair balance between the need for outside expertise with the desire to maintain family control over the business?
- Share you experience about potential risks linked with not hiring non-family executives? Can you share ways for mitigating these risks?
- What useful strategies you recommend for family businesses for integrating non-family executives into the company culture and decision-making processes?

8.2: Appendix 2: Coding System

Code System

Code System	Frequency
Code System	117
Family Business Consultant	0
Family Business Consultant > Recommended Strategies	2
Family Business Consultant > Mitigating Risk	4
Family Business Consultant > Risks Associated	3
Family Business Consultant > Advice for Balancing	3
Family Business Consultant > Key Factors for Hiring	4
Family Business Consultant > Example and Impact	5
Family Business Consultant > Challenges	4
Family Business Consultant > Positive Influence	3
Non-Executive	0
Non-Executive > Concerns	4
Non-Executive > Impact of Non-Executives	9
Non-Executive > Impact of Non-Executives > Growth and Success	3

Non-Executive > Challenges	5
Non-Executive > Challenges > Reason for Firing	1
Non-Family Executives	0
Non-Family Executives > Balancing the Relationship	3
Non-Family Executives > Qualities	7
Non-Family Executives > Strategies/Approaches Used	9
Non-Family Executives > Positive Impact	15
Non-Family Executives > Positive Impact > Growth and Success	3
Non-Family Executives > Reasons for Not Hiring	10
Non-Family Executives > Reasons for Not Hiring > Trust Issues	4
Non-Family Executives > Reasons for Not Hiring > Future Prospect	3
Non-Family Executives > Training and Development	1
Non-Family Executives > Issues	1
Non-Family Executives > Challenges	11
Word/PDF Text Highlight	0

Appendix 3: Summaries with Coded Segments - Dan New.mx22

Code	Coded segments	Summary
Family Business Consultant Recommended Strategies	<p>They can communicate clearly about > the values, culture and visions to executives.</p> <p>Dan participant 4 Family business consultant: 21 - 21 (0)</p> <p>They can organize social events and promote team-building activities. Everything must remain transparent.</p> <p>Dan participant 4 Family business consultant: 21 - 21 (0)</p>	
Family Business Consultant Mitigating Risk	<p>they can develop a strong internal > leadership that enables them to take leading roles. It can be useful to have a deep pool of talent.</p> <p>Dan participant 4 Family business consultant: 18 - 18 (0)</p> <p>they can build an open and collaborative business that promotes family members for seeking out new</p>	

ideas from outside family.

Dan participant 4 Family business
consultant: 18 - 18 (0)

Family businesses must consider the
valuable contribution of non-family
executives and praise them for guiding
them in strategic decision-making.

Dan participant 4 Family business
consultant: 19 - 19 (0)

they can have a clear succession plan
that forms how leadership duties will be
transitioned from a generation to the
next.

Dan participant 4 Family business
consultant: 19 - 19 (0)

Family	Business	Such family business is more likely to
Consultant	> Risks	miss out new opportunities to grow their
Associated		business.

Dan participant 4 Family business
consultant: 16 - 16 (0)

They cannot grow and innovate.

Dan participant 4 Family business
consultant: 16 - 16 (0)

they have limited ability for competing
in the market.

Dan participant 4 Family business
consultant: 16 - 16 (0)

Family Business They must have a clear goals and
Consultant > Advice responsibilities for every inside or
for Balancing outside talent.

Dan participant 4 Family business
consultant: 14 - 14 (0)

Then, they can establish a governance
structure in which they can form a
decision-making process and define the
direction.

Dan participant 4 Family business
consultant: 14 - 14 (0)

A training program can be started for
both family and non-family executives

and workers to increase their awareness about how they can grow the business.

Dan participant 4 Family business consultant: 14 - 14 (0)

Family Business First they can assess the business
Consultant > Key demands for determining whether they
Factors for Hiring need skills or expertise that is
unavailable to them.

