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Consideration is given to what socio-symbolic understanding of the role of ownership means for outcomes of strategizing. At the micro level, attention is paid to the performance of actors and arenas. At the organizational level, the focus is on how the strategic proximity and strategic persistence of family ownership can be a source of strategic advantage as well as disadvantage.
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MATTIAS NORDQVIST

Understanding the Role of Ownership in Strategizing

A Study of Family Firms
Understanding the role of ownership in strategizing: a study of family firms
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Leer, por lo tanto, es una actividad posterior a la de escribir: más resignada, más civil, más intelectual.

Jorge Luis Borges

Någonting har väl klarnat, men någonting förblir ännu oklart.

Vladimir Vojnovitj
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Jönköping, May 2005

Mattias Nordqvist
Abstract

This dissertation deals with the role of ownership in strategizing in family firms. More closely, it examines how ownership is channeled through different actors and arenas in the everyday work on strategic issues. The study emanates from the increased interest in family firms and in the role of visible, active, and long-term ownership in the strategic development of firms. The study is positioned in the growing approach in strategy research often referred to as strategizing. The strategizing perspective draws attention to micro processes of strategic work, such as who the actors involved in strategic work are and how, where, and when, i.e. in what arenas, they meet and interact. In line with basic assumptions in the strategizing approach, the role of ownership in this process is addressed from a symbolic interactionist perspective, where inspiration from psychological ownership is also used in order to introduce and elaborate on a notion of socio-symbolic ownership.

Empirically, the study is based on in-depth and interpretive case studies of strategizing in three family firms, where the everyday strategic work is followed in real time over a period of about four years in two firms and one and a half years in one firm. The empirical work is based on in-depth interviews, detailed observations, and secondary documents in order to build rich case descriptions. Abbreviated versions of these case descriptions are presented in this dissertation.

The empirical interpretations are integrated into a conceptual model with four ideal types of character of strategizing in terms of actors and arenas involved in this process in the three family firms, with the aim to also visualize how the process changes over time. Moving beyond this level of interpretation, a socio-symbolic understanding of the role of ownership in strategizing is outlined, where a central interpretive process labeled enacting ownership is especially elaborated on. Enacting ownership is about how actors, both family and non-family, interpret, understand, and act on the guiding province of meaning related to the ownership in the different arenas of everyday strategic work. It is suggested that how and why actors enact ownership is shaped by especially three interrelated processes: channeling ownership through formal intentions and vision, channeling ownership through informal interaction, and channeling ownership through symbolic embodiment in the strategic work.

Consideration is also given to what the socio-symbolic understanding of the role of ownership means for outcomes of strategizing, both at the micro level of social interaction and at the organizational level of the family firm. At the micro level, particular attention is paid to the performance of actors and arenas in strategizing. At the organizational level, there is a specific focus on how the strategic proximity and the strategic persistence of family ownership can be a source of strategic advantage as well as disadvantage in family firms.
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1. Introduction

An Opening Word

This dissertation deals with the role of ownership in everyday strategic work of a common type of firm, the family firm. I set out to investigate how ownership is channeled through different actors and arenas in the detailed work on strategic issues. The dissertation emanates from the increased interest in the role of visible and active long-term ownership in the strategic development of firms, an interest that grew out from the corporate governance movement starting over twenty years ago. Family firms have lately received more and more attention from media, policy makers and academics alike, partly because they represent an important type of firms in most countries, and partly because of their sometimes specific characteristics when it comes to ownership and strategic processes. Family firms are not just small- and medium-sized firms. Many large firms in several countries are also family firms and their importance for employment and economic growth is often referred to irrespective of their size or future ambitions.

The focus on the role of ownership in the everyday strategic work in family firms means that this study is based on the emerging perspective in strategy research often referred to as strategizing. The strategizing perspective draws attention to the micro-level strategic work, e.g. who the actors involved are, as well as how, where and when they meet and interact in order to work on strategic issues. Adopting such a perspective in order to understand the role of ownership means to investigate how and why ownership is channeled in the social interaction between different actors on different arenas in the work on strategic issues. An important assumption that will be further developed in this dissertation is that ownership has not only legal and structural attributes, but is expressed and interpreted also in social and symbolic relations between individuals. This means that rather than studying only the role of owners as actors, I see ownership as a social and symbolic phenomenon that is expressed and plays a role, i.e. is channeled, through different actors and arenas in the strategic work. In doing this, I draw on a symbolic interactionist framework and develop what I call a socio-symbolic understanding of the role of ownership in strategizing, where I also use inspiration from theories on psychological ownership.

The interest in family firms also implies that the study is about concentrated family ownership as one important type of ownership. The intention is thus not to compare family firms with non-family firms, but rather to understand family firms on their own conditions and study only family firms. In the following sections of this introductory chapter, I set the stage for the study and position it in relation to existing research and literature on the topics dealt with.
A Strategizing Perspective to Understand the Role of Ownership in Strategy Processes

The strategy field has grown into a rich and diverse field (for recent reviews see e.g. Mintzberg et al., 1998; Hoskisson et al., 1999; Pettigrew et al., 2002; Whittington, 2001; Farjoun, 2002). It is common to divide the field into different streams, traditions or schools of thoughts depending on the main interest, preferred theories and dominant research methodologies in order to account for this richness and diversity. Typically, the definitions of strategy are as diverse as the field in general, and whereas some are worried that no one really knows what strategy is at all (Markides, 1999) some give not just one, but five definitions (Mintzberg et al. 1998) as a response to the inherent complexity of the phenomenon. Hall (2003) suggests spending less time on defining what strategy is and more on what it is about. Most would probably agree that strategy is about the direction and scope of an organization over the long term (Johnson and Scholes, 2001) and about moving the organization from history into the future (Melin, 1998). As Hendry and Seidl (2003:177), put it:

Strategy, for practitioners as well as academics, is explicitly concerned with the future, and with how this might differ from the present: with what ‘should be’ rather than what is.

Several scholars have recently argued that we need new perspectives in the field of strategy in order to account for its complexity and promote our understanding of especially the micro-processes of strategy formation (e.g. Johnson et al., 2003; Whittington, 2003; Melin et al., 1999). Traditionally, much strategy literature has been dominated by a “rationalistic” (Johnson, 1987) or “classical” (Whittington, 2001) approach which is mainly prescriptive (Mintzberg, et. al. 1998) and often said to focus more on the content of strategies, rather than the processes of strategy formation (Rajagopolan and Spreitzer, 1996; Mintzberg et. al. 1998). This approach also been blamed for ‘de-humanizing’ the field of strategy by not taking the actual strategists and their strategic work seriously (Pettigrew et al. 2002) and having little to offer in describing the experience of the human condition (McKiernan and Carter, 2004). Over the years, the traditional strategy literature has led to a conceptual and empirical split of two supposedly indissoluble parts of the same thing, i.e. the content and process of strategy (Johnson et al. 2003; Pettigrew, 2003). Scholars mainly interested in how strategies form and change in organizations over time developed a process perspective on strategy (e.g. Mintzberg, 1978, Mintzberg and Waters, 1985; Pettigrew, 1985; Pettigrew and Whipp, 1991; 1

1 Reviews (e.g. Hoskinsson et al. 1999; Whittington, 2001 and Pettigrew et al., 2002) tend to date the origins of the strategy field to the early work of Chandler (1962), Ansoff (1965) and Andrews (1971).
1. Introduction

Johnson, 1987; Melin, 1989; Melin and Hellgren, 1994). In this view, strategy is embedded in various contexts (cf Pettigrew, 1997; Whittington, 2001) and driven by both social structures and human agency (Whittington, 1992; Ericson, et al., 2001).

Emerging from the process perspective on strategy, a recent stream in strategy research tries to bridge the content/process dichotomy and put the micro processes of strategy formation in the center. The argument is that both traditional content-oriented scholars and process scholars have paid little attention to what actually goes on in the everyday processes that take place when people are engaged in strategic work (Johnson et al, 2003; Clegg et al., 2004). This notion has led several strategy scholars to draw on insights from social theories and sociology to better understand the complexities of strategic work (e.g. Hendry, 2000; Whittington, 2002a; Hendry and Seidl, 2003; Whittington and Melin, 2003). As a result, concepts such as ‘strategizing’, ‘micro-strategy’ and ‘strategy-as-practice’ are increasingly used when referring to the understanding of strategic work as it occurs in its natural organizational settings (e.g. Whittington, 2003; Johnson et al., 2003). A strategizing approach means a clear-cut focus on the day-to-day activities in organizations (Johnson et al., 2003; Balogun et al., 2003). It also benefits from dealing with the lived world of organizational actors as they appear and interact in specific arenas critical to strategy development (Johnson et al., 2003).

Strategizing can be defined as “the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes” (Johnson et al., 2003: 14), and there are theoretical, practical, and economic motives for its relevance. Johnson et al. (2003:4) argue that in present-day fluid resource markets, the source of sustainable advantage for organizations lies in their micro assets that are “hard to discern and awkward to trade”. The increasing threat of imitation as a result of hyper competition also means that competitive advantages must be deeply founded in the firm and management of key resources central to their strategic use (Whittington and Melin, 2003). Moreover, hypercompetitive business environments with speed, surprise, and innovation as a winning basis for competitive advantage call for involving more people, and not just the regular CEO and top managers, in the strategic work, making it a more continuous aspect of organizational life (Johnson et al., 2003). “Success no longer depends on having the right strategies or structures, but on having the capability to continuously reinvent them”, as Whittington and Melin (2003:39) argue. Finally, Johnson et al. (2003) claim that more attention to micro-activities and everyday aspects of strategic work answers a call from practitioners to develop knowledge that is closer to their daily work and that can be used to support actors to “achieve a higher degree of reflexivity” about what they are doing and its effects (Johnson et al. 2003:5). At a more theoretical and conceptual level, these drivers mean a shift in emphasis towards more use of the gerund form, such as strategizing, rather than nouns, such as strategy, in order to better catch the ongoingness and dynamism of
strategic work (Whittington, 1996; Whittington et al., 2002; Johnson et al., 2003). This means to "revert to the more active language of organizing and strategizing to capture the new dynamism in the field of strategic management" (Pettigrew et al., 2002:16).

The strategizing perspective includes the endeavor to understand issues such as who the actors involved in the strategic work are and how, when, and where they are engaged in the strategic work as well as how they perform the strategic work, both in interaction with others and in relation to the specific practices and activities in different contexts (Whittington, 1996; 2003; Jarzabkowski, 2003). Whittington (2003) urges scholars to ‘start with the formal’ and investigate the role in the strategic work of actors carrying labels such as top managers, strategic planners, consultants, and board members, or explore the role of formal, regular settings for strategy work such as board meetings, strategy away days and top management team meetings. Other authors, however, (e.g. Ericsson et al., 2001; Hendry and Seidl, 2003; Johnson et al., 2003) suggest that it is equally important, but perhaps more empirically challenging, to investigate the role of more informal actors and settings in strategic work. In doing so they assume that much of the work on strategic issues can take place in a variety of situations and with many different actors influencing the strategic outcome, which is typically the result of both intended and emergent attributes (Mintzberg and Waters, 1985).

The strategizing perspective takes a somewhat different approach to the meaning of strategic outcome. It is fair to say that strategy scholars traditionally refer to strategic outcome as a firm-level attribute, such as financial performance or the selection or emergence of a specific (often generic) strategy. However, several authors interested in strategizing (e.g. Johnson et al., 2003; Whittington, 2004; Wilson and Jarzabkowski, 2004), point out that given the micro-level interest of strategizing research, outcomes of strategizing can also refer to process outcome, such as the performance of actions by specific actors involved in the strategic work and/or the outcome of specific meetings and encounters where strategic issues are treated. Over time and taken together these types of performances and interactions at the micro level may play a role for the strategic outcome at a more aggregated firm level (Wilson and Jarzabkowski, 2004). This is the meaning of outcome that I use here.

Despite the recent growth of studies into strategizing and strategy-as-practice, the perspective is still at a nascent level and both empirical and theoretical research is much needed. As Whittington (2003) and Balogun et al. (2003) state, little is known about the who, where, how, and when of strategic work. Melin (1998), Ericson et al. (2001), Regnér (2003) and Clegg et al. (2004) underline especially the need for a better understanding of who the actors involved in strategic work actually are. Melin (1998), Ericson et al. (2000) and Ericson et al. (2001) also concentrate on what they refer to as the strategic arena and show that little research has been conducted on the different type of strategic arenas and when and where these arenas emerge in relation to
1. Introduction

the work on strategic issues in and around organizations. Ericsson et al. (2001:68) suggest that the "strategic arena is defined through the dialogues around the issues that are strategic to the individual organization" and argue that the arena includes all possible situations that offer an opportunity for communication of strategic issues that can reproduce or change organizational strategies. Similarly, Hendry and Seidl (2003) note the lack of knowledge of the different situations and episodes of strategizing.

In this dissertation I build further on these observations about the need to examine more closely the role of different actors and arenas involved in strategizing. I argue that focusing on the everyday work on strategic issues as it unfolds over time, and especially on the role of actors and arenas in this process, contributions to the field of strategy processes in general and to strategizing in particular can be made. Given my interest in the role of ownership in micro processes, this dissertation is positioned in this recent stream of research.

As with the strategy process field in general, the role of ownership is rather invisible in the growing body of studies in strategizing, even if some awareness of its potential significance for how strategizing unfolds in different organizations has been noticed (Wilson and Jarzabkowski, 2004). A strategizing perspective allows investigating how ownership is channeled through different actors and arenas in the everyday strategic work as it unfolds over time. It also supports a focus on both formal and informal arenas and actors as well as a view of strategic work as being both about intended, deliberate actions and more emergent actions.

Strategy Processes and Ownership

In the diverse field of strategy, a common trait is the relatively little attention paid to the role of ownership in strategic processes (Goodstein and Boeker, 1991; Thomsen and Pedersen, 2000). Thomsen and Pedersen (2000), for instance, claim that strategy research has paid too little attention to the type of ownership and its connection with objectives and strategies of firms. Goodstein and Boeker (1991), moreover, draw attention to the lack of knowledge of how ownership affects strategic change and suspect that researchers simply assume that ownership interests have little influence on strategic processes.

Rather than being concerned with how and why ownership plays a role in the strategic processes of firms, Ravasi and Zattoni (2004) observe that earlier research on the relation between ownership and strategy "has largely searched for correlations between quantitative measures of ownership distribution and archetypal strategic options." For instance, Amihud and Lev (1981), Denis et al. (1999), Lane et al. (1999) and Collin and Bengtsson (2000) all investigated how ownership structure is related to the amount of diversification; Bethel and Liebeskind (1993) and Johnson et al. (1993) looked at corporate restructuring and the role of ownership; Baysinger et al. (1991), Graves (1988), and Hill and
Snell, (1988) investigated how innovation is linked to the ownership structure of the firm; Palmer et al. (1993) and Meyer and Whittington (2004) studied the relation between ownership and corporate structure, especially the multidivisional form, and Oswald and Jahera Jr. (1991) looked at how ownership is linked to financial performance.

These studies typically describe ownership structure in terms of concentration and size of legal owners or size of management stockholding. However, the identity of the owners and their specific preferences may influence strategic processes as well (Ravasi and Zattoni, 2004; Pedersen and Thomsen, 2000; Hoskisson et al. 2002; Golden and Zajac, 2001). Ravasi and Zattoni (2004) point out that earlier research typically assumes homogenous interests among shareholders, also in firms with several owners. Recent contributions have, however, pointed out how owners may differ in time horizons and incentives, and thus in their attitude to, for instance, innovation (Hoskisson et al., 2002) and internationalization (Tihanyi et al., 2003). But most work done is still on the legal and structural ownership per se in firms and to what extent this is related to the content of strategies (Ravasi and Zattoni, 2004). Most published studies on the relation between ownership structure and strategy also investigate publicly traded companies, thus only paying attention to a fraction of the total number of firms (Turnbull, 1997). Thus, there is some knowledge about whether ownership structure matters for different archetypal strategic choices.

Much less is known, however, about how and why ownership plays a role in micro levels of strategic processes. This is, for instance, evident in reviews of strategy research (e.g. Mintzberg et al., 1998; Hoskisson et al., 1999; Farjoun, 2002). References to ownership, owners, or even their representatives are rare. Despite the lack of studies on how and why ownership matters in the strategic process, there are convincing arguments that this is an important topic worth more attention, both internationally (Porter, 1992; Thomsen and Pedersen, 2000; Daily et al., 2003) and in Sweden (Nyberg, 2002; Tson Söderström, 2003). Nyberg (2002) argues that ownership is typically depicted as a problem rather than a resource in the long-term development of firms, but he also observes a growing interest in the role of ownership in the long-term development of firms in Sweden and other countries.