Dan participant 4 Family business consultant: 9 - 9 (0)

Then, they must consider the cultural preferences of non-family executives and determine whether he could fit in their business or not.

Dan participant 4 Family business consultant: 10 - 10 (0)

Meanwhile, they must have a clear governance structure to guarantee that non-family executives are integrated well and their roles and responsibilities are defined.

Dan participant 4 Family business
consultant: 11 - 11 (0)

One common mistake that family
businesses do is hiring non-family
executive without considering family
dynamics.

Dan participant 4 Family business
consultant: 12 - 12 (0)

Family Business One is the Mars Inc that has integrated
Consultant > Example outsider into the CEO position.
and Impact

Dan participant 4 Family business
consultant: 7 - 7 (0)

improved its supply chain management,
and increased its global reach.

Dan participant 4 Family business
consultant: 7 - 7 (0)

And our household name Walmart
started as a family business.

Dan participant 4 Family business

consultant: 7 - 7 (0)

he helped the company expand from a regional retailer to a global supermarket today.

Dan participant 4 Family business consultant: 7 - 7 (0)

In companies where I gave my service has found that non-family executives have all the potential for bringing new ideas and achieving success.

Dan participant 4 Family business consultant: 7 - 7 (0)

Family Consultant Challenges	Business	First challenge is that family members > may feel threatened by the expertise, knowledge and skills of non-family executives and they may feel uneasy.
------------------------------------	----------	---

Dan participant 4 Family business consultant: 5 - 5 (0)

Some members really have trust issue and they want to avoid include them in

decision-making.

Dan participant 4 Family business
consultant: 5 - 5 (0)

The issue can be addressed by
facilitating conversation between the
members so that trust-worthy
relationship can be formed.

Dan participant 4 Family business
consultant: 5 - 5 (0)

For instance, we introduce training,
mentorship, and onboarding programs
to guarantee that the outsider
understand the values and culture.

Dan participant 4 Family business
consultant: 5 - 5 (0)

Family Business I experienced that hiring non-family
Consultant > Positive executives can have sound influence in
Influence the overall business because they are
useful and have diverse expertise.

Dan participant 4 Family business
consultant: 3 - 3 (0)

They can view business and business strategies in their own way, they allow such businesses to see bigger picture of an issue and opportunity allowing them to focus on the interests and strengths within the company

Dan participant 4 Family business consultant: 3 - 3 (0)

They better sense potential challenges and work to address them.

Dan participant 4 Family business consultant: 3 - 3 (0)

Non-Executive Concerns

> If you are asking about me so I believe that the major issue was family resistance. There were conflicts in making decisions.

Dan Participant 3 without non-executive docs: 18 - 18 (0)

Family members complained about misalignment between their values and the values of the family.

Dan Participant 3 without non-executive docs: 18 - 18 (0)

They politicize his actions. And there was a big no from them to follow his instruction.

Dan Participant 3 without non-executive docs: 18 - 18 (0)

The family members want to have all the power and they also expect to revive higher salaries irrespective of their qualification and responsibilities.

Dan Participant 3 without non-executive docs: 18 - 18 (0)

Non-Executive
Impact of
Executives

> He was a sensible, experienced and knowledgeable leader. I had witnessed a positive change in my business outcomes as he earned me more business.

Dan Participant 3 without non-executive docs: 9 - 9 (0)

We were progressing towards the betterment and our relationship with customer was getting stronger.

Dan Participant 3 without non-executive docs: 9 - 9 (0)

After he gone, I found gaps in our skills and talent. There is no one who can view our product and services from the

third person view.

Dan Participant 3 without non-executive
docs: 10 - 10 (0)

Other employees are not much good in
finance, product development, and
conducting research and development.

Dan Participant 3 without non-executive
docs: 10 - 10 (0)

I am open to the ideas to hire outside
talent even for leading position to
achieve a long-term success.

Dan Participant 3 without non-executive
docs: 24 - 24 (0)

I could better have unique ideas related
to business.