In an editorial of a special issue of *Academy of Management Journal* on governance through ownership, Daily et al. (2003) observe that the different objectives of various ownership types need to be accounted for when examining the relationship between ownership and detailed firm processes and outcomes. This is linked to an increasing awareness of the growing complexity of different ownership types in both publicly listed and privately held firms (Daily et al., 2003). In a Swedish context, this is especially so because concentrated ownership both inside and outside the Swedish stock exchange is common (Tson Söderström et al., 2003). This is a characteristic that the Swedish economy shares in common with several other European economies.
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A main reason for the lack of attention to the role of ownership in studies of strategy processes can be that most research on strategy has been conducted in American and British contexts (Pettigrew et al., 2002), and is based on corporations assumed to have widely-held ownership separated from management. This is extensively believed to be a characteristic of publicly listed firms in the USA and the UK. In the USA, for instance, S&P 500 firms typically dominate strategy research and the role of ownership in these is rarely acknowledged, even if it may be notable (Anderson and Reeb, 2003). Moreover, Miller and Le Breton-Miller (2003) note that when firms with concentrated ownership are the focus of literature on successful firms, authors rarely pay attention to this ownership.

Another reason is the dominant interest that strategy scholars have had for CEOs and top managers as the actors in strategic processes. In many studies it seems to be taken for granted that the actor involved – the strategist – is the dominant CEO, or at most, the CEO in interaction with his team of top managers (Pettigrew, 1992a; Davis and Useem, 2002). Tricker (1996), for instance, points out that most scholars of strategy and organization seem to assume that organizations peak with the CEO, and Davis and Useem (2002:238) note that academic researchers have long been

...drawn to the same pinnacle of the pyramid, partly on conceptual premise that the chief executive is the manager who matters, and partly on the pragmatic ground that little is publicly known about anybody except the CEO.

Pettigrew (1992a) wants more attention to what he calls ‘managerial elites’, with no reference to owners, and it is not until recently that board members and their role and contribution to strategy have been investigated in greater depth (e.g., Zahra and Pearce, 1989; McNulty and Pettigrew, 1999; Forbes and Milliken, 1999). The ‘upper-echelon’ perspective (Hambrick and Mason, 1984) triggered a stream of research taking into account the groups of top managers, but the owners remain largely invisible in actor-oriented research on strategic leadership. Perhaps the reason is, as Davis and Useem (2002) suggest, that traditional strategy research has assumed that the impact of owners is either invisible, or “direct and unproblematic”, which they argue is the case in for instance owner-managed firms.

Ownership and Corporate Governance

If ownership has received scarce interest in general strategy research, scholars of corporate governance have devoted more efforts to the topic. But here, too,
explicit links between ownership and strategy are rare (Pettigrew, 1992a; Tricker, 1996; Davis and Useem, 2002), even if the long-term, strategic development often said to be the focal point of corporate governance (Carlsson, 1997; Neubauer and Lank, 1998; Monks and Minow, 2004). Today, corporate governance is often given a broad meaning as an umbrella term covering the relation and interaction between shareholders, the board of directors, the top management team and the CEO (Monks and Minow, 2004; Tricker, 1996).

The relation between ownership and management (e.g. Berle and Mean, 1932) is the origin of corporate governance (Collin, 1995) and has led most research in the field towards publicly listed firms, where ownership is assumed to be widely held and executive management taken care of by employed professional managers. This is implied by the word corporate (Daily et al., 2003). This dominance in the literature is not surprising, since large, publicly listed firms and their CEOs and boards tend to dominate media coverage and data on these corporations are often more easily accessible through public records, annual reports, and other secondary sources. Perhaps it is more surprising, given that the separation of ownership and management, and the rise of the ‘managerialist’ corporation that Berle and Mean (1932) documented, is actually quite rare worldwide (La Porta et al., 1999; Davis and Useem, 2002). In most countries, including Sweden (Glete, 1987; Ullenhag, 1993; LaPorta et al., 1999; Tson Söderström et al., 2003), many publicly listed and privately held firms are instead dominated by one or a few owners, making ownership a more natural attribute than previously assumed. This means that empirical research into the continuing linkages between ownership and management and their consequences for strategic processes deserves more attention (Goffee, 1996; Turnbull, 1997; Andersson and Reeb, 2003; Miller and Le Breton-Miller, 2003).

Another limitation of governance literature on ownership and its organizational and strategic consequences is the dominance of agency theory (e.g. Jensen and Meckling, 1976; Fama, 1980; Fama and Jensen, 1983), with its focus on self-interested, opportunistic and calculating behavior among organizational actors that is mediated by formal contracts (Pettigrew, 1992a; Greenwood, 2003). This has led to a limited understanding of ownership (Daily et al., 2003), geared attention towards legal, structural and control issues (Starkey, 1995) and fuelled a rational approach favoring cross-sectional studies using quantitative methods (Pettigrew, 1992; Wright and Chiplin, 1999). The

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1 Please note that this is not an attempt to argue that agency theory is irrelevant for studying ownership and governance. It is clearly relevant, but the point made here is that it is not the only framework for understanding these issues. Rather, other theories and frameworks are supplementary to agency theory: they do not replace that theory, but can offer alternative fruitful understandings of the phenomenon. This note also applies to studies of ownership and governance in family firms. My position is not that these formal contracts do not exist or do not play a role in the family firm context. Rather, as pointed out by Florin-Samuelsson (2002), Mustakallio (2002), and Mustakallio et al. (2002) they are supplementary to more socially and culturally governed relationships.
dominant approach has clearly been useful to explain the structural, legal, and financial side of ownership and governance (Starkey, 1995). But social and cultural aspects of ownership and governance processes have not been considered (Starkey, 1995; Wright and Chiplin, 1999; Davis and Useem, 2002; Florin-Samuelsson, 2002; Greenwood, 2003). These processes can be assumed to have an impact on outcomes of strategizing (Whittington, 2001; Johnson et al., 2003) and be present in especially the micro-level processes of governance (Huse, 1998; Florin-Samuelsson, 2002).

This leads me to conclude that there is a need for a better understanding of the role of ownership in strategic processes of most types of organizations and that it is relevant to draw on other theories than agency theory to capture important social and interpretive aspects of the phenomenon. In this dissertation, I set out to do exactly this – and I do it in one common organizational context – the family firm.

Family Firms: A Context for the Study of Ownership

Given the current status of knowledge on the role of ownership in strategizing, it is relevant to limit the study to a context where the phenomenon is a natural, visible, and accessible attribute (Pettigrew, 1997). The family firm constitutes such a context. Most definitions of the family firm (e.g. Handler, 1989; Westhead and Cowling, 1999; Chua et al., 1999; Astrachan et al., 2002) have concentrated and controlling ownership as a major attribute that distinguishes this type of firm from other types or firms. This means that the ownership in many family firms is often directly visible and present in the daily life of the firms. The centrality of the ownership dimension means that family firms are likely to face organizational and managerial challenges that may be somewhat different from those challenging firms with less concentrated ownership. This is, for instance, indicated in the following quote from a recent issue of The Economist:

Indeed, the majority of businesses are family-controlled, from unsung millions of modest firms to commercial giants such as Wal-mart, Ford, Samsung or Hyundai. (…) Undoubtedly, family businesses are more complex and difficult to manage than the tiny minority of non-family firms whose governance is the main subject of most management research. (The Economist, November 6 2004, p. 73)

For instance, in many family firms, there is an overlap between the ownership, the board and the top management with the same people, or people from the same family, involved in all three of them (Gersick et al., 1997; Florin-Samuelsson, 2002; Mustakallio et al., 2002). This is quite different from the dominant view of ownership and governance where it is assumed that there is a separation of tasks between the owners, the board, and the top management. This is often illustrated in the chain-of-command of governance (Fama and...
Jensen, 1983; Johnson and Scholes, 2001). The difference becomes obvious, for example, in those family firms where the same individual is CEO, majority owner, and board member, without making clear any formal difference between these roles. In the literature on family firms, this situation is often illustrated by the so called ‘three-circle model’, where ownership, family, and management (or the business) are seen as three separate, yet often overlapping systems and individuals can occupy one, two, or even three of these roles (e.g. Tagiuri and Davis, 1982; Gersick et al., 1997; Neubauer and Lank, 1998).

It is also relevant to study family firms because it is a large and important part of the total population of firms in many countries (see e.g. Shanker and Astrachan, 1996; Klein, 2000; LaPorta et al., 1999; Westhead and Cowling, 1999; Emling, 2000), a fact that has been surprisingly neglected in previous management and strategy research (Karlsson Stider, 2000; Miller and Le Breton-Miller, 2003; Chrisman et al., 2003; Poutziouris et al., 2004). Lately, the continued importance of family-owned and controlled firms at stock exchanges throughout the world has triggered a renewed interest for this type of organization (Anderson and Reeb, 2003). The large size of the family firm population suggests that studies of these firms have a great potential to contribute to a wider understanding of the role of ownership and its consequences for organizational and strategic outcomes (Daily et al., 2003).

Strategizing and the Role of Ownership in Family Firms

Family firms constitute a population that is far from homogenous (Salvato, 2002). There are, however, some ‘special characteristics’ with relevance for their governance and strategizing that often appear in the literature. Many authors argue, for instance, that family involvement often leads to multifaceted goals and objectives (e.g. Handler 1989; Litz, 1995; Sharma et al., 1997; Chua et al., 1999) and a long-term orientation (Sharma et al., 1997; Karlsson Stider, 2000; Hall, 2003). These characteristics are important to take into account when studying strategizing and ownership, since they can give rise to particular relationships and interactions in the everyday strategic work. Sometimes family firms are described as ‘special cases of strategic management’ (Sandberg, 1992), but studies of strategic processes in family firms are still very few (Harris et al., 1994; Sharma et al., 1997; Ibrahim, et al., 2004), and often lack empirical and theoretical rigor (Wortman, 1994). This means that the understanding of strategic consequences of family firm ownership and governance remains limited (Goffee, 1996; Schulze et al., 2001; Gomez-Mejia et al., 2001), despite its importance (Daily et al., 2003). Goffee (1996: 37), for instance, calls for more “detailed investigations of the ways in which owners of family businesses pursue strategies which allow for growth but which help to retain control”. He suggests detailed case studies using qualitative techniques as the preferred method. Also Sharma et al. (1997) call for more empirical research and Dyer and Sánchez (1998) suggest especially qualitative studies.
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In the literature that does exist, strategic processes of family firms are typically described as informal with strategic issues treated as they occur in informal meetings (‘the strategic decisions are made at the kitchen table’), with only one (typically the founder or an independent CEO and majority owner) or a few family members involved and with little help from external actors or formal strategic tools and planning methods. Much because of this, strategic processes in family firms have often been dismissed as ‘irrational’, ‘unsystematic’ and ‘unprofessional’ (Hall, 2002), and the informal channels of communication are seen as negative (Poutziouris et al. 2004). The classical notion of strategy processes as concerned with a formal strategic planning process, consisting of sequential steps of strategic analysis, choice, and implementation, is dominant in the literature (Sharma et al., 1997) and some authors argue for their role in family firms (e.g. Harris et al. 1994; Carlock and Ward, 2001). Others have tested what generic strategies family firms tend to pursue (Daily and Dollinger, 1992), their strategic posture (Daily and Thompson, 1994), orientation toward customer service (Lyman, 1991), and internationalization (Zahra, 2003). Few attempts have, however, been made to understand strategizing in family firms at a micro-level where interest is in the actors involved in the everyday strategic work and where they meet and how they interact. Here, Ibrahim et al. 2004 and Hall, 2003 are rare exceptions.

Hall (2003), for instance, looks closely into family interactions and investigates what they mean for the strategic development of family firms over several generations. She makes an important contribution as she problematizes the family system and moves beyond the often suggested argument that family considerations play a role for strategic processes to actually look into how and why this occurs over a lengthy period of time. Also Ibrahim et al. (2004) study the role of the family on micro-level strategy formation. They do so by providing a longitudinal retrospective study of strategic patterns in two family firms with specific attention to the impact of successions of generations. Both Hall (2003) and Ibrahim et al. (2004), however, problematize the family’s role rather than the role of the ownership. Moreover, both studies conduct retrospective investigations of strategy formation in family firms, rather than the real-time investigations especially relevant from a strategizing perspective. Davis and Herrera (1998) note that the lack of studies specifically on the role of ownership in family firms is surprising and a problem considering that ownership often is depicted as its own social system in the influential ‘three

\[ \text{\footnote{There is a stream in the literature arguing that family ownership has relatively little influence on the choice and adoption of generic strategies and organizational structures, such as diversification and the multi-divisional form (e.g. Palmer et al., 1993 and Mayer and Whittington, 2004). Rather than focusing on one type, these studies typically compare different types of ownership on a large scale, e.g. in America (Palmer et al., 1993) and Europe (Mayer and Whittington, 2004) and are empirically aprocessual. This means that they also say little about the detailed processual level inherent in the strategizing perspective.}} \]
circle model’. As they write, "it has received relatively little attention, compared with the business and family subsystems" (Davis and Herrera, 1998:253).

There are, however, some more studies on ownership and governance in family firms, but they do not link it explicitly to strategic processes (e.g. Schulze et al., 2001; Gomez-Mejia et al., 2001; Florin-Samuelsson, 2002; Anderson and Reeb, 2003). Wortman (1994), moreover, holds that studies of governance in family firms have been too narrow, as they tend to confine themselves to discussing the composition of the board of directors at a certain point in time. Some attention has been paid to the argument that family firms have less formal governance systems than publicly listed firms (Johnson and Scholes, 2001; Schulze et al., 2001; Mustakallio, 2002). These and others (e.g. Gomez-Mejia et al., 2001; Anderson and Reeb, 2003; Morck and Yeung, 2003) typically draw on agency theory and use as the point of departure the proposition that agency costs are minimized in family (owner-managed) firms, since the owners and the management are the same individuals (Fama and Jensen, 1983; Ang et al., 2000; James, 1999) or individuals with a ‘tight’ social connection (Trostels and Nichols, 1982). There are also those using and extending agency theory to argue that agency costs may also arise in family firms (e.g. Schulze et al., 2001; 2003a; 2003b).

In sum, it is fair to say that like mainstream literature on ownership and governance, research on this topic in family firms is typically either framed within agency theory with its focus on formal contracts, structures, and control issues, or limited in scope by only addressing, for instance, the composition of the board. Existing studies thereby provide limited insight into the socially situated nature of everyday life of people and organizations. This side of governance is more common in interpretive (e.g. Florin-Samuelsson, 2002) or relational (Mustakallio, 2002) approaches to governance, where actual social interaction between individuals in and around organizations is in focus (see also Steier (2001); Mustakallio et al., (2002) and Corbetta and Salvato, (2004a)).

These insights are more in line with the strategizing perspective adopted in this research project. Especially so, since it allows taking into account Fletcher’s (2002) observation that actors involved and working in family firms bring to their day-to-day interactions previous historical and social understandings that contextualize and shape further interactions and that it is in the nature of these interactions that the unique characteristics of family firms are found (Florin-Samuelsson, 2002; Mustakallio et al., 2002; Hall, 2003). In this study, I attend to these considerations by drawing on symbolic interactionism to further understand the role of ownership in strategizing in the family firm context.

A Symbolic Interactionist Perspective

Observing the lack of studies into the role of ownership and what they call ‘shareholder dynamics’ in family firms, Davis and Herrera (1998) suggest
turning to social psychology for theoretical inspiration. Similarly, Johnson et al. (2003) argue for the use of sociological and social psychology theories to further the understanding of strategizing. In this dissertation, I build on their suggestions and frame my study theoretically and methodologically within symbolic interactionism. My reading and use of symbolic interactionism draws upon the dominant version outlined by Mead (1934) and Blumer (1969) and interpreted by Charon (2004) and others. Blumer (1969:2) summarizes this perspective in three basic features: a) human actors act towards things, objects, and people on the basis of the meanings that these have for them, b) these meanings are derived from, or arise out of, the social interaction that an actor has with other actors, and c) these meanings are handled in and modified through interpretive processes used by the person in dealing with the things, objects, and people he or she encounters in different social situations.

In addition to these three cornerstones, symbolic interactionism based on and growing from Mead’s and Blumer’s work is characterized by its emphasis on actors’ capacity for thought, attention to how this capacity shapes and is shaped by social interaction, its focus on the use of symbols in social interaction and its acknowledgement that this social interaction not only occurs between different actors, but also within each actor in the form of minded action, i.e. reflective thinking. Symbolic interactionists also underline how actors are engaged in ongoing activities and how this leads to dynamism and change in everyday life. One implication of this is that actors can modify and alter the meanings and symbols that they use in action and interaction with others. They do this on the basis of how they actively define and interpret the social situations which they encounter. In doing so, actors do not only take into account their own perspective, but in interaction with other actors they also consider their perspectives (or, as Mead (1934) would put it, they take on the role or attitude of the other). The present and real time of everyday life is also in focus and this means that, although past experiences enter the social interaction, actors are especially depicted as oriented towards the future through purposive actions. Symbolic interactionism is often characterized as typical micro-sociology, but the perspective also draws attention to how this action and interaction comes to constitute larger entities and societies, like groups and organizations, as well as how human actors shape and are shaped by such societies in reciprocal processes.

Symbolic interactionism is a relevant theoretical and methodological framing for this study for several reasons. The emphasis on everyday social interaction is, together with the interest in the present, ongoing and changing nature of social interaction, in line with basic premises of the strategizing
perspective as outlined above. The view on people as active, interpretive and purposeful individuals who act in the present, towards the future, and with history in mind, also seems to be in line with the strategizing perspective. A symbolic interactionist perspective thus supports an investigation that aims to move closer to the actors and arenas involved in strategizing. As outlined above, this is an important endeavor in strategizing research, even if there still are few studies on this, both in general and in the family firm context.

Moreover, symbolic interactionism allows for an alternative understanding of the concept of ownership that includes more symbolic, social, and interpretive aspects so far neglected to a large extent by the dominant theoretical frameworks. As should be clear from the discussion above, previous literature on strategy processes, ownership, and indeed also on family firms has not paid much attention to the symbolic, social and interpretive aspects of ownership, despite their importance for a fuller understanding of the role of ownership in micro-level strategic processes in family firms.

I argue that the symbolic interactionist perspective supports a relevant and novel understanding of how ownership is expressed and plays a role, i.e. is channeled, through different actors and arenas in strategizing of family firms. To further this understanding and to flesh out the distinctiveness of the approach to ownership introduced and elaborated on in this study, I also use theories on psychological ownership (e.g. Etzioni, 1991; Pierce et al., 2001). In brief, psychological ownership means that ownership is seen as a “dual creation, part attitude, part object, part in the mind, part ‘real’” (Etzioni, 1991:446) and it rests on an assumption that ownership can be a state of mind when individuals feel that something is theirs through feelings of possessiveness and belongingness to the target in question (Pierce et al., 2001). Combined with the symbolic interactionist perspective, this view facilitates studying the role of ownership in strategizing of family firms.

Further, I concur with Florin-Samuelsson (2002) that given the often blurry and overlapping governance structure of many family firms, it is important to look at both formal and informal elements of central organizational processes. The arenas of strategizing studied here are social situations where actors with different relations to the ownership and the family firm work on specific strategic issues. From a symbolic interactionist perspective, how actors interpret and define such situations is relevant for their actions (Thomas and Thomas, 1928). Therefore, a distinction between informal and formal is important as it can be assumed that the characteristics of an arena or an actor, for instance, if an arena is a formal board meeting or small talk in the hallway may influence how an actor acts in that arena. Similarly if an actor, for example, is legally and structurally an owner, a board member, a top manager or all, may influence how other actors act with that actor in the strategic work.

Studying different actors and arenas is also a way to approach and capture strategizing as it unfolds and then to interpret and theorize more specifically on the role of ownership in this process. Investigating different actors and arenas, I
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especially elaborate on the meaning of the concepts introduced by Melin (1998) and Ericson et al. (2000) and Ericson et al. (2001), link them to ownership and bring them into the family business context. The interest in strategic issues is mainly empirical, in the sense that I use them to capture what the actors actually work with on the different arenas.

In conclusion, the symbolic interactionist perspective means that the question how ownership is channeled in strategizing can be understood in other ways than only through legal, financial and structural aspects of ownership. The argument is that ownership is not only linked to, for instance, the number and distribution of owners, as it seems to be presented in most of the literature, but has a deeper and more complex role. Looking closely into how ownership is channeled in strategizing means to look beyond the owners as actors, and pay attention to the ownership as a social and symbolic phenomenon expressed, interpreted, and acted on by various actors as they interact in different arenas in the everyday strategic work.

Research Question and Purpose

My intention in this research project is to address some of the limitations of earlier research by concentrating on strategizing in family firms, with a particular focus on the role of ownership in this process. In doing so, I combine insights from the fields of strategizing, ownership, and family firms and integrate them using symbolic interactionism. I believe that this cross-fertilization will produce interesting empirical and theoretical findings that can constitute a basis for solid contributions to the understanding of strategizing and family firms. From the discussion above, I conclude that ownership often is a present, natural, and important attribute in the everyday life of many in family firms, which deserves more attention. It is rather well-established that ownership and especially owner family characteristics in family firms matter and influence the strategic direction of these firms, but much less is known about how and why this occurs in the micro processes that constitute the everyday strategic work and what role it has for the eventual outcome of this strategic work. Arguably, it is also important to further investigate and problematize how ownership is linked to strategizing in such firms – at least if we accept the argument that ownership is an important and more complex phenomenon in organizations than it has previously been depicted in most literature.

From the discussion above, it is possible to formulate the overall research question: how is ownership channeled in strategizing of family firms? In line with what has been said above, I approach this research question by especially examining in relation to ownership; who the actors involved in everyday strategic work are and how they interact, as well as where and when, i.e. on what arenas, these actors meet and interact. Having said this, the purpose of this
A doctoral dissertation is to contribute to the understanding of strategizing, with a focus on the role of ownership in that process in family firms.

Structure of the Dissertation

The aim of Chapter one has been to introduce the topic of the dissertation and to set the stage for the research problem, the research question, and the purpose of the study. Previous literature has been reviewed and linked to my research efforts in this dissertation. Chapter two discusses more in depth what has been written on strategy processes and strategizing with relevance for the current study. I also review literature on ownership and comment on socio-symbolic ownership, which I introduce and elaborate on in this dissertation.

Chapter three deals with strategy processes and strategizing in family firms. I also discuss the definition of a family firm and different characteristics of family ownership as one distinct type of ownership among several other types. Chapter four outlines the methodology, including my interpretive approach, my research strategy, and deliberation on how I have done the interpretive work, as well as how I believe the quality of such research should be evaluated.

Thereafter, Chapters five to seven contain abbreviated versions of the three empirical case descriptions. Here, I introduce the three family firms that are the base for the empirical study. I briefly discuss the historical development of the firms before I move on to present the strategic issues in focus during the time I conducted the real-time study. Thereafter, the strategic work in terms of actors and arenas involved is described. To support rich, contextual empirical interpretations of the cases, the case descriptions contain many citations and extracts from observations and should be seen as a first level of interpretation.

Chapter eight contains further within-case and cross-case interpretations in order to conduct systematic empirical interpretations. In this chapter, I discuss first actors involved in the strategic work, and then the arenas. The interpretations are summarized and integrated into a conceptual model based on the actors and arenas of strategizing identified and interpreted in the cases.

Chapter nine concentrates on theoretical interpretations. The point of departure is the notion of socio-symbolic ownership introduced in chapter two. In this chapter I further theorize on how ownership is channeled through different actors and arenas in everyday strategic work. In addition to outline a socio-symbolic understanding of the role of ownership in strategizing, I discuss the implications of this understanding for the outcome of strategizing at both the micro level of social interaction and the organizational level of the family firm.

Chapter ten is the final chapter. Here, I sum up the interpretations and conclusions and relate them to earlier literature in the field with the aim to explicate the contributions of this study. This includes contributions to the
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understanding of strategy processes, strategizing and family firms as well as to the understanding of the work of practitioners. I finally offer some reflections on methodology and a discussion on some of the study’s limitations and suggestions for further research.
2. Strategizing and the Concept of Ownership

The purpose of this chapter is to give both an overview of strategizing as a research stream emerging from strategy process research and of relevant literature on ownership. The purpose is also to develop a first analytical framework, according to which the empirical material and first level of interpretation can be structured. As outlined in the first chapter, the focus of this study is on different actors and arenas of strategizing. The argument is that focusing on these is a way to capture the role of ownership in day-to-day strategy processes. The literature review in the first section of this chapter is focused on the role of different actors and arenas. In the second section, the concept of ownership is elaborated on with the aim to develop a notion of the phenomenon that is consistent with the strategizing perspective adopted and the methodological and theoretical underpinnings of the study. The chapter ends with a concluding comment where I interpret what the literature review means for the rest of the study.

Brief Introduction to Strategy Process Research

In a general sense, strategy process research deals with how strategies form and change over time in organizations as a result of internal and external forces and characteristics. The research grew out from dissatisfaction with the dominant strategy literature:

\[ \text{Much of strategic management writing, like a good deal of the social sciences, is an exercise in comparative statics. Cross-sectional research designs are combined with the static metaphors of contingency thinking to analyze the fit between the positioning and resource base of the firm and its performance in different environments.} \]  
(Pettigrew, 1992b:5)

Process scholars wanted to bring in time, dynamics and the 'messiness' of real organizational life into to the studies of strategic decision-making and change. Both historical and present events matter, they argued. This meant a change of methodologies where detailed, comparative, and longitudinal data covering long periods of time were called for in order to grasp the complex and holistic nature of strategy processes. Mintzberg (1978:935), for instance, defined strategy formation as "a pattern in a stream of decisions". This allowed him to
2. Strategizing and the Concept of Ownership

distinguish between intended and realized strategy and thereby underline that strategy is not just the result of a rational, intended and purposeful idea. His work took a wider approach beyond the single, ‘heroic’ top managers or CEOs that were at the centre of strategy-making. Rather strategy “could now be thought of as reconstructions after the fact, rather than rationally intended plans. Strategies could be intended, emergent and unrealized” (Pettigrew et al., 2002:12). Mintzberg and Waters (1985) came to distinguish between intended and unintended strategies, where realized strategies can be both deliberate and emergent, and intended strategies might remain unrealized. They also slightly amended the definition of strategy, viewing it as a pattern in a stream of actions and consistency in behavior, instead of focusing on decisions. A related view on strategy processes was formulated by Quinn (1978). Building on Lindblom’s (1959) science of ‘muddling through’ where policy-making in governments is depicted as a messy process where actors attempt to grasp a world they know is too complicated for them, Quinn coined the notion of ‘logical incrementalism’. He argued that strategy-making in firms evolves incrementally over time, but that managers adhere to an underlying logic that puts the pieces together:

Such incrementalism is not ‘muddling’. It is a purposeful, effective, proactive management technique for improving and integrating both the analytical and behavioral aspects of strategy formulation. (Quinn, 1978: 8)

Quinn’s view on strategy process became influential for subsequent strategy research and especially so for approaches variously referred to as adaptive (Chaffee, 1985) or incremental (Johnson, 1987).

Another stream of strategy process research is more concerned with the sequential process of formulating, choosing and implementing an appropriate strategy. Chakravarthy and Doz (1992:5), for instance, view the strategy process as “concerned with how effective strategies are shaped within the firm and then validated and implemented efficiently”, where “…the strategies of a firm must change in keeping with both new opportunities and threats in its environment and changes in its own competencies and strategic intent.” This is also the view of the strategy processes that is most common in textbooks of strategic management.

However, increasingly intrigued by the growing number of indications of gaps between the formulation and implementation of strategies, process scholars began to look into how and why specific periods of change and continuity could be distinguished over time in the general strategic development of a firm (Pettigrew, 1992b). To do so, researchers turned to various theoretical frameworks, such as cultural, learning, political and cognitive, to understand strategy processes (e.g. Melin, 1989; Melin & Hellgren, 1994; Pettigrew, 1985; Pettigrew and Whipp, 1991; Johnson, 1987). One common theme in this research was to be sensitive to the various levels of contexts in which organizations are embedded. How and why different contexts shaped the character and direction of strategic processes became a central feature,
distinguishing the process perspective from mainstream strategy research (Pettigrew, 1997). To account for this complexity of strategy processes, Melin (1998) argues that research should be longitudinal narratives with an ambition to create understanding based on in-depth, qualitative case studies emphasizing dynamism and time aspects. Pettigrew (2003) also emphasizes that the attention to both process and context is important in the process tradition. This is a heritage that is, as we shall see, brought further into the strategizing perspective.

Limitations of Strategy Process Research

It is clear that the strategy process tradition has made important contributions to the field of strategy and strategic management. In several ways it has distinguished itself as quite different from the mainstream research in strategy, with more focus on content issues and linear approaches for explaining strategy. A specific contribution is also that it has "populated the arena of strategy development with human beings" (Johnson et al., 2003: 11). By doing this, process research has illustrated the importance of staying in close and direct contact with actors involved in the actual strategy processes and filled the theoretical constructs with people, i.e. actors. However, the strategy process perspective has limitations and these are, in many ways, the basic rationale behind the strategizing perspective.

Johnson et al. (2003) argue that while opening up the black box, process scholars have not ‘dug far within’. The process is often seen as a tube and little attention is drawn to what actually flows through the tube. What managers actually do is still largely unknown. "The process tradition has tended to fix upon the organizational level at the expense of the practical activity of those who actually constitute the processes", as Johnson et al. (2003:12) put it. They argue that process researchers have not come close enough to the actual work of actors inside the strategy processes and that process researchers have been "reluctant to query the role of managerial agency" (p. 12). This means that they have failed to explore how managers make a difference in the strategy processes. Johnson et al. (2003) also question the value of strategy process studies when it comes to giving useful advice to practising managers. The rich empirical illustrations and novel theoretical concepts developed by process scholars may be a basis for reflection but have rarely been transformed into a digestible format for such reflection (Johnson et al. 2003). Furthermore, most strategy process research focuses on the separation between process and content of strategy. "There is too sharp a dichotomy between process and content" and in developing a strategizing perspective crucial is the "dismantling of the content-process dichotomy where content instead is regarded as an inherent and indissoluble part of ongoing processes", Johnson et al. (2003:12) argue. Finally, the authors suggest that process research too often lacks explicit links to strategic outcomes and that "case researchers should use their empirical observations to establish patterns across
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similar issues and build theories with greater leverage in the real world” (Johnson et al. 2003:13). The aim of the strategizing perspective can be seen as taking up where the process tradition has left and getting much closer to the actual activities of strategy-making.

There is no doubt that the strategy process tradition has ‘humanized’ strategy research by visualizing the human actors that take part in strategy processes. However, it is also possible to argue that process researchers have not been sensitive enough to the position and role of those actors. They typically only state that actors do play a role in strategy process; by actors they refer to the CEO, and at the most, his or her top management team. This is often taken for granted and little attention is given to who the actual actors are and in what situations they meet and interact. The forum for the decision-making so central for strategy process research seems to be formal meetings with the top management or the head of the dominant CEO. Recently, strategy process scholars have moved beyond the top management and included the role of board members in strategy processes (e.g. Pettigrew, 1992a; McNulty and Pettigrew, 1999). But here too, the formal settings and the actors carrying formal labels of top organizational positions seem to remain in focus. There is, in other words, much less attention paid to the more informal arenas and actors potentially involved in the work related to strategic processes, or to the relationship between formal and informal aspects of strategizing.

Little attention is also given to the role of owners and ownership in the strategy processes. This is partly a result of the selection of cases, where most strategy process researchers have preferred to study large corporations with detached owners, and partly due to the above suggested inclination to take for granted that the strategists belong to the top management or, sometimes, the board. Developing a wider and more open approach to who the strategists are and where, when, and how they meet and interact in their strategic work is, indeed, a central feature for the strategizing perspective.

Finally, there is a traditional dominance of large corporations in empirical research into strategy processes. The attention given to strategy processes in smaller firms or family firms has been small. The result is knowledge about strategy processes that is drawn from a very limited set of organizations that represent only a portion of the total population of organisations. Scholars of strategizing should be more eclectic in the selection of organizations in which to study strategic processes. As mentioned above, the criticism of strategy process research set the stage for a strategizing approach. The next section will discuss perspectives on strategizing in more depth, with a specific focus on the role of different actors and arenas.
Central Facets of a Strategizing Perspective

As introduced in the first chapter, the strategizing perspective is a growing field of research into strategic processes that attends more to the day-to-day and micro-level aspects of strategic work as it unfolds in real time and over time. This means that among other things, the role of different actors and arenas is, directly or indirectly, more in focus in this research compared with the traditional strategy process research discussed above. However, not all references to strategizing have this focus. Williamson (1991), for instance, used the notion of strategizing in a disparaging way, arguing that organizations engaged in strategic moves based on ploys, positioning, and similar ‘warfare’ risk to divert attention away from the more efficient act of economizing for better efficiency than competitors. Strategizing, Williamson argued, is not unimportant, but should not overshadow the real business of economizing. This definition of strategizing is not much related to the notion of strategizing referred to here. This study rests on the definition of strategizing proposed by Johnson et al. (2003). They focus on the processes and activities in which different actors are engaged in strategic work and suggest that strategizing is concerned with "the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes" (Johnson et al., 2003:14, emphasis in original). This means a focus on the detailed organizational work, i.e. what goes on inside organisations and how strategies form over time by attending to what is actually done, by whom, in what manner, and where and when. This strategizing perspective deals with the daily life of organizational actors as they appear and interact in specific arenas critical to strategy development. Strategizing viewed in this way means a clear-cut focus on the micro processes and activities that constitute actual strategic work (Johnson et al., 2003). This directs researchers into the day-to-day activities in which actors are involved when they strategize, but also to the investigation of how these activities are related to macro-level phenomena, both at the organizational and at wider societal levels. The emphasis on the details of the strategic work unfolding in the daily life also motivates a re-conceptualization of the dominant separation of content and process aspects of strategic processes. As noted above, scholars of strategizing are typically concerned with the re-juxtaposition of the content/process views of strategy (Johnson et al., 2003).

From a review of the literature within the strategizing perspective it is possible to extract a range of themes. The remaining part of this section is structured according to four of these themes with specific relevance for the actors and arenas of strategizing. These themes should not be seen as full-fledged ‘schools of thought’, but rather as a categorization based on my personal reading of the literature. The study reported in this dissertation can be categorized in the actors-and-arenas theme, but this does not mean than I do not draw on insights from other themes when proceeding with the empirical and theoretical work. At the end of the chapter, I return to my position on a
range of important issues and to the definition of strategizing presented and adopted above. I especially elaborate further upon this in relation to the actors and arenas of strategizing and the role of ownership in this process.