Dan Participant 3 without non-executive
docs: 24 - 24 (0)

He can bring in expertise in those
domains that may not be a strength of
my family member.

Dan Participant 3 without non-executive
docs: 24 - 24 (0)

His knowledge and skills can allow us
to better identify and capitalize on new
market opportunities.

Dan Participant 3 without non-executive docs: 24 - 24 (0)

he can assist us developing more efficient and effective business processes that may result in cost savings and increased profitability.

Dan Participant 3 without non-executive docs: 24 - 24 (0)

Non-Executive Impact of Non-Executives > Our e-commerce business can be improved. He can make strategic guidance about how to enter new markets and how to develop new products.

Dan Participant 3 without non-executive docs: 14 - 14 (0)

But all these could only be possible if we have provided him a unified and cohesive business environment with no family politics.

Dan Participant 3 without non-executive docs: 14 - 14 (0)

The areas are finance department and online businesses.

Dan Participant 3 without non-executive docs: 16 - 16 (0)

Non-Executive Challenges > I believe that recruiting them is not really a challenge but retaining them is

because many of them cannot tolerate rigid behaviour of family members

Dan Participant 3 without non-executive docs: 3 - 3 (0)

Many of them felt out grouped and lack of power over business functions.

Dan Participant 3 without non-executive docs: 3 - 3 (0)

They cannot adjust to this inflexible business structure.

Dan Participant 3 without non-executive docs: 3 - 3 (0)

our business performance was negatively influenced because of cultural clash better family and non-family members. Both of them have different work ethics and values.

Dan Participant 3 without non-executive docs: 22 - 22 (0)

There were communication breakdowns, conflicts, politics and misunderstandings that were impacting and threatening the non-family executive.

Dan Participant 3 without non-executive docs: 22 - 22 (0)

Non-Executive Challenges > Reason for Firing

> They believe that their monopoly in the organization is influencing. I tried to compel them to change their behaviour but nothing could change their opinions. They were raising many issues and the work environment becomes toxic.

Dan Participant 3 without non-executive docs: 7 - 7 (0)

Non-Family Executives Balancing Relationship

> An effective approach that we have applied for this purpose was the establishing a transparent governance structure, defining contribution of family members and non-family executives. In this structure, we specifically included creating an advisory board in which both family members and non-family executive is included.

Dan Participant 1 with Non-family executives.docx final : 43 - 43 (0)

Another approach that we have taken is establishing a transparent and effective policies and procedures to not only but also promoting non-family executives.

Dan Participant 1 with Non-family executives.docx final : 44 - 44 (0)

Our new adopted procedures were formal recruitment processes, adopting performance management system on the basis of objective and merit criteria, and onboarding and training programs.

Dan Participant 1 with Non-family executives.docx final : 44 - 44 (0)

Non-Family
Executives > Qualities

There are several qualities but for me the most suitable quality was having a powerful understanding of values and culture of family business and we were able for working within that framework.

Dan Participant 1 with Non-family executives.docx final : 36 - 36 (0)

I specifically focused that the non-family executives reminded able for navigating the family dynamics and understanding the unique challenges arise in the family-owned business.

Dan Participant 1 with Non-family executives.docx final : 36 - 36 (0)

The strong quality that they must have experience and expertise in diverse industry or market as it strengthened their network and convincing power.

Dan Participant 1 with Non-family executives.docx final : 37 - 37 (0)

The family businesses in the Scandinavian region is extremely complicated and is being changed rapidly.

Dan Participant 1 with Non-family executives.docx final : 37 - 37 (0)

So with the help of having experience with diverse companies or products, they could have deep understanding of the current market trends and challenges facing the industry.

Dan Participant 1 with Non-family executives.docx final : 37 - 37 (0)

They must be able to communicate efficiently with everyone.

Dan Participant 1 with Non-family executives.docx final : 38 - 38 (0)

In my experience, the fourth required quality is having a track record of the business, its tradition, and focus on acquiring better results. It must include experience with economic management, businesses development and strategic planning.