**Strategy as Practice**

Early contributions to strategizing originated, as said before, mainly in the strategy process tradition. Whittington (1996) introduced an approach to strategy as a ‘social practice’ where the focus was “on how the practitioners of strategy really act and interact” (p. 731) when strategizing. Comparing the practice perspective with the process tradition, Whittington (1996) argues that the latter like the former, asks how strategies are formed, but concentrates on the organizational unit as a whole rather than on the individual actors. This means to take seriously the work and the talk of the actors involved in strategizing. Whittington motivates this interest with a wider ‘practice’ turn in the social sciences. How, when, and where managers actually make strategies is the core question:

> The issue is how managers and consultants act and interact in the whole strategy-making sequence. (…) There are inspirational parts to doing strategy – the getting of ideas, the spotting of opportunities, the grasping of situations. But there is also the perspiration – the routines of budgeting and planning as they unwind over the year, the sitting in expenditure and strategy committees, the writing of formal documents, and the making of presentations. Practice is concerned with the work of strategizing – all the meeting, the talking, the form-filling and the number-crunching by which strategy actually gets formulated and implemented. (Whittington, 1996:732)

He suggests that strategic work is not the same for all actors. Ways of doing things in a particular organization tend to conform to specific and regular patterns, meaning that to get things done, an actor must know rules of the game and the distinct way of doing things in a particular context. The implications of the practice perspective for research are that researchers should investigate deeper into the ordinary, everyday aspects of strategic work. In other words, to understand strategizing calls for close observations of actors as they work in strategy-making routines (Whittington, 1996). Jarzabkowski and Wilson (2002) do not agree with Whittington’s distinction between strategy process and strategy as practice. They argue that these constitute two lenses that can be combined to provide useful analytical insight. Especially, linking strategy-as-practice with the process tradition’s attention to the reciprocal relationships between managerial action and context makes them complementary (Jarzabkowski and Wilson, 2002). This also seems to be in line with the focus of the strategizing perspective on the interplay between micro and macro, as suggested by Johnson et al. (2003). Jarzabkowski and Wilson (2002) use their framework in a study of a top management team of a UK university and find that understanding strategic processes requires a focus on
how patterns of action amongst actors are linked with the characteristics of both the top management team, as an arena of strategizing, and the wider organization. They argue that the manner in which strategy is implemented is related to the characteristics of these patterns.

Whittington (2002a, 2002b) develops further his framework for the study of strategizing and strategy as practice. He argues that strategizing is about reciprocal attention to content and processes of strategy-making. He also emphasizes the centrality of recognizing the deep connectedness of everyday activities with structural properties of both the organization and the society at large. At the organizational level, routines, norms, and values often play a role and at the industry level, shared cognitive maps and industry recipes. He suggests an integrated model of strategy practice created around the three concepts of strategy praxis (work), strategy practitioners (workers, i.e. actors) and strategy practices (tools). Praxis is what is actually done when making strategy, i.e. the work of strategizing and the practitioners are the doers of strategy – the actors of strategizing. By practices, Whittington refers to the ‘done things’, such as tools, techniques and methods that are accepted as legitimate and well practised through repeated use in the past (Whittington, 2002a). In other words, as they strategize the workers of strategy draw on a set of established practices available in the relevant social contexts, such as the organization, the industry and/or the business society at large. Whittington (2003) suggests starting with the formal side of strategic work when researching strategizing. The reason is, he argues in tune with Langley (1989) that formal analysis and design can have several meanings and impact in the day-to-day activities constituting strategizing, even if they are loosely coupled with the intended outcome. Whittington (2004) re-emphasizes the formal side of strategizing, arguing that the emergent properties of strategy-making suggested by Mintzberg (1978) have received too much attention in strategy literature. It is a mistake, Whittington argues, to conclude that formal strategy does not matter. Formal strategizing, if only with unintended consequences, is still relevant.

With a practice perspective similar to that of Whittington, Jarzabkowski (2003) is concerned with how strategy emerges from the interactions between actors and their contexts. She suggests that strategic practices are about direction setting, resource allocation, and monitoring and control. These are distributors and mediators of interactions through which actors pursue strategic activities. She observes how continuity is constructed through alignment of actors, collective structures and activity, coordinated through the strategic practices, and also how practices are instrumental in promoting change in organizations. Hendry (2000) also conceptualizes strategy as a form of social practice in relation to decision-making. He sees strategic decisions as a part of the organizational discourse, or ‘body of language-based communication’ that operates both at the structural level of social reproduction and at the instrumental or communicative levels. Strategic decisions are central elements
of the strategy process and constitute the medium through which choices are discussed and recorded, interpretations created and communicated, and strategic actions initiated, authorized, and acknowledged (Hendry, 2000).

The contributions in the strategy as practice theme have given important insights into the knowledge of everyday strategic work of actors involved in strategizing. One such contribution is to investigate links between micro and macro levels in the strategic work. However, so far most interest in this theme has been directed to the formal practices and tools that actors draw upon and use when strategizing in predominately formal, predefined arenas typical to strategizing, such as the top management team, board meetings and/or strategy workshops and away-days. Less attention is devoted to how different actors interact on different types of arenas, such as informal and formal one, as they work on strategic issues. As we shall see, the next theme takes a step in this direction, even if not the whole way.

Organizing is Strategizing

The juxtaposition of the two concepts of organizing and strategizing, as well as the emphasis on using the gerund form instead of nouns, indicated by the -ing suffix, is a central theme in the strategizing perspective. This is done in order to emphasize the processual, ongoing nature of strategizing as it unfolds over time. Melin et al. (1999:2) have argued that strategizing is about "the formation of new strategic mindsets, activities and patterns. Strategizing processes form cycles of learning and evolution over time". This definition includes the view of processes (and micro processes) as a sequence of individual and collective events, actions, and activities, unfolding over time in context, as developed by Pettigrew (1992b; 1997). In this theme, strategizing is a continuous process that is conditioned by the present way of organizing, at the same time as it means processes of change leading to ongoing and intertwined processes of strategic thinking and strategic acting, with several actors involved, on arenas belonging to different levels of the organization (Melin et al. 1999). Organizations are seen as continuous and intertwined processes of organizing and strategizing, i.e. as dynamic entities rather than static organizational structures or forms and strategic positions. This means a "clear-cut focus on the processual labels (verbs) instead of structural labels (nouns)" where "organizing implies strategizing" (Melin et al. 1999:2).

Here, it should be added that the meaning of organizing includes not only how events and activities take form, but also the rules, norms, and values that direct the unfolding of events and activities as actors are engaged in strategic work. Moreover, strategizing implies a focus on "the way strategies unfold over time that is the way strategies are developed, realized, reproduced and transformed in an ongoing process" (Melin et al. 1999:5). Organizing and strategizing are thus seen as interconnected and mutually intertwined rather than separated and causal as in the traditional Chandlerian approach (Chandler, 1962). In essence,
this means that actors involved in organizing activities are simultaneously involved in strategizing activities and vice versa (Achtenhagen et al. 2003). In line with this, Pettigrew et al. (2002) prefer the words strategizing and organizing to strategy and organization, especially given the fast-paced change of today’s business environments, which means that particular resources and strategies will soon be redundant.

Similarly, Whittington and Melin (2003) argue that strategizing and organizing should be seen as a single duality and not as separate practices, where the gerund forms emphasize processes of becoming and sustaining instead of the distinctions, finalities and states that dominate the strategy field. “In a fast-moving world, it is better to invest in fertile strategy-making than in finite strategies. Strategies need to be made and re-made continuously” (p.37), as they put it. There is thus a close link between strategic and organizational work:

Strategizing likewise refers to continuous processes, this time those of making and re-making the strategies of the enterprise. Running these two into the single duality of organizing/strategizing emphasizes their intimate connection. Strategizing activity is shaped by organizing; organizing is a crucial variable within the strategizing task. (Whittington and Melin, 2003:47)

Pettigrew (2003) observes that scholars who contribute to this theme treat organizational and strategic issues simultaneously rather than separately, creating a view of the organization as consisting of large number of various issues and activities with a potential outcome for strategy. The organizing-is-strategizing theme suggests that efforts to change modify or even replace organizational structures, systems and processes also represent strategizing activities, even if they are not intended as such. Given the focus of strategizing on the micro-level activities that constitute everyday life within and outside organizations, any actions leading to a strategic outcome are found in the details of organizational work.

This theme directs attention to the important insight that not only formal actors and arenas are relevant in understanding strategizing (Actenhagen et al. 2003). Since strategizing activities are so intertwined with other organizing activities it is hard to decide beforehand what issues are strategic, who is an actor of strategizing, and what social situations constitute arenas of strategizing. This is, to a large extent, an empirical and methodological question.

**Strategizing is Context Dependent**

Whittington et al. (2002) argue that the sensitiveness to context and the focus on dynamism and pluralism in theoretical sources are features of the strategy process tradition that should be brought into the strategizing perspective. In line with this, Nygaard and Bengtsson (2002:14) suggest that strategizing refers to “the continuous, contextually bounded interplay within, outside of, and between
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Their approach focuses on the collaboration between actors who in their actions when strategizing represent their own interests as well as the interests of social groups, organizations, institutions, or other interests of social spheres in which they are members. This resembles Whittington’s (1992) contextual approach in the process tradition where he draws on Giddens (1990) to visualize the different social systems in which actors are members. Giddens (1990) argues that individuals in organizations participate in different social systems of activity from which they carry into their everyday organizational life different, sometimes conflicting, sometimes harmonious, rules, norms and principles for organizing. The result is that institutions from these various systems separately or simultaneously might be in play in different points in time. In a similar fashion, Sjöstrand (1992) makes the point that an organization is an arena for actors where multiple institutions influence and are active as actors are engaged in organizing activities:

 Individuals in this arena simultaneously reinforce, modify, or alter these institutions. Thus, the members of a particular organization could in their talk and actions express values and rationalities from more than one institutional sphere. (Sjöstrand, 1992: 1014)

This causes Sjöstrand and Tyrstrup (2001) to point out that different norm systems existing in an organization and which actors may draw upon can have important implications for organizing – and thus strategizing. With a similar contextual focus, Ericson (2000) and Hall (2003) draw on what they call an ‘interactionist’ perspective on strategy. They focus in particular on interactions and relations between actors involved in the formation of strategies. In their perspective, strategies are formed

 ...interactively and in dense human interactions where the top manager’s and other strategic actors’ social reality is mirrored. The interactionistic strategy that emerges is about who the involved actors are, about their values, experiences and feelings. (Ericson, 2000: 141)

In this view, the context is important since it provides the web in which the actors’ interactions are embedded. The focal actors’ modes of collaboration in the strategic work and their history and traditions have notable significance for the outcome of strategic processes (Ericson, 2000). This means a clear focus on the actors of strategizing, but not as much on their passive adjustment to contextual boundaries, but to their interpretive nature and capacity to make a difference in processes of strategy formation. In essence, it combines a ‘social rationality’ of strategizing with an ‘economic rationality’, where, however, the former is given more space in understanding the outcome of strategy.

Building on Ericson’s (2000) approach, Hall (2003) relates this ‘interactionist’ perspective of strategy to the strategizing approach developed by Johnson et al. (2003). She is interested in the role of intimate social interaction
between closely related actors in strategizing spanning long periods of time. She argues that genuine relations, i.e. close ties with well-known actors such as friends and family members, may have a major impact on strategic outcome. She focuses on the role of family relations and interactions in strategizing and shows how this plays a role in processes of strategizing. In other words, strategy is “dependent on the context in which the individuals are situated and on their roles, traditions, cognitions, values and emotions, etc”. (Hall, 2003:13)

Brundin (2002) focuses on the emotional context of strategic processes. She does not use the concept of strategizing, but enters several arenas of strategizing (for instance, the board and informal arenas), and focuses on an actor of strategizing (the CEO). She provides a detailed examination of micro processes of strategy formation and the role of emotions in this process. Especially, she shows how emotions play a role for strategic processes, as the emotions emerge, are defined and given meaning by the actors in their social relations and interaction. This is an example of how the strategizing-is-context-dependent-theme can give valuable insights for studies of actors and arenas of strategizing. In conclusion, this means that both the actors and the arenas they populate are embedded in different contexts. This indicates that certain sets of norms, values, and interests are in play on the arenas where actors strategize and that actors can draw on these when being involved in strategizing on a certain arena. This is likely to mean that the actors interacting on different arenas in strategizing are both supported and constrained by the contexts to which they relate.

**Actors and Arenas of Strategizing**

The first three themes have not directly addressed actors and arenas of strategizing. The fourth and final theme does so. For instance, Regnér (2003) is interested in the actors involved in strategizing and what activities they perform when forming a strategy. He develops a two-fold type of strategy formation with very dissimilar strategy activities in the periphery and the center, corresponding to their diverse location and social embeddedness. Strategizing in the periphery is suggested to be inductive and embrace externally oriented and exploratory strategy activities like

…trial and error, informal noticing, experiments and the use of heuristics. (…) The centre, in contrast, had a deductive approach in developing strategy, including an industry and exploitation focus involving planning, analysis, formal reports and intelligence, and routines. (Regnér, 2003:77)

Regnér argues that both modes can play a significant role in strategizing. Emphasizing the role of actors in the periphery, Regnér (2003) follows Johnson and Huff (1998). They argue that day-to-day aspects of strategy often emanate from actors interacting in the periphery moving towards the center, rather than
the other way around as often assumed in mainstream strategy literature. Somewhat differently, Floyd and Lane (2000) define strategizing as the interaction between top- middle- and operating-level managers in processes of strategic renewal. The problem of strategic renewal emerges as a ‘strategic role conflict’ where these different actors face “inconsistent behavioral expectations based on the need to efficiently deploy existing competencies and the need to experiment with new ones” (Floyd and Lane, 2000:154).

As mentioned above, Jarzabowski (2003) focuses on the top management team as an important arena composed by actors for strategic actions, mainly by reasons of formal position and access to power and resources. Hendry and Seidl (2003) observe that strategic practice is not restricted to the regular and formal actors and arenas. Strategy formation can refer to almost any activity taking place in and around an organization, ranging from

…the informal and unofficial (e.g. pub or coffee machine conversations) to the formally scheduled (e.g. strategy reviews, workshops and away days), many of which are widely acknowledged to be important but which have not previously been subjected to any detailed or systematic analysis. (Hendry and Seidl, 2003: 176)

Hendry and Seidl (2003) argue that strategizing involves activities that are both intentional and unintentional. For instance, an actor, such as a new CEO, can draw on strategic practices external to the organization and introduce changes that loosen up existing structures and routines. Often, however, managers avoid imposing change and instead draw on external actors, such as consultants and the new strategic practices they can introduce (Hendry and Seidl, 2003). This means that a different set of actors and type of arenas can be involved in strategizing. Strategizing is therefore not limited to the situations and meetings given by formal structures and actors within each organization. Also interested in the arenas of strategizing, Mezias et al. (2001) focus on the use of workshops and strategy away-days to facilitate and eventually achieve strategic change. They look at actors that are ‘external agents’ such as management consultants, management gurus, publishers, and business schools/management institutes (cf Clark, 2004). These external agents make up what Clark (2004:107) calls ‘the management fashion-setting arena’, from which popular strategic ideas and practices emanate and are spread. These can also possess unintended consequences insofar as they might transform actors into subjects that obtain their identity, meaning and purpose through the participation in such strategic practices (Knights and Mueller, 2004).

Especially relevant for this study is, as established in the first chapter, the conceptual language around actors and arenas developed by Ericsson et al. (2000; 2001) and Melin (1998). They use concepts like strategists, the strategic arena, strategic issues and strategic dialogue to understand the strategic work of organization. Ericson et al. (2000) are interested in strategy-making as a continuous process of strategizing, where the emergent type of strategy formation is in focus. They develop ‘the strategic arena approach’, which shows
how the formation of new strategies takes place and why and how strategic change may be counteracted. The strategic arena metaphor implies that strategizing is “generated through dialogues on a number of possible and arising strategic issues, between the actors that populate the strategic arena. Strategic action is the outcome of such an arena process.” (Ericson et al., 2000:2, emphasis in original). The strategic arena is generally open, with many possible actors and issues introduced, and active and strategic action takes place in social interaction between different actors populating the arena. These actors work in purposeful, intentional ways, but are also determined by surrounding and institutional norms and structures:

Actors populating the arena may come from different hierarchical levels in the organization, as well as from outside the formal organization. Actors may be involved in a dialogue around a strategic issue based on their formal position or their membership of a formal group or meeting place, such as an executive committee or a board meeting. But also more informal characteristics make individuals become potential actors on the arena, e.g. possessing knowledge on strategic issues, or having social relationships with key actors. (…) At any given point in time, the actors that can be identified to be on the arena are those involved in arena activities, such as recognition of what becomes a strategic issue, dialogue on present issues and on possible strategic solutions and subsequent strategic actions. (Ericson et al., 2000: 4-5)

The authors define strategic issues as questions, subjects and points of strategic debate, such as different problems, threats, and opportunities that are given priority in the strategic development process of the organization. The social interaction between actors around strategic issues forms a strategic dialogue and the arena unfolds when this dialogue occurs:

The strategic dialogue implies communication, discussion and debate on strategic issues. (…) Each dialogue may eventually reproduce or change the organizational reality. In practice this dialogue takes place in different ways and in different social contexts – in formal meetings, such as a board meeting, in informal meetings, both inside the organization, e.g. in the hallway, and outside the organization, e.g. at a lunch restaurant, etc. The strategic dialogue goes on more or less continuously, while both issues and actors come and go and change in number and mixed sets. (Ericson et al., 2000:7)

The strategic arena is constantly “shaped and reshaped by both informal and formal activities, where actors are engaged in dialogues about possible future change of the organization” (Ericson et al., 2000:14). According to Achtenhagen et al. (2003:70), organizations might support ‘multiple appearances’ of the strategic arena by having “several and simultaneous meeting places for strategic dialogues at and across different layers”. The different appearances of the strategic arena can be also connected to each other in different ways. Melin (1998) adds that the strategic arena can be more or less open, i.e. it can be controlled by the ‘power
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Ericson et al. (2001: 68) characterize the strategic arena as “defined through the dialogues around the issues that are strategic to the individual organization”. Elaborating on the different actors populating the strategic arena, they also suggest that the separation of the formal role of the top management and the role of the strategist is vital for understanding strategizing. Strategist is used as an umbrella concept for human actors who could be expected to play a crucial role in strategy processes, such as the CEO, the president, the owner-manager, the managerial elite or top management team (Ericson et al., 2001:58). Similarly, Clegg et al. (2004:25) argue that getting to know better who the actors involved in strategizing are is linked to the understanding of who actually influences the outcome of strategizing activities.

Dutton et al. (1983) and Dutton and Duncan (1987) develop a framework for understanding strategic issues that can be related to this theme. Their focus is especially on strategic issues diagnosis within the context of strategic decision making. However, strategic issues do not refer to final strategic decisions. Rather, they refer to the situation where alternative outcomes of a specific strategic issue are still in the process of unfolding (Dutton et al. 1983). Therefore, they define a strategic issue as “an emerging development which in the judgment of some strategic decision makers is likely to have a significant impact on an organization’s present or future strategies” (Dutton et al., 1983:306). This means that strategic issues can be broad, diffuse and ill-specified, and their outcome rarely clear to actors working with them at a particular point in time. Strategic issues may also vary in scope, due to their interpretive nature (Dutton and Duncan, 1987). In this view, strategic issues can represent both problems and opportunities for the actors involved; they are typically complex, ambiguous, and fluid, making the work with them ongoing and interpretive. They can also serve as vehicles for translating actors’ intentions into organizational action (Dutton and Duncan, 1987). Ericson et al. (2000) build on Dutton et al. (1983), but emphasize especially that a strategic issue seldom follows a sequential process and that the presence of actors is a necessary condition for the existence of strategic issues.

Combined with the ideas of strategists and the strategic arena (or actors and arenas of strategizing as I call them here), this view is, because of its evolving, interpretive, and ongoing notion of strategic issues, relevant for the current study. The definition of strategizing adopted here means a focus on how different actors work with strategic issues in different situations, i.e. on different arenas in ongoing social interaction. In relation to this, the view advanced by Dutton et al. (1983) and Dutton and Duncan (1987) emphasizes how the work on strategic issues can change direction, focus and intensity as a result of actors’ attention, involvement, and interpretations. This means that certain actors’ understanding of, and meaning assigned to, a specific strategic issue in everyday work may evolve over time in interaction with others. However, it also indicates
that both the actors involved and the dominant arena for the work on strategic issues may change over time.

Apart from the studies by Melin (1998), Ericson et al. (2000; 2001) and Hendry and Seidl (2003), there are few studies taking into account the more informal and ‘invisible’ aspects of actors and arenas of strategizing. But in line with the argument above that organizing means strategizing and vice versa, it is relevant to look closer into how this has been treated elsewhere. Sjöstrand and Tyrstrup (2001), for instance, focus on the everyday life of organizations and observe that much of top managers’ discussion on organizational issues takes place in what they call ‘small talk’ on less visible and less formally recognized arenas such as coffee breaks, smoking pauses, sauna sessions and meetings in the elevator. They argue that if these meetings and activities comply with, or alter the normative expectations that guide organizational actors they are not just theoretically interesting, but also legitimated areas for empirical research (Sjöstrand and Tyrstrup 2001). Thus, research

…should include a variety of recognized and unrecognized, formal and informal, internal and external arenas, which all in various ways impose, restrict and shape the conditions relevant to the social (re)production and exercising of management (Sjöstrand and Tyrstrup, 2001: 6-7).

Talk as a central social activity of deliberate human action, and the notion of ‘small talk’ as consisting of "narratives significantly laced with evaluations regarding the actions and qualities of people" (p. 11) are important also for understanding the actors and arenas of strategizing, especially, perhaps, in order to identify who is made into an actor of strategizing in the eyes of others and what situations, encounters, and dialogues are considered strategic and thus seen as playing a role as an arena for strategic issues. This means that the approach contributes to the previous dominance of the formal:

Private (or closed), disregarded and invisible arenas represent an organizational construct that is more widespread and diversified than well-known concepts such as informal organization imply. They also often acquire significance on a stand-alone basis – they do not arise merely in reaction to dominant formal constructs. Small talk in such arenas may be the most common form of organizational activity, since it is part of almost every individual’s actions and nobody – in principle – is excluded from any one of the arenas mentioned. (…) The construction, (re)production and execution of leadership thus flow back and forth in all the kinds of arenas suggested here, namely the formal/informal, public/private, recognized/unrecognized, visible/invisible, focused/hidden and open/closed. Although the activity in these arenas primarily concerns those who are present there and then, it is far from rare for small talk to be circulated well beyond the local context. (Sjöstrand and Tyrstrup 2001:13)

In line with what was pointed out above, this means that several competing systems of values, interests, and norms usually exist in organizations
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Simultaneously and are interpreted and expressed also in small talk. This approach can fertilize the informal aspects of the actors and arenas involved in strategizing, since informal aspects of organizing are important for understanding the outcome of strategic processes (Chakravarthy and White, 2002; Maitlis and Lawrence, 2003) and should be attended to as much as the formal and prescribed processes and structures (e.g. Barnard, 1938; Ranson et al., 1980).

The Concept of Ownership

This section discusses the concept of ownership. The aim is to develop a notion of ownership that is consistent with the definition of strategizing adopted and the focus on how ownership is channeled through different actors and arenas in strategizing. The developed notion of ownership is also closely related to the underlying methodological and theoretical assumptions of the study introduced in Chapter one and further described in Chapter four.

The concept of ownership is complex, involving aspects from various fields and disciplines. Just to give a few examples, the meaning of ownership has been widely treated within subjects like philosophy, law, finance, economics, and psychology. In this section, I will not give a comprehensive overview of this literature, but rather to discuss the notions of ownership that are relevant for the topic of this study. This means that in addition to briefly introducing different notions of ownership, I will outline the notion that this study rests upon. I also discuss the common topic of the separation of ownership and management and what this means for strategizing in my study.

Traditional Notions of Ownership

Private and organizational ownership are concepts deeply rooted in Western cultures and have different connotations depending on the context in which they are discussed. Formally, the meaning of ownership can be tracked by consulting a dictionary. Encyclopedia Britannica’s Merriam-Webster’s dictionary lists two meanings of ownership as a noun, “(a) the state, relation, or fact of being an owner, and (b) a group or organization of owners”. The following words are listed as synonyms: dominion, possession, possessorship, property, proprietary, proprietorship. Looking closer into the verb ‘to own’, the dictionary refers to “to have or hold as property” and “to have power over” and “to have as an attribute, knowledge or skill”. The latter meaning is also close to the word possess. From this one can derive a meaning of the concept of ownership that seems to go beyond the mere factual or legal situation of owning something. I will return to this shortly.

The traditional meaning of ownership has been in focus in most treatises on the role of ownership and property in organizations. Early commentators on
this include Adam Smith, Karl Marx and Max Weber. Smith (1776/1979) analyzed the ‘objective’ functions of private property as a utilitarian mode to provide for physical needs, at both individual and societal level. In his view, ownership is not just a measure of wealth, but also an element of personal satisfaction that, however, is guided by an ‘invisible hand’ looking after the interests of the society as a whole. Smith’s notion of the role of ownership and private property is still the overall principle in most Western countries, even if there are some governmental restrictions on ownership in some fields (Monks and Minow, 2004). With regard to firm ownership, Smith was especially worried about the consequences of the joint stock company. He believed negative implications would arise when owners had limited personal responsibility. He predicted that it would be difficult to find managers acting in line with an ownership whose role was to risk their wealth on the premise to earn more of it:

> Being the managers rather of other people’s money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a copartnership frequently watch over their own. Like the stewards of a rich man, they are apt to consider attention to small matters as not for their master’s honour, and very easily give themselves a dispensation from having it. Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company. (Smith, 1776/1979)

The implications of private ownership of the ‘means of production’ for the nature and structure of society on one hand and of the individuals’ well-being on the other are at the center of attention for Karl Marx and his followers as well, but they have a different point of departure and different conclusions than Adam Smith and other theorists in his vein. Marx analyzed how the unequal distribution of private property in the capitalist system eventually led to the domination of one class in society over the other. In essence, he focused on the dialectics between the owners of the ‘means of production’ and those generating the output – the working class. One of Marx’s conclusions was that instead of controlling private property, the workers were controlled by it and this led to their alienation. The capitalists, or the owners, on the other hand, could profit from this situation. Marx’s agenda was political, his perspective the workers and his goal the eventual overthrow of private property (Ritzer, 2000). He was particularly interested in the concentration, or ‘centralization’ to use Marx’s wording, of ownership, where private property and wealth was accumulated in larger units and controlled by a lesser number of instances. This is interesting, since the family firm can be seen as a structure where ownership is concentrated.

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*It should be noted that the notion of private ownership occupied, like so many other things, even the minds of Greek philosophers such as Aristotle and Plato as well as later thinkers like Locke, Hobbes, Kant, and Rousseau (for a review see Grunebaum, 1987).*
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Max Weber’s (1921/1968) notion of the bureaucratic organization was characterized by a modern, efficient, and rational way of organizing economic activities, thus differing from other versions of organizing on traditional and charismatic grounds. The rational/legal authority of the bureaucratic organization was based on objective rules, norms, and rational decision-making, where managers' authority was based on technical qualifications and rational values rather than individual characteristics and personal ownership rights. In his eight statements regarding “the fundamental categories of rational/legal authority”, Weber writes:

*In the rational type it is a matter of principle that the members of the administrative staff should be completely separated from ownership of the means of production or administration. Officials, employees and workers attached to the administrative staff do not themselves own the non-human means of production and administration. (...) There exists, furthermore, in principle complete separation of the property belonging to the organization, which is controlled within the sphere of office, and the personal property of the official, which is available for his private uses.* (Weber, in Pugh, 1997:7)

Thus, for Weber, the domination in the bureaucratic organization is not so much linked to the authority of the owners of the means of production, but rather to the rational/legal type of authority that was assigned to the bureaucracies, which used “formally the most rational known means of exercising authority over human beings” (Weber, 1921/1968:223). As indicated, Weber argued that ownership and management in the bureaucratic organizations would, in principle, be separated and the legal owners of the organizations not those necessarily exercising this authority. This means that typically other administrators or bureaucrats decoupled from the ownership would be in charge. Weber also argued that since individuals are driven by the search for means to reach their own personal goals, there could, in the bureaucratic organization exist “the tendency of officials to treat their official function from what is substantively a utilitarian point of view in the interest of the welfare of those under their authority” (Weber, in Pugh, 1997:15). This is linked to the discussion about the separation of ownership and management, to which we will return below.

The traditional notion of ownership and private property is reflected in most literature on ownership within management and organization theory. Monks and Minow (2004), for instance, write from a North American perspective about the shareholders of a corporation and outline four elements of ownership. They do this, even if they also raise the question if a corporation can be owned in a formal way given its 'legal personality'. Still, however, the role of owners and ownership in a traditional corporation or other type of firm is within the realm of the shareholders’ function. Monks and Minow (2004) summarize the elements of ownership as follows. The first element is that the owner (O) has the right to use his or her property (P) as he or she wishes. The
second is that O has the right to regulate anyone else’s use of that P and the third that O has the right to transfer rights to that P on whatever terms he or she wishes. There is less agreement about the fourth element, they argue, which refers to O being responsible for making sure that his or her use of P does not damage others. In sum:

Ownership is therefore a combination of rights and responsibilities with respect to a specific property. In some cases those rights and responsibilities are more clearly defined than in others. Much of the complexity that arises from ownership comes from the responsibility side of ownership. (Monks and Minow, 2004:99)

This complexity leads the authors to pose the question what it means to own part of something. This is implied in the word shareholder and originates in the notion that in many firms there is not just one owner, but ownership is distributed among several individuals and/or organizations that own, or hold, a share. This is further complicated by the legal fact in many countries that the ownership of shares in a firm is linked to limited risks. In other words, in the conventional notion of ownership of a firm, the firm can be seen as a separate entity, with an existence beyond the life of the owners and/or operator. Thus, ownership of all or part of a firm is not only linked to an individual owner.

Introducing Socio-Symbolic Ownership

The strategizing perspective outlined in the previous section together with the theoretical and methodological underpinnings of this study based on symbolic interactionism makes it relevant to further problematize the notion of ownership beyond the traditional views briefly discussed above. The symbolic interactionist perspective and the focus on different actors and arenas through which ownership is channeled in strategizing means an interest in more social and symbolic aspects of ownership. In this section, I briefly introduce the notion of socio-symbolic ownership that is further elaborated upon in the subsequent parts of the dissertation. Socio-symbolic ownership is my own concept and this means that this section mainly discusses related notions of ownership, and especially how ownership can be informed by theories of psychological ownership, which in the subsequent interpretations provide theoretical input when elaborating upon socio-symbolic ownership.

Grunebaum (1987) theorizes the concept of ownership and argues that there is an important difference between ownership and property, where the latter connotes “something in the thing or object rather than the idea that ownership is a relation between persons with respect to things” (p.3). He defines ownership as a set of relations constituted by rights and responsibilities among persons with respect to things, with the argument that there is nothing in the object owned which “marks it off as mine, yours, or ours” (Grunebaum, 1987:4). He also suggests that ownership has a broader connotation than property in the sense
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that it does not only refer to land or real estate, which the concept of property often is used to refer to. The rights and responsibilities of ownership are related to both moral and legal rules set within a specific society and also acknowledged by the members of this society. This means that owning something implies that the owners have rights over what they own, which non-owners lack, but also responsibilities according to the specific social and cultural context. As pointed out by Grunbaum (1987), this is in line with Hobbes's claim that "there is no ownership, no mine and thine, in a state of nature". If the members of a society do not acknowledge the same set of ownership rules, ownership will make no sense and it must thus be based on a sanctioned, accepted form of ownership (Grunbaum, 1987).

Grunbaum (1987) further suggests that ownership refers to the relationship between individuals and their surrounding things and objects. This means that ownership is a broader concept than merely the legal, physical and status-related aspects around which the traditional notion is built. His view allows seeing ownership as connected with individuals rather than being a non-personified state. From this perspective, Mattila and Ikävalko (2003:3) identify four 'ontological' bases of ownership:

a) Ownership at a social level
b) Ownership at a legal level
c) Ownership at an action, influence and outcome level
d) Ownership at a personal, psychological level.

The first level of ownership (a) includes communication and interaction between people with the outcome of understanding and acting as a certain group. The second level (b) is a social construct as well, but typically more static and more or less intentionally developed and maintained by society. This is the most easily definable form of ownership and often used as the meaning of the concept. The third level of ownership (c) refers to the process of generating a certain outcome using power and action with regard to the object of owning, and the last level (d) "includes goals, ambitions, motivations, commitments, responsibilities and other things in the mind of an owner that link him to the target of owning" (Mattila and Ikävalko, 2003:3).

The duration of ownership differs between the four levels, even if ownership typically lasts for long. As a social construct and at a personal level, ownership may last for a certain period of time even if it rarely appears or disappears suddenly (Mattila and Ikävalko, 2003). For instance, at the third and fourth levels, ownership is in action, a time-specific phenomenon and a state of being in terms of goals, actions, influences, and outcomes at a certain moment and after a certain action:

The reality of the phenomenon of ownership is filtered through human perception and there are often numerous actions and several factors interacting constantly at all
The authors thus suggest that ownership is a complex and multifaceted notion which includes socially constructed meanings of the concept created in social interaction and in a culture, or defined in a more tangible legal framework. This means, for instance, that in a specific empirical context, it is not simply ownership as property in a legal sense that is relevant to observe. The other meanings and levels of ownership are also likely to surface and be important in terms of how ownership is channeled in a specific organizational context.