Dan Participant 1 with Non-family executives.docx final : 39 - 39 (0)

Non-Family Executives Strategies/Appraoches Used	> We took a proactive approach to foster relationships with non-family executives. We provided him a better environment for learning about the company and our legacy,, values, and goals.
--	--

Dan Participant 1 with Non-family executives.docx final : 26 - 26 (0)

He also remained transparent about his expectations and concerns, and he worked collaboratively with us for building a shared vision for our

business.

Dan Participant 1 with Non-family
executives.docx final : 26 - 26 (0)

Since the arrival our involvement of non-family executives we formed a clear protocol and for decision-making and communication. Through consistently consent, it is ensured that everyone is on the same page and working towards the same goals.

Dan Participant 1 with Non-family
executives.docx final : 28 - 28 (0)

In our family business, the development of loyalty and trust between family members for challenging to bringing outsiders.

Dan Participant 1 with Non-family
executives.docx final : 30 - 30 (0)

It undermined the significance of ownership and control of the business.

Dan Participant 1 with Non-family

executives.docx final : 30 - 30 (0)

We addressed all these problems by communicating the benefits of hiring non-family executives to other family members. We also pointed out particular skills and expertise that the executive brings to the business. Then, we further demonstrated for growing the business and ensure to long-term success.

Dan Participant 1 with Non-family executives.docx final : 31 - 31 (0)

But we managed it by ensuring that everyone is equally hired and valued.

Dan Participant 1 with Non-family executives.docx final : 32 - 32 (0)

It may engage soliciting input and feedback from the members of family related to the qualifications and attributes which can be believed to be useful in a non-family executive, and engaging them in the process of

decision-making.

Dan Participant 1 with Non-family executives.docx final : 32 - 32 (0)

Once the members witnessed positive changes in the organization after these decisions, they come used to it. In this process, we ensured the right combination of transparency, collaboration and proficient communication.

Dan Participant 1 with Non-family executives.docx final : 34 - 34 (0)

Non-Family Executives > Positive Impact he is investing his professional leadership.

Impact

Dan Participant 1 with Non-family executives.docx final : 3 - 3 (0)

We sometime astonished to see his solution to our business issues because he provides diverse and fresh ideas that we may be ignoring or we may not be able to discover it.

Dan Participant 1 with Non-family

executives.docx final : 3 - 3 (0)

We have literally become successful to meet the challenges because of our executive's professionalism and strategic planning.

Dan Participant 1 with Non-family executives.docx final : 3 - 3 (0)

He is also playing roles in accessing a wider network of professionals from the industry and under his leadership, our company has boosted because he made efforts to build a valuable partnership.

Dan Participant 1 with Non-family executives.docx final : 3 - 3 (0)

connected with the overall business, so he better negotiated with our suppliers and other companies.

Dan Participant 1 with Non-family executives.docx final : 5 - 5 (0)

In these departments, our executive provides strategic guidance and suggest us strategies for further business growth.

Dan Participant 1 with Non-family executives.docx final : 7 - 7 (0)

As I already mentioned that non-family executives have brought a innovative perspective and insights to our family-owned business.

Dan Participant 1 with Non-family executives.docx final : 9 - 9 (0)

Before him, we have 4 products but after his arrival, we now sell more than 15 products. He had a diverse experience in launching new products and fulfilling customer's needs. So we have improvised our customer base.

Dan Participant 1 with Non-family executives.docx final: 9 - 9 (0)

We found him outstanding in business planning to ensure long-term growth.

Dan Participant 1 with Non-family executives.docx final : 10 - 10 (0)

the executive arrived and he started prioritizing long-term, having wider vision and mission.

Dan Participant 1 with Non-family executives.docx final : 18 - 18 (0)

And it was surprising that we received better results and return over investment (ROI).

Dan Participant 1 with Non-family executives.docx final : 18 - 18 (0)

Our family members understood the values and culture of the company deeply and these factors cannot be replicated by an outsider.