This also indicates that notions of ownership include views that attach more than simply 'materialistic' meanings to the concept. It is well-established that ownership can also have symbolic meanings that extend beyond the mere physical qualities of what is owned and the specific state of de facto owning (Dittmar, 1992). Philosophers such as Kant and Hegel were occupied with these more 'subjective' meanings of ownership. Hegel, for instance, focused on the importance of the mind and mental products rather than the material world. He argued that it is the social definition of the physical and material world that matters most, not that world itself. Hegel observed a contradiction between what people were and what they felt they could be. The resolution of this contradiction lies, he argues, in individuals' awareness of their place in the 'larger spirit of society' (Ritzer, 2000:20). In terms of ownership, this is the origin of the idea that possessions can play such a dominant role in the identity of owners that they become part of the extended self (Dittmar, 1992). Or as Pierce et al. (2001:299) observe:

> Sartre, in his treatise on 'being and nothingness', notes that 'to have' (along with 'to do' and 'to be') is one of the three categories of human existence and that the 'totality of my possessions reflects the totality of my being…I am what I have…What is mine is myself (1969:591-592)".

In a similar vein, Etzioni (1991:466) notices that ownership is a "dual creation, part attitude, part object, part in the mind, part real", thus underlining psychological and social aspects of ownership. Dittmar (1992) argues that this means that there is an important symbolic significance of ownership that often manifests itself in everyday life. Most work in this area has been done in the field of employee ownership (e.g. Pierce et al., 2001) or the social psychology of material possessions (e.g. Dittmar, 1992) and typical focus is on the symbolic and psychological extension of legal ownership. However, as Mattila and Ikävalko (2003) point out, this notion of ownership does not require legal ownership, meaning that even non-owners can be included in (psychological and social) ownership.

This means that the relation between the individuals and ownable objects is in focus with no demand for these individuals to actually own the object in a legal sense. Pierce et al. (2001) present three routes through which individuals
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come to experience ownership, regardless of their legal status as owners. The routes are a) **controlling the target**, which means that the feeling of being able to control an object gives rise to feelings of ownership towards that object, at the same time as the controlled object becomes a part of one’s self, b) **coming intimately to know the target**. This means that the more information and the better knowledge a person has of an object, the deeper the relation between them and, consequently, the stronger the feeling of ownership toward it. Here, a long association with the target supports the development. Finally, c) **investing self into the target**, means that the investment in objects that an individual makes in terms of energy, time, effort and attention affects the self to become ‘one with the object’ and develop feelings of ownership. Hence, ownership as a phenomenon is closely linked to human action in a social context (Mattila and Ikävalko, 2003).

These theoretical considerations about ownership are important ingredients in the further development of a socio-symbolic understanding of ownership which builds on symbolic interactionism and which is consistent with the conceptualization of strategizing adopted in this study. Socio-symbolic ownership focuses more on social and symbolic aspects of ownership in addition to more traditional legal, financial and structural rights and responsibilities. It is also a notion that emphasizes ownership as a wider social phenomenon that is interpreted and potentially acted on by actors involved in social interaction on different arenas as they engage in everyday activities related to strategizing. Insights from psychological ownership as discussed above also indicate the possibility that feelings and actions of ownership may be developed by actors who are not owners in a traditional structural and legal meaning. Psychological ownership focuses on the individual level. The socio-symbolic notion includes this, as will be clear later on, but adds an emphasis on social interaction and symbolic relations. This means that ownership is seen as a phenomenon that stretches beyond the actors as legal and structural owners and that this potentially evolves and changes over time. In terms of strategizing, this further means that it is important to track and interpret different actors and arenas to capture how they are linked to ownership as a social, symbolic phenomenon. In other words, ownership can be channeled through different actors and arenas in strategizing and this may change over time. This is what I refer to as socio-symbolic ownership.

The Relation between Ownership and Management

It is fair to say that the discussion about organizational and strategic consequences of the separation of ownership and management still dominates most management oriented studies of ownership (for its most famous formulations see, for instance, Smith, 1776/1979; Berle and Mean, 1932;
Weber, 1921/1968, Chandler, 1977, 1990). Collin (1995) points out that the rights of the shareholders in this literature are limited to (a) a substantial part of the profits, (b) the right to hire and fire top management, (c) the right to make certain strategic decisions, and (d) the right to sell these various rights. Much of the debate around the separation of ownership and management has been about the loss of these rights.

As mentioned in the first chapter there is, however, increasing evidence that the separation of ownership and management is not as common as previously assumed. La Porta et al. (1999), for instance, find that except in economies with very good shareholder protection (especially the USA and UK), relatively few large firms are widely held. This means that those who control ownership still have significant influence over the firm’s development. This leads Davis and Useem (2002:241) to talk about the “uncommon problem of the separation of ownership and control”. Glete (1987), Ullenhag (1993) and Tson Söderström (2003) find similar patterns for Sweden. In relation to this, Glete (1987) argues that the three most elementary functions of the ownership of a firm are to appoint the top management, decide on strategic issues, and act directly if the firm enters a crisis. This means that especially the responsibility side of ownership often includes a long-term commitment to the firm and that this is still visible in many firms. This is somewhat different from the picture of ownership where firms have fractioned ownership and management is clearly separated from the ownership, and shareholders often change investments and never enter into a long-term relation with the firm that they own a part in (i.e. the traditional view of the separation of ownership and management). Monks and Minow (2004) argue that the difference between concentrated and fractioned ownership has changed the notion of ownership itself. The owners of firms with many shareholders do not feel the rights (or power) and the responsibilities of owners in firms with only a few shareholders and concentrated ownership. For numerical, legal, functional, and personal reasons the notion of ownership in firms with fractioned shareholders has thus changed.

The ownership structure of a firm is also related to how ownership is divided between different types of owners (e.g. institutions, individuals, families, if they are active or passive, what purpose they have what methods they use, etc.). Type and identity of ownership is important when looking into the role of ownership (Glete, 1987; Thomson and Pedersen, 2000) and common in studies on the impact of ownership on different organizational outcomes. Apart from type of owners, Hedlund et al. (1985) add their behavior. Using Hirschman’s (1970)
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In their concepts of voice and exit, they point out that owners, at least on the stock exchange, can choose to exit the firm and sell their ownership or to voice and influence the way the firm is developing. In short, the exit strategy is easier to adopt. To use the voice strategy, Hedlund et al. (1985) argue that special competence is needed since this strategy entails active ownership. However, little attention has been paid to the real meaning of such ownership competence (Nyberg, 2002). In a general sense, the concept of ‘ownership strategy’ coined by the authors refers to the particular owners’ purpose and future intention with their ownership (Hedlund et al. 1985). Both Glete (1987) and Hedlund et al. (1985) are mainly interested in ownership on the Swedish stock exchange and they underline the dynamic nature of ownership, i.e. that the structure and behavior of owners may shift over time. Glete (1987) shows how the large owners in Sweden over the last century became more of financial investors and managers than involved in the business operations of the firms they owned and Hedlund et al. (1985) reveal that institutional owners were increasingly important during the 1980s on the stock exchange. This trend continued into the 1990s and early 2000s (Tson Söderström et al., 2003) and is often said to lead to a focus on short-term profits rather than long-term orientation of firms.

Most literature on the role of ownership in strategic development is focused on publicly listed firms. Davis and Useem (2002), for instance, argue that the most common way for shareholders to influence their corporations is via reaction to takeovers, shareholders’ activism and financial analysts. Here, the formal means of shareholder voice is through proxy voting at the annual meeting, which in essence means to react on proposals from the board. They further suggest that financial analysts are more likely to give strategic and governance advice to senior managers of publicly traded firms than to the actual shareholders. However, it is likely that the role of ownership in the strategic development of family firms is somewhat different. The specific focus of this dissertation is the role of ownership in the strategizing of family firms. In the next chapter, I look closer into the relation between ownership and strategizing in family firms, as well as into what actors and arenas have been in focus in previous literature on this.

Concluding Comment

Based on the discussion above, it is possible to say that the strategizing perspective puts the actors involved in everyday strategic work in the center, as well as defining where, i.e. on what arenas, and when these actors meet and interact. Deeper conceptual and empirical research with a focus on different actors and arenas involved in the everyday strategic work and how they interact and change over time is, however, scarce. This is mainly because the strategizing perspective is still early in its development and not because it is unimportant.
In terms of actors, strategizing literature mostly looks at the 'taken-for-granted' level of the CEO and/or the rest of the top management. Occasionally, scholars look further out, to the periphery, or further down to the level of middle managers, to find the actors involved in strategizing. But they seldom look further up towards the board members or the owners, or further beyond to include actors without formal attachment to the day-to-day activities in the organization. In terms of arenas, most interest is in the formal meetings that are most typical for strategizing. Much less attention is paid to more informal arenas, or the interplay between formal and informal arenas in the strategic work. I agree with Whittington (2004), who argues that the formal side of strategizing, for instance what happens in the boardroom or during an away-day, is crucial. I argue that it is important to also look at the more informal arenas and actors and their involvement in strategizing. Informal activities such as casual conversations and small talk may be important and potentially involve other actors than those holding formal positions.

Adopting the definition of strategizing as concerned with "the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes" (Johnson et al. 2003:14), allows investigating actors and arenas of strategizing, as well as capturing the role of ownership in action in this process. Here, the relation to strategic outcome is important. In the strategizing perspective, outcome does not necessarily refer to the most common meaning of strategic outcome – firm performance or the choice of generic strategies. Rather, it can refer to several types of outcomes and consequences of strategic action, such as the result of a strategy meeting, the success of a single individual pushing for his or her strategic idea "...or the outcome of a strategic interaction, each of which might be only moderately consequential in itself, but when taken as a series of episodes and interactions, affect larger outcomes, such as firm performance" (Wilson and Jarzabkowski, 2004:17). Outcomes of strategizing may thus refer to an aggregate of strategic activities and actions, as much as the result of a single event and the performance of an actor in everyday strategic work (Whittington, 2004). Or as Johnson et al. (2003) formulate it:

Just what do managers have to do to make a difference and what is their impact? What works for them and what does not work? Here appropriate measures are not so much overall economic performance as recognition of managerial influence, the adoption of strategic initiatives, or perceived success of strategy-making episodes.

(Johnson et al. 2003:16)

Most strategy research, with some exceptions that were noted in Chapter one, have separated ownership from the details of strategic work. In this study, my ambition is to link these together and focus on strategizing, with a particular role for ownership in this process. Given the focus of strategizing on the micro level, day-to-day strategic processes, studying different actors as they are involved in work on strategic issues and where and when they meet and
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interact, i.e. on what arena, in their work on these issues is a relevant conceptualization of strategizing for empirical research⁸. This means that early levels of interpretations of the empirical material can be structured around the concepts of actors and arenas, as well as the concept of strategic issues. In doing this, I draw and elaborate on the meanings of the concept of actors and arenas suggested by Melin (1998), Ericson et al. (2000), Ericson et al. (2001) and Sjöstrand and Tyrstrup (2001). Strategic issues are viewed in line with Dutton et al. (1983) and Ericson et al. (2000) as questions, subjects and points of strategic debate, such as different problems, threats, and opportunities that are given priority in the strategic development process of the organization. Using the concept of strategic issues to understand the strategic work of different actors on different types of arenas also means that outcome can be seen as the result of the work on these strategic issues at a specific point in time. In this way, outcome of strategizing can, in line with Johnson et al. (2003), Whittington (2004), and Wilson and Jarzabkowski, (2004), refer to the result on a firm level, but also to the result of particular actors’ involvement as well as to the result of work on strategic issues on a specific arena⁹.

The focus on different actors and arenas of strategizing means that, in order to capture and interpret how ownership is channeled in this process an appropriate notion of ownership is needed. As discussed in this chapter, traditional approaches to ownership tend to look only at the financial, legal and structural aspects of the concept. My approach includes, but is not limited to, these aspects, as I draw on what I call socio-symbolic ownership. Socio-symbolic ownership highlights the interpretive nature of ownership and its related rights and responsibilities. In this view ownership is a more complex phenomenon. The meaning of ownership stretches beyond the ‘objective’ attributes of the concept; also social and symbolic aspects of ownership are in focus. Based on this view, channeling ownership in strategizing can be seen as how ownership is expressed and plays a role through different actors as they interact on different arenas. This is a way of addressing the gap in previous

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⁸ It should be noted that when I talk about strategic work, I do not so much refer to specific strategic work, such as, for instance, writing a business plan, developing a vision or conducting a strategic analysis of a firm. Instead, I refer to strategic work as the more or less continuous work on strategic issues. This can occur through different means, including the above-mentioned, but also through talk and other activities between actors and in relation to certain strategic issues.

⁹ As noted in the first chapter, strategic issues are used here mainly in the empirical work to capture strategic work performed by different actors on different types of arenas. In the analytical work focus is mainly on the actors and arenas involved in the strategic work and their relation to ownership.
literature on how ownership matters and plays a role in strategizing. The symbolic interactionist underpinnings of this notion of ownership and how it is linked to my view of strategizing is further elaborated on in Chapter four. It is also developed more in the interpretive work later in this dissertation where it is systematically used and elaborated on using other theoretical ideas in order to increase understanding and build interpretations based on the empirical material.

I also conclude that the separation of ownership and management widespread in literature on governance and briefly reviewed in Chapter one, may not be as common as widely believed. This means that the relation between ownership and the long-term, strategic development of firms is more intimate than earlier commentators have typically argued. In this study, I focus on family firms as one type of firm where ownership is a natural and typically visible attribute in everyday life, and its relation to the long-term, strategic development can be expected to be intimate. In the next chapter, I will discuss more closely what a family firm is, the most common characteristics of family firm strategizing and family ownership, as well as what actors and arenas earlier family firm literature has focused on as central for strategy and ownership.

\[^{10}\text{In her study on the role of emotions in radical change processes, Brundin (2002) draws on Latour’s (1986) performative approach to study how emotions are attended to, interpreted, and given meaning in social interaction. Whereas I am interested in the role of ownership and approach this phenomenon using a different theoretical perspective, her study shows well that studying interpretive processes in everyday interaction between actors as they are involved in strategic work is a useful approach that can give fruitful results.}\]
3. Strategizing and Ownership in Family Firms

In this chapter, the definition and characteristics of the family firm, its strategy processes and ownership are discussed in more detail. The objective is to arrive at a suitable definition of the family firm and to outline the special character of strategy processes and ownership that can be expected in empirical studies of family firms. In the final part of the chapter, different actors and arenas related to strategy processes and ownership in the family firm are discussed through earlier literature on the three elements of owners, the board, top management and CEO.

Defining the Family Firm

There is no formally agreed upon definition of family firms, but efforts have been devoted to discussing the variety of definitions available and their consequences for research results and conclusions. Most definitions of the family firm revolve around family ownership, family involvement, family control, and/or the intention to transfer the family firm to the next generation (Upton and Heck, 1997). Handler (1989), Litz (1995), Brunæker (1996), Chua et al. (1999) and Westhead and Cowling (1999) are examples of scholars who present overviews of definitions as well as suggesting their own. And even if some authors have argued for the superiority of one particular definition, most agree that the most important issue is that each researcher is clear on the definition in use in each study. This is especially important considering the difference between family firms and not just the differences between family firms and non-family firms (Sharma et al., 1997; Salvato, 2002). As Gersick et al. (1997) point out, the family firm, in academic literature as well as popular media, range from the smallest corner convenient store to large multinational conglomerates. I agree that it would be a mistake to assume that all family firms are the same and face the same challenges in terms of strategizing. Still, in the literature it is most common to compare family firms with non-family firms, which suggests at least an implicit assumption that all family firms are the same. Therefore, I concur with Salvato (2002) and argue that more studies comparing different family firms are needed in order to understand their similarities and differences in relation to certain aspects, such as actors and arenas of strategizing and ownership.
Nevertheless, there are also common characteristics among family firms that make it relevant to refer to them as a specific group or population of firms. It is easy to agree with Gersick et al. (1997) who conclude that what unites this inherently diverse population of firms is that they are 'connected to a family'. This means that firms owned and managed by families are a special organizational form whose 'specialness' has both positive and negative consequences (Gersick et al., 1997). This is often illustrated in the conceptual interconnection of the two systems of the family and the business. Several commentators have argued that it is the interplay between these two systems that gives rise to the distinguishing characteristics of the family firm (e.g. Donnelley, 1964; Levinson, 1971; Gersick et al., 1997). This is also acknowledged in most definitions of the family firm. Moreover, Donnelley (1964) and Levinson (1971) argued that the two systems of family and business represent their own and often conflicting norms, values, and interests and that problem may arise when the same actors have to fulfill the expectations and obligations in both spheres. As will be discussed below, later authors have also pointed out that this interplay can give rise to creative and fruitful tensions for the strategic development of family firms.