Dan Participant 2 Without non-family executives: 17 - 17 (0)

there is no deny that I feel that there are some challenges and lacks in skills

we witness.

Dan Participant 2 Without non-family executives: 18 - 18 (0)

We are not much innovative in terms of product launches, service improvements.

Dan Participant 2 Without non-family executives: 18 - 18 (0)

As our entire family members work in this company, we have lack of exposure how certain issues can be resolved, how others work and what are our weaknesses.

Dan Participant 2 Without non-family executives: 18 - 18 (0)

Non-Family Executives > Positive Impact > Growth and Success

I can say that we utilize their services in three main departments, operations, marketing, and finance.

Dan Participant 1 with Non-family executives.docx final: 7 - 7 (0)

I pressurized my next generation to develop necessary skills and expertise of management and leadership position for driving growth and achieving business success.

Dan Participant 2 Without non-family

executives: 20 - 20 (0)

If he would be positive, tolerant, and dedicated than they must influence our business positively. They can identify opportunities for growth and following business trends.

Dan Participant 2 Without non-family executives: 34 - 34 (0)

Non-Family
Executives > Reasons
for Not Hiring

We also believed that the arrival of non-family executives might limit our decision-making power or we may witness resistance from family members is we give some key positions to executives within the company.

Dan Participant 1 with Non-family executives.docx final : 14 - 14 (0)

I have already mentioned that our past experience of hiring outside talent was not good. They failed to understand our culture so how can we gave the entire hold to someone outsider?

Dan Participant 2 Without non-family executives: 14 - 14 (0)

He would only focus on short term goals for his own interest rather than long term so how we could sustain our

business?

Dan Participant 2 Without non-family executives: 14 - 14 (0)

The arrival of outsider executive would impose his own ideas and this would made be concerned about potential disputes arising between both family members and non-family members.

Dan Participant 2 Without non-family executives: 15 - 15 (0)

Another reason that made me completely against this idea is that I believe in prioritizing the development and grooming of our next generation so that they can take leading position.

Dan Participant 2 Without non-family executives: 15 - 15 (0)

We cannot introduce a culture of recruiting executives.

Dan Participant 2 Without non-family executives: 15 - 15 (0)

We work in our company with the sense of loyalty and proactiveness.

Dan Participant 2 Without non-family executives: 26 - 26 (0)

an outsider has the chance to work in another organizations but this family business is our entire asset so we work hard.

Dan Participant 2 Without non-family executives: 26 - 26 (0)

The family members would not accept an outsider in the fear of loss in our business.

Dan Participant 2 Without non-family executives: 26 - 26 (0)

We never want them to be offended through any experiment.

Dan Participant 2 Without non-family executives: 27 - 27 (0)

Non-Family Executives > Reasons for Not Hiring > Trust Issues

We never thought of hiring non-family executives because we had a trust issue.

Dan Participant 1 with Non-family executives.docx final : 14 - 14 (0)

Definitely, trust issues exist because the executives are not our family part and our business is not his first priority.

Dan Participant 2 Without non-family executives: 29 - 29 (0)

He cannot give his heart and soul into it.

Dan Participant 2 Without non-family executives: 29 - 29 (0)

The outsider way of working may be different than our traditional family business practices, and we cannot tolerate it.

Dan Participant 2 Without non-family executives: 30 - 30 (0)

Non-Family
Executives > Reasons
for Not Hiring > Future
Prospect

According to me, family business in the region has failed to recognize the importance of embracing talent and expertise for driving growth and innovation.

Dan Participant 1 with Non-family executives.docx final : 46 - 46 (0)

I also believe that increasing acceptance that retaining and hiring non-family executives could be a challenging task, that have imposed a challenge to the unique dynamics of family businesses.

Dan Participant 1 with Non-family executives.docx final : 47 - 47 (0)

With the development of technology and digital media, as well as our focus is largely on production and selling, we have not been that must proactive in product marketing. We felt that we have fairly to maintain a strong relationship with our customers. The situation has intensified after Covid. So I want non-family executive with expertise in marketing so we can reach new customers and increase our market share. Besides, I would ask him to explain how I could adopt innovative products to target larger audience.