Gersick et al. (1997) build on Tagiuri and Davis (1982) and Ward (1987; 1991) and elaborate on the influential two-system model. They argue that a definitional attribute of the family firm is that it consists of not just two, but three independent, but overlapping subsystems: the business, the ownership, and the family. The outcome of this overlap is seven sectors where every individual in a family business can be placed in at least one of these sectors. The complexity is highest in the middle sector where a family member is both owner of the firm and works in it. Gersick et al. (1997) argue that it is necessary to distinguish the ownership system from both the family and the business system, since it should be treated separately conceptually and empirically. For instance, some actors may be owners but not involved in the daily work in the firm and others may be family members and work in the firm without being owners. The model is interesting for the purposes of this study, since it separates out the ownership and distinguishes it from the family. As mentioned, and as we shall return to below, earlier family firm literature has mostly focused on the role of the family, rather than the role of ownership in the development of the family firm. The three-circle model is presented in Figure 1.
In this study, I am interested in strategizing with a specific focus on the role of ownership. Therefore, the definition needs to include that the owner family has such a position in the firm that it has, at least in theory, impact on activities related to governance and strategizing. As pointed out in Chapter one, most definitions of the family firm also underline dominant and concentrated ownership as a key definitional attribute. “It is family ownership that defines the family business”, Gersick et al. (1997:29) contend. This means that the majority ownership must be in the hands of a given family. To secure the owner family’s presence in the day-to-day operations of the firm, which is important for the focus on strategizing, this family must also be represented in the top management for the firm to be called a family firm in this study.

I further agree with those scholars who point out that the definition needs to include the intentions and priorities of the owner family (Litz, 1995; Chua et al., 1999). This means that leading representatives of the firm define it as a family firm. This is important for social-symbolic ownership introduced in the previous chapter. It is also important since special characteristics and influences that the ownership and family dimensions add might not be relevant if the actors themselves do not see the firm as a family firm (Westhead and Cowling,
Taken together, these definitional considerations are consistent with a family firm definition proposed by Westhead and Cowling (1999). They suggest that to be considered a family firm; a firm must have members from a definable family holding majority ownership and being actively involved in the top management and be perceived by leading representatives of the owner family to be a family firm. It should also be noted that family firms with part of the ownership traded publicly are likely to differ in terms of strategizing from those that are entirely privately held. In this dissertation, I delimit the study to family firms that do not have part of the ownership traded on a stock exchange, or have other external owners. This overall definition is used as a point of departure to further narrow down the type of family firms in focus in this study. This is done in the methodological discussion in Chapter four.

Strategizing in the Family Firm

It was mentioned in the first chapter that there is still rather little research conducted on strategic processes in family firms (cf Wortman, 1994; Sharma et al., 1997; Hall, 2003 Ibrahim et al., 2004). Dyer (1994:110) speculates that this is “largely due to the fact that family dynamics in business settings have historically been assumed to be irrational and unproductive, and therefore not worthy of serious study”. The literature is also characterized by a lack of empirical and theoretical rigor, where “many armchair articles have been written and could be characterized as one-time experiences, folklore, and stories”, Wortman (1994: 3) observes. Similarly, Sharma et al. (1997) argue that more systematic, empirical, and theoretical studies are needed, where the heterogeneous nature of the family firm population is attended to. From Sharma et al.’s (1997) literature review it is also possible to conclude that most literature on strategy processes in family firms draws on a classical approach, where strategy is seen as a rational and sequential process of analysis, choice, and implementation. Most researchers confine themselves to saying that owner family considerations play a role in most stages of this process, but they go less deeply into how and why.

The Family Firm – a Special Case of Strategizing?

Some authors interested in strategy processes in family firms argue that strategy processes are relatively similar in family firms compared with other types of firms, with the exception that family considerations might play a role in different parts of the processes. This view is especially common among authors who take a classic view on the strategy process, seeing it as the process of goal formulation, implementation, and follow-up procedures (Harris et al., 1994; Sharma et al., 1997). There are, however, other commentators that maintain that family firms should be considered ‘a special case’ when it comes to strategy processes. Thus, for instance, Sandberg (1992: 80), argues that that: “firms that
are family-owned, small or new are thought to be substantively unique in ways that make them special cases of strategic management.” Gersick et al. (1997) add that the strategic issues facing a family firm and the character of the strategy process also depend on the size, organizational structure, age, and financial performance of the firm, and not simply on the fact that there is a family owning the firm.

Melin and Nordqvist (2000a) discuss specific patterns and problems that may characterize strategy processes in family firms. They argue that many family firms tend to prioritize operative issues before strategic ones, work incrementally with strategy development and deal with particular strategic opportunities when they occur, rather than being engaged in extensive strategic planning. This is related to the observations by Mintzberg and Waters (1982). They point out that this involvement in the daily operations provides many family members working as top managers with intimate knowledge of products and markets that supports strategic processes. Habbershon and Williams (1999) launch a similar idea using arguments from a resource-based view of the firm to develop the notion of familiness as a source of a distinctive competitive advantage of family firms compared with non-family firms. They, too, argue that family members’ specific knowledge, abilities, and competencies that develop over time and through generations working in the firm can be a unique resource for family firms. This unique resource linked to the family, they argue, should be constantly developed and used as the base for strategy processes. In a similar vein, Miller and Le Breton-Miller (2003) suggest that family firms have more focused capability development, which means that these firms develop deep and sustainable core capabilities and cumulative path-dependent organizational learning.

A common theme in the literature focusing on the differences in strategy processes between family firms and non-family firms is thus that owner family characteristics, values, and interests have impact on the work on strategic issues (see also Harris et al., 1994; Dyer, 1994; Aronoff and Ward, 1995; Sharma et al., 1997). For Sharma et al. (1997:3) this means that even if formal aspects of the strategy process are often similar in family firms and non-family firms “the differences are in the set of goals, the manner in which the process is carried out, and the participants in the process”. A consequence of this is also that ownership issues are likely to have more impact on strategic processes in family firms (Kets de Vries, 1993; Chua et al., 1999), since they are not separated from strategic issues and typically interrelated in a similar mode as organizing and strategizing activities as argued in the previous chapter.

**The Intersection of the Family and the Business in Strategic Processes**

A related theme in the literature is to view the influences mentioned above as negative forces that should be separated from strategy processes in family firms since they do not build on ‘business’ logics (e.g. Hollander and Elman, 1988; Dyer, 1994; Upton and Heck, 1997). Hall (2002) criticizes this view as it
emphasizes too strongly ‘irrational’ behaviors, meaning that family firms rely less on formal, calculative rationalities giving them less efficient organizing modes and a competitive disadvantage. A common argument is that the subsystems of the family and the business discussed above are so diverse they cannot coexist in any productive manner (Levinson, 1971). In line with this, Poutziouris et al. (2004) identify some generalized negative aspects in the literature of family firms with relevance for the study of strategy processes. These include introversion, conservative business practices, lack of professionalism, and informal channels of communication. Some authors have, however, tried to integrate the different systems in a spirit of cross-fertilization, arguing for positive aspects of family influence in the business sphere, and vice versa (e.g. Hollander and Elman, 1988; McColloM, 1988; Johannisson, 2002; Hall, 2002).

Whether positive or negative, there are some indications that family firms actually do take into account family considerations when working on strategic issues. For instance, Kahn and Henderson (1992) observe that family values and interests had impact on the plant location of the family firms in their sample, since they tended to look for locations near the family residence. Dyer (1994) reports on the family firm that split the company in as many business units as there were children in the family and Harris et al. (1994) argue that emotional bonds between individuals can be the reason why family firms stay in markets or hang on to products just because they are the ‘legacy’ of earlier generations. This may be a problem since the loyalty to products and markets makes the firm inflexible and constrained (Harris et al., 1994). It has also been noted that some family firms use their family connection actively in branding and advertising to communicate better quality, reliability, and service (Dyer, 1994). The tendency to use the family connection in marketing is noted in Sweden as well (e.g. Florin-Samuelsson, 2002).

Despite these observations that family considerations may influence strategy processes in family firms, little research has looked deeper into how and why this occurs and how it is related to the wider goals and intentions of the firm. This leads Sharma et al. (1997:6) to argue

…it is necessary to understand what the business’s goals are, who sets them, and why the business selects particular goals. (…) a family business is more likely to have multiple, complex, and changing goals rather than a singular, simple and constant goal.\endnote{11}

This is also related to the observation in the first chapter that also in the family firm context few studies have looked deeper into the actors and arenas involved in the strategy processes. Harris et al. (1994) maintain that actors introducing

\footnote{11} Citing Sharma et al. (1997) does not mean that I believe that all non-family firms have a single, unified, and stable goal. Rather, as already Cyert and March (1963) rightfully pointed out, even in those firms goals and objectives can be multiple, complex, and changing.
3. Strategizing and Ownership in Family Firms

new strategic ideas tend to be outsiders and non-family members or family members with a broad personal experience from outside the family firm. Schein (1983) and Kelly et al. (2000) add that the founder plays a special role in strategy processes. Founders do not just affect the outcome of strategic issues directly, but also indirectly through the impact on top managers and family members:

_Social interactions among family members create shared learning. The extent to which family members are likely to understand the founder’s strategic intent and the founder’s beliefs regarding commitment to this intent will depend on how the founder initiated and guided the strategy process in the firm._ (Kelly et al., 2000:28)

Kelly et al. (2000) observe that the founder’s role in strategy processes is derived both from formal and informal interactions between the founder, the family, and the top management team and can continue even after retirement or decease. These more informal aspects of strategy processes are also pointed out by Harris et al. (1994:168) who observe that family firms “tend to rely more on subtler and more informal procedures, such as direct supervision via expatriates or personal control, informal channels of communication, socialization, and culture”.

Many authors have observed that strategy processes in many family firms are characterized by long-term orientation (Kets de Vries, 1993; Gersick et al., 1997; James, 1999; Miller and Le Breton-Miller, 2003). One reason for this is, argues James (1999) that members of the owner family working as top managers are aware that they are linked to other generations both historically and in the future. Therefore, they are less inclined to pursue personal interests over family considerations in the strategy process. The sense of family belongingness also induces family members not active in the daily operations to be actively involved in strategic issues, since “feelings of co-ownership are fostered within the family system because business affairs are often discussed at home” (James, 1999: 48). Hoy and Verser (1994), however, observe that goal conflict is also common between active and non-active family members with regard to strategic issues, while Miller and Le Breton-Miller (2003) argue that thriving family firms have clearer and more strongly held missions.

**Micro Level Studies of Strategy Processes in Family Firms**

As pointed out in Chapter one, few earlier studies on strategy processes in family firms have had an explicit focus on the micro level of actors and arenas that is a main focus of strategizing. Ibrahim et al. (2004) give a rare example of such research. They look at specific factors influencing strategy formation in family firms, in particular the intensive grooming of a successor, owner family interests, and the involvement of family members in the strategy processes. In line with Chua et al. (2003), Ibrahim et al. (2004) posit that family members’ feelings towards strategic issues and central relationships between actors in the
owner family must be taken into account to understand strategy formation in family firms. In their empirical study, they find that family members’ involvement in strategy processes is extensive, but also that this changes when new generations enter, which also leads to more or less change in the direction of the strategy process. This means that succession is closely interlinked with strategy formation and that it is an important strategic issue for those involved. Ibrahim et al. (2004) also see the grooming and mentoring processes identified in the firms between the successor and predecessor as a way to maintain the founder’s values and interests and eventually create hard-to-duplicate resources in the firm.

Hall (2003) also investigates the impact of family relations on strategizing in family firms. She argues that genuine relations have an important impact on the outcome of strategic issues, where she in particular draws on the paradox of identity, i.e. the simultaneous need among family members for separation and belonging, which is inherent in the family system of a family firm. The paradox of identity leads to two extended meanings to the business, business as a means of individuation and business as an extension of the family and its core values. As a result, there is a dynamism conceptualized as concern-based individuation and focused strategic renewal. The latter of these refers to the situation where a younger generation continues to renew the family firm and change strategically, but within the value boundaries set by earlier generations.

Ibrahim et al. (2004) and Hall (2003) are two rare examples of empirical studies of strategizing in family firms that do not only take into account that owner family characteristics influence strategy formation and strategic outcome, but also how this occurs over time. Their findings are thus also relevant for the study of different actors and arenas of strategizing and how they relate to ownership. However, as pointed out in the introductory chapter, both Ibrahim et al. (2004) and Hall (2003) focus on the family, rather than the ownership and draw on retrospective accounts about the strategic developments of some family firms. While the latter means less understanding for how processes unfold in real time, the former means that the focus is on family actors and not so much on their interaction with other types of actors involved in the strategic work. It also means that ownership is not treated as an analytical concept in its own right. Instead it is directly or indirectly juxtaposed with the concept of family.

Characteristics of Family Ownership

In the previous chapter the concept of ownership was discussed and a notion of ownership consistent with the adopted view on strategizing was briefly outlined. In this section, I look closer into what characterizes the specific type of ownership in focus of this study – family ownership.
3. Strategizing and Ownership in Family Firms

Family ownership of firms, i.e. complete or majority ownership controlled by a definable family is treated in the literature as one type of concentrated and/or dominant ownership. Family ownership is most common in private firms, but it is also significant in many publicly traded firms throughout the world as discussed in the previous two chapters. It is often related to specific characteristics that are likely to distinguish family ownership as a type of ownership different from other dominant and concentrated forms of ownership, such as e.g. partnership (Greenwood and Epson, 2003), state and bank (Thomsen and Pedersen, 2000; Mayer and Whittington, 2004), institutional and pension funds (Monks and Minow, 2004). Most of these characteristics originate from the link between the ownership of the firm and a definable family, where family considerations influence actions taken based on the ownership, in line with what was discussed in the previous section.

Thus, authors interested in family ownership have argued, similarly to what was observed in the previous section on strategy processes, which family ownership is typically long-term oriented, committed and characterized by stability (e.g. Nyberg, 2002; James, 1999). It has been argued that this leads firms with dominant family ownership to prefer growth strategies based on organic growth rather than more risky acquisitions, and to have strategy processes reflecting goals and interests of the dominant ownership, whose representatives are reluctant to give up their involvement in the top management (Thomsen and Pedersen, 2000). Thomsen and Pedersen (2000) further argue that willingness to take risk, time horizons on investments, and private goals need to be taken into account in strategy processes where family ownership is dominant. Palmer et al. (1987) found that family ownership means less diversification and less likelihood that the firm uses the multidivisional form. Also focusing on organizational structures, Palmer et al. (1993) and Mayer and Whittington (2004) contrary to their expectations do not find that family ownership means less adoption of the multidivisional form. This leads them to suggest that family ownership does matter much for chosen strategies, such as diversification.

Anderson and Reeb (2003) add that family ownership means advantages to discipline and monitor managers and provision of specialized knowledge, while Kets de Vries (1993) suggests that family ownership leads to greater independence of action. This means less or no pressure from the stock market, less or no takeover risk and the emergence of a family-related culture in the firm that can be a source of pride, stability, strong identification, commitment, and/or motivation as well as continuity in leadership (Kets de Vries, 1993). Family ownership can also mean greater resilience in hard times, less bureaucracy and impersonality, which facilitates flexibility and quick decision.

12 It should be noted that Florin-Samuelsson (2002) observes that there is no agreement among scholars as to the difference between family firms and non-family firms in terms of their governance and ownership.
processes (Kets de Vries, 1993). James (1999) adds close family ties, loyalty, stability and the wish to hand over the business to future generations as central features of family ownership.

Also the more negative characteristics of family ownership resemble those discussed above in relation to strategy processes in family firms. Chandler (1990), for instance, argues that family ownership is characterized by ‘unprofessionalism’ and ‘self-interest’ inhibiting efficient and rational organizing, especially through an unwillingness to delegate power to non-family managers. It is also common to suggest that the interconnection of the family, the ownership, and the business makes family firms more burdened by nepotism, inflexibility, personal conflicts and introvert orientation than firms with other types of ownership (e.g. Dyer, 1994; Gersick et al., 1997; Schulze et al., 2001). Levinson (1971) argues that family firms are often ‘plagued by conflicts’ that make them flounder, or even fail, and Anderson and Reeb (2003) note that family ownership in publicly traded firms may lead family members to take actions that benefit themselves at the expense of the financial performance of the firm. This refers to a risk that family ownership serves the interests of the family, before the interests of the firm, with an underlying assumption that these are incompatible. In line with this, Schulze et al. (2001) found that altruism in family firms can temper self-interest and boost loyalty, commitment, and a long-term perspective, but also trigger free-riding and secure privileges to family members at the firm’s expense. Kets de Vries (1993) adds less access to capital markets, which may inhibit growth, confusing organization structures with unclear division of tasks, and family disputes to the negative side of family ownership.

A Developmental Model of Family Ownership

The overlap between the family, the ownership and the business in many family firms has long been noted in the literature (e.g. Tagiuri and Davis, 1982; Gersick et al., 1997; Neubauer and Lank, 1998) and is often visualized in three overlapping circles. Gersick et al. (1997) criticize this model for being too static and fixed. They add the time dimension and suggest a life-cycle-based model where the three circles of family, ownership and business become three axes that represent the development over time.