Dan Participant 2 Without non-family executives: 24 - 24 (0)

Non-Family
Executives > Training
and Development

No, I did not invest in training and development programs to guarantee that non-family executives can integrate effectively into the organization.

Dan Participant 2 Without non-family executives: 10 - 10 (0)

Non-Family
Executives > Issues

The outside talents were not fit well to our family business culture and there were major differences. Our family members were not ready to change any aspect of our business.

Dan Participant 2 Without non-family executives: 8 - 8 (0)

Non-Family
Executives
Challenges

We were unsure that whether hiring of
> non members executives fulfill our
expectations, and follow our culture or
not.

Dan Participant 1 with Non-family
executives.docx final : 16 - 16 (0)

we encountered challenges in reaching
out to the available candidates and
then selecting them because we were
not good at judging others capabilities,
top talents, and how to offer them the
same compensation and benefits level.

Dan Participant 1 with Non-family
executives.docx final : 20 - 20 (0)

Our family businesses may encounter
challenges in trusting non-family
executives because of the increased
chance for disputes of interest and
concerns regarding loyalty.

Dan Participant 1 with Non-family
executives.docx final : 22 - 22 (0)

There were some family members who

felt that hiring non-family executives might not have the similar commitment levels of commitment or emotional investment level in our business.

Dan Participant 1 with Non-family executives.docx final : 22 - 22 (0)

We have a unique culture and operating style made it hard for outsiders for navigating and understanding the unique organizations and its culture.

Dan Participant 1 with Non-family executives.docx final: 24 - 24 (0)

We really have a strong belief that the family business approach has worked well for us.

Dan Participant 2 Without non-family executives: 3 - 3 (0)

I could identify certain advantages we achieved on our own. So, we have not seriously thought that we need to hire outside talent and expertise to complement our current strengths and capabilities.

Dan Participant 2 Without non-family

executives: 3 - 3 (0)

I could anticipate that recruiting and retaining non-family executives would lead to some challenges for us.

Dan Participant 2 Without non-family executives: 5 - 5 (0)

One major challenge was that few family members did not value the outsider, their opinions and they were not attractive to non-family executives who sought opportunities for advancement and growth.

Dan Participant 2 Without non-family executives: 5 - 5 (0)

The second most challenging was that the family members was hesitant to cede control and decision-making power for outsiders.

Dan Participant 2 Without non-family executives: 5 - 5 (0)

I worked on addressing these challenges by executing a formal process of recruitment. Unfortunately, nothing worked well.

Dan Participant 2 Without non-family executives: 6 - 6 (0)

Code System

Code System

Code System

Family Business Consultant

Family Business Consultant > Recommended Strategies

Family Business Consultant > Mitigating Risk

Family Business Consultant > Risks Associated

Family Business Consultant > Advice for Balancing

Family Business Consultant > Key Factors for Hiring

Family Business Consultant > Example and Impact

Family Business Consultant > Challenges

Family Business Consultant > Positive Influence

Non-Executive

Non-Executive > Concerns

Non-Executive > Impact of Non-Executives

Non-Executive > Impact of Non-Executives > Growth and Success

Non-Executive > Challenges

Non-Executive > Challenges > Reason for Firing

Non-Family Executives

Non-Family Executives > Balancing the Relationship

Non-Family Executives > Qualities

Non-Family Executives > Strategies/Approaches Used

Non-Family Executives > Positive Impact
Non-Family Executives > Positive Impact > Growth and Success
Non-Family Executives > Reasons for Not Hiring
Non-Family Executives > Reasons for Not Hiring > Trust Issues
Non-Family Executives > Reasons for Not Hiring > Future Prospect
Non-Family Executives > Training and Development
Non-Family Executives > Issues
Non-Family Executives > Challenges
Word/PDF Text Highlight