On the ownership axis, which originates from the work of Ward (1987; 1991), the ownership of a family firm is related to its life-cycle position. Based on this, three categories are developed into which most family firms can be placed. These are the controlling owner, the siblings’ partnership, and the cousin consortium. This is a simplified view of all possible ownership situations in family firms and Gersick et al. (1997) add that hybrids are common. The logic is that from the single, controlling owner, where most ownership is controlled by the founder or in later generations by one single individual, the ownership becomes, over time, more diffused among several individuals. In the siblings’
3. Strategizing and Ownership in Family Firms

partnership there are relatively equal parts of ownership held by members of a single generation, and in the cousin consortium ownership is further diffused as it is transferred to the third or later generations. In this stage, it is also more likely that ownership is passed to members of the extended family, where several of them do not work in the firm (Schulze et al., 2003). Different stages of ownership have, according to Gersick et al. (1997), different characteristics and key strategic challenges. Therefore, for instance, the board, top management, and the owners have different roles in strategy-making depending on the ownership stage.

The model also highlights that there might exist a dispersion of ownership in family firms that “drives a wedge between the interests of those who lead a firm – and often own a controlling interest – and other family members” (Schulze et al., 2003:181). This is the situation when the family ownership is spread among different actors and even different core families. Family ownership tends to become dispersed in an episodic mode over long periods of time, typically with ownership passing from parent to child. Schulze et al. (2003) also show empirically how ownership dispersed within the family affects important strategic issues. In line with this, Gersick et al. (1997:29) note:

*The structure and distribution of ownership – who owns how much of what kind of stock – can have profound effects on other business and family decisions (who will be the CEO or a family leader, for instance) and on many aspects of operations and strategy.*

The three-dimensional developmental model of Gersick et al. (1997) is very simplified and blind to hybrid forms of ownership that exist among family firms. In their account of typical strategic issues that affect family firms at different stages, they are also limited as they focus on family-related aspects, i.e. how the family is affected by the particular ownership stage and vice versa, rather than on how the strategic development of the firm is affected. However, the observation that family ownership goes through stages and may become increasingly dispersed also within the family over time is important. This underlines the potential dynamics between majority owners and minority owners in strategizing. It is also linked to the fact that not all family members are necessarily owners. Especially, as the firm grows older (but not necessarily bigger) there are family members who are not included in ownership, but still related to the firm either by their spouse or parent or by being employed. Therefore, a family member who is not an owner will hereafter be referred to as family member/non-owner. The expression family member and owner will both be used for a family member who also holds at least some ownership. Majority or minority owner will be used to indicate the size of the individual’s holding and majority owner family and minority owner family to refer to the size of the ownership of a particular branch of a family. In conclusion, the family ownership of firms can be illustrated in relation to some other common types of ownership as in Figure 2.
Figure 2. Family ownership compared with some other types of ownership.

<table>
<thead>
<tr>
<th>Type of Ownership</th>
<th>Concentration of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Unified family firm – few owners</td>
</tr>
<tr>
<td>Non-family</td>
<td>e.g., Institutional owners, other firms, private, partnerships</td>
</tr>
</tbody>
</table>

Actors and Arenas of Strategizing and Family Ownership

As we have seen, few earlier studies on family ownership or strategy processes in family firms have looked deeply into the role of different actors and arenas in the work on strategic issues. However, in the broader field of governance it is possible to identify, as argued in the first chapter, studies that directly or indirectly look at the link between strategy processes and ownership in family firms. This means that a further discussion on the most common actors and arenas through which ownership is channeled in strategizing can be organized around the three levels of owners, the board of directors (board), the top management, and the CEO commonly in focus in the (corporate) governance literature (see e.g. Neubauer and Lank, 1998; Tricker, 1996; Monks and Minow, 2004). However, when doing this it is important to keep in mind the central characteristic of family firms, that family members can have multiple roles in the business (Mustakallio et al., 2002; Florin-Samuelsson, 2002). This means that the same actors might be present on different arenas often set apart in mainstream governance literature.

The Owners

In the discussion above, family ownership as a concept was in focus rather than the owners as actors. A categorization of the role of owners as actors can be
further developed by the extent to which they work actively in the family firm on a daily basis. These actors can have different formal positions such as top managers, lower-level managers, board members and regular employees. The role of the founder has received particular interest in earlier studies (e.g. Schein, 1983; Dyer, 1986; Kelly et al., 2000). In this literature it is often pointed out that the founder’s influence remains even if he or she leaves the family firm (Schein, 1983; Kelly et al., 2000) and that many founders are likely to preserve the strategic direction of the firm (Boeker, 1989).

Owners not active on an everyday basis in the family firm are those who have previously been active but have retired or those who have never had a formal, active role in the family firm but are shareholders. This can, for instance, be spouses, children, and relatives. The importance of this type of actors for the development of family firms has been noted by Karlsson Stider (2000) and Hall (2003). The size and involvement of the group of owners as actors also typically depends on the particular ownership structure of each firm, e.g. whether it is a controlling owner, or a sibling partnership, or a cousin consortium (Gersick et al., 1997).

In terms of arenas, previous literature suggests that the owners can have different types of forums and meetings where they discuss their relation to the firm. Examples of such are the family assembly, the family council, shareholders’ annual meetings and more informal family meetings (Neubauer and Lank, 1998; Gersick et al., 1997). The family meeting is the simplest and most common form. It tends to be an informal get-together that may occur frequently between a smaller or bigger number of family members depending on the size of the family and the firm and the ownership structure (Neubauer and Lank, 1998). Karlsson Stider (2000; 2001) has described the home of the owner family as an important informal arena for discussing issues related to the development of the family firm. Kelly et al. (2000) also argue that strategic work occurs in informal interaction between the founder, the family, and the top management team. Neubauer and Lank (1998) also note the more informal family meetings as important for discussing strategic issues with younger generations and in that way teach them about the firm.

The family assembly is a more formal type of family meeting for actors to discuss issues in relation to the firm and the ownership. The family council is an even more structured arena. It includes activities such as supporting communication between the family, the board, and the CEO, appointing members of the board, and developing owner family official statements that should guide strategic issues (Neubauer and Lank, 1998). It also includes to “define the roles of the game for the whole family” (Kets de Vries, 1993:70). Issues like the overall owner family vision of the firm, future intentions with regard to the ownership and the organizational structure of the firm can be channeled to this forum, together with the role of non-active family members, dividends policies and the recruitment of family members to active positions in the firm (Kets de Vries, 1993). For Gersick et al. (1997), the family council is
more for organizing the family than organizing the ownership, even if strategic and ownership issues are often treated at the family council. In their view

…the fundamental purpose of a family council is to provide a forum in which family members can articulate their values, needs, and expectations vis-à-vis the company and develop policies that safeguard the long-term interest of the family (Gersick et al., 1997:237).

The family council is sometimes a forum for activities like teaching family members about the rights and responsibilities of ownership and management, clarifying the boundary between the family and the firm, letting family members who are not owners be heard, formalizing informal family meetings that are believed to be common in family firms for discussing business matters and, finally providing a structure from which to create a shared vision and ‘code of understanding’ (Gersick et al., 1997). Moreover, some normative literature suggest the creation of some type of written document stating the values, rules, and interests on which the family ownership is based, as well as the relationships between different structures in the firm (e.g. Neubauer and Lank, 1998).

The shareholders’ annual meeting is the arena where issues that must be dealt with by shareholders according to the law, such as for instance appointing board members, are expected to be settled. Typically this meeting is held once a year and its formality and activities vary between family firms. It can be an important symbolic event helping to “perpetuate a strong spirit of ownership, which is essential for keeping later generations psychologically and financially committed to the business” (Gersick et al., 1997:227). With a prescriptive flavour, Gersick et al. (1997) also argue for a clear separation between the roles of the owners, the board, and the top management similar to that found in many widely-held firms. Neubauer and Lank (1998), in a similar vein, stress that plans and statements can be used to outline this division of roles and highlight the ‘rules of the game’ between different actors and arenas in the work on strategic issues.

The Board of directors

The board of directors refers to the board members as potential actors in strategizing. It also refers to board meetings and other meetings between board members outside the boardroom as potential arenas for strategizing. In the general governance literature the board has been attributed different roles (e.g. Zahra and Pearce, 1989; Pettigrew, 1992a; Johnson et al., 1996; McNulty and Pettigrew, 1999; Huse, 2000). The three most common roles are: a strategic (or service) role, reviewing and evaluating strategic ideas from top management, a monitoring role, controlling the interests of the shareholders (and other stakeholders) and a resource dependence role, helping top management to link to and/or acquire crucial resources as well as providing legitimacy. Ravasi and
Zattoni (2004) add the political role, with the board as a negotiation forum where consensus among various shareholder interests is sought. Hung (1998) suggests the coordinating role, where the intention is for the board to mediate between the interests of several different stakeholders and not just those of the shareholders (see also Borch and Huse, 1993), and the maintenance role, where the board replies to different institutional forces. In this role, board members can have a legitimizing function for companies that are not well-known or have legitimacy problems (Huse, 1998).

Family firms often exhibit specific characteristics that influence the role of the board in this type of firm (Corbetta and Salvato, 2004b). The close relation between the ownership and a family may, for instance, create other roles for the board. Examples of such are supporting in generational succession, coordinating the family and the firm and assisting in conflicts (Dyer, 1986; Ward, 1991). Dyer (1986) identifies four types of boards in family firms. The paper board is just a formality and a way to comply with the law. The board members never meet for formal meetings. The rubber-stamp board typically includes external board members in addition to family members, but work mainly to give legitimate support to issues that are settled outside the formal board meeting. In the advisory board, the often external board members play a role and have an impact on the work on strategic issues by providing advice and protecting the interests of different actors. The overseer board acts as a 'normal' board, including working on and settling strategic issues. Huse (1995) finds similar patterns in three companies in Norway, but he calls the paper board the aunt board to point out that the passive paper board is often composed of relatives of the owner family. This can, however, also be a deliberate choice as the owner family sees the work on strategic issues as an internal 'family affair' (Melin and Nordqvist, 2000a; Brunninge and Nordqvist, 2004). Somewhat differently, Neubauer and Lank (1998) suggest four types of boards in family firms along a continuum of more or less activity. In the first, the board has little or no influence, in the second the board protects family and/or shareholders, in the third it plays a role in strategy, control, and hiring top executives and in the fourth the board 'runs the business'.

Corporate law in most countries expects the board in limited companies to pursue an active and central role. In Sweden, the law requires the board to be involved in and responsible for the long-term development of the firm, management and control of the financial matters of the company, and appointment and dismissal of the CEO. The research cited above seems to suggest that this role is not always fulfilled. In line with this, Schulze et al. (2003) observe that family firms tend to have small boards and appoint board members who are friends of the CEO and/or have a work relation to the firm (e.g. accountants or attorneys), leading to limited board member autonomy and vigilance. It has also been observed that many family firms avoid non-family board members (Ward, 1991; Corbetta and Tomaselli, 1996; Brunninge and Nordqvist, 2004), rendering the role of the board and its actors and arenas
potentially less important in strategizing. In this situation, the inclusion of non-family members is often triggered by an organizational crisis, a strategic change, a generation succession, or by a general feeling that the owner family needs supplementary competencies (Melin and Nordqvist, 2000a). This means that non-family members on the board are believed to be more involved in the strategic work when the family firm faces critical situations. Attention has been paid to, for instance, the board’s role in the planning of CEO succession (Danco and Jonovic, 1981; Ward, 1991), as a bridge between family logic and business logic (Ward, 1991), as a resource when family managers do not have time or competence themselves to develop their firm, and as a mediator in family-related conflicts (Mueller, 1988). Johannisson and Huse (2000) also observe that the inclusion of a non-family member on the board can have a ‘signaling effect’ and be triggered by monitoring purposes from banks and others that want someone ‘external’ involved in the work on strategic issues.

Gersick et al. (1997) further argue that the board’s involvement is related to the stage of the family firm in terms of ownership and business development. They suggest three ways in which the board is involved in strategic issues: to consider and represent the interests of the owners, to formulate and monitor the long-term strategic agenda of the company, and to be the primary advisor to the CEO (Gersick et al., 1997:229). However, the role of the board in strategic work is also related to who the CEO is, i.e. family member or non-family member. The non-family CEO works more directly for the board, whereas the family CEO uses the board more for advice, feedback, and support in strategic issues (Gersick et al., 1997).

Some authors note a constraining impact of non-family members on the board for the work on strategic issues. Jonovic (1989), for instance, argues that having an active board with non-family members is a complex task, requiring attention, preparation, careful planning, and time and “these are the commodities in shortest supply in the family business” (Jonovic, 1989: 132). Similarly, Ford (1988) argues that non-family board members often lack knowledge about the family firm and its products and markets, and are seldom given the needed access to the firm in order to contribute. Ward (1991) also observes that in many family firms, non-family members on the board are avoided due to the fear of losing control, disbelief that the board members understand the firm’s conditions, fear to open up and the belief that board work takes considerable time. In family firms that experience these problems, a review council (Jonovic, 1989), or an advisory board (Nordqvist and Melin, 2002) can supplement the board and act in the work on strategic issues without the same formal and legal requirements.

The CEO and the Top Management Team

A common characteristic of family firms is that family members tend to serve as CEO or in other top management positions (Anderson and Reeb, 2003). The
presence of family members in the top management reflects the involvement of the ownership in the daily life of a family firm. Anderson and Reeb (2003) remark that this allows the family to more directly align the firm’s interests with those of the ownership, which in turn, has impact on strategizing. In some family firms there is also an implicit or explicit policy that the CEO should be a family member, even if there are reasons for a non-family member as CEO, such as the lack of a suitable candidate, the risk for nepotism and the need for a new strategic way of thinking (Melin and Nordqvist, 2000a). Consequently, there is a risk that family members appoint another family member in CEO and/or other top management positions and exclude potentially “more capable and talented outside, professional managers” (Anderson and Reeb, 2003:1306). To have a family member working as CEO can also lead to resentment amongst senior non-family top managers when tenure, merit and talent are not always decisive for promotion (Schulze et al., 2001).

However, it is also noted that a family CEO can bring special skills and attributes to the firm that non-family top managers do not possess (Anderson and Reeb, 2003). For instance, they may identify strongly with the firm and view the development and success of the firm as an extension of their own well-being (Hall, 2003). Miller and Le Breton-Miller (2003) also suggest that thriving family firms have more independent CEOs who control more ownership and/or have more family backing and status. This, they argue, leads to “bold innovation, speedy decision-making, creative unorthodoxy and an ability to act quickly to seize opportunities” (Miller and Le Breton-Miller, 2003). Moreover, Samuelsson (1999) found that in Swedish family firms top managers and especially CEOs stay long in their positions and Gallo (1995) found similar results in Spanish family firms. Miller (1991) found that long-tenured chief executives tend to get stuck in their behavioral patterns and have difficulties in changing their firm’s strategic direction. On the other hand, Westhead et al. (2001) did not find among British family firms that CEOs stay on longer than in non-family firms, but found that family CEOs stay longer than non-family CEOs.

Concluding Comment

As introduced in the first chapter, the family firm is a type of firm where ownership is concentrated, visible, and a natural attribute of the daily life in the organization. Family firms do not constitute a homogenous population of firms, even if they often share some special characteristics that make it relevant to talk about a specific type of ownership. For instance, specific patterns of relationships between people, the same people occupying several roles in the firm, and aspects like family relations, affection, less external influence but more long-term orientation, might lead to special attributes of family ownership with impact on strategizing compared with other forms of concentrated ownership.
However, an important conclusion from the review is also that most attention in previous literature on family firms has been paid to the role of the family rather than the ownership (Davis and Herrera, 1998). A specific focus on ownership means to take the family into account, but to direct attention theoretically and empirically to somewhat different processes in everyday strategic work. An overlap between the family and the ownership in the family firm context can be expected, but the degree of this overlap and integration is an empirical question which should be addressed on a case-to-case basis.

Literature on strategy processes in family firms underlines that owner family considerations, translated especially as values and interests linked to tradition and history, can be expected to play a role in both the processes of the strategic work and their outcome. With few exceptions, however, not much is known about who the actors involved in the strategic work are and how, where, and when these actors meet and interact. Research on governance and ownership in family firms also shows mixed results when it comes to what actors and arenas can be expected to be involved in this work. For instance, some family firms are very dominated by the owner family, whereas others are more influenced by external actors and/or formal meetings such as those related to the board and the top management team. Most literature on ownership and governance in family firms also centres on the traditional financial, structural and legal aspects of ownership as well as the content of strategies adopted by firms with family ownership.

Like studies on strategy processes in family firms, most previous studies on family ownership (with few, but notable exceptions) reveal that certain values and interests linked to the owner family and the ownership can be expected to have an impact on strategic outcome. However, there are still few in-depth studies on how this occurs as everyday strategic work unfolds over time in real time. The expression and impact of these values and interest are likely to mean that ownership matters in strategizing. Here an important conclusion from the review is also that different values and interests related to the family and the ownership can be expected to be in play in the strategic work in a family firm. Previous research has noted this, but seldom looked closer into this empirically and theoretically.

The review of earlier literature on actors and arenas related to strategy processes and ownership in family firms also shows that most attention is directed towards formal and structural aspects as well as to what extent the owners, the board, and the top management team and the CEO overlap. Little attention is paid to more informal aspects of the actors and arenas involved, even if it can also be expected that strategic work in family firms is often notably informal with few actors involved, interacting outside regular meetings. This means that it is important to identify both informal and formal elements, as argued by Florin-Samuelsson (2002). More informal interaction is potentially very important for understanding strategizing and it can be expected to be especially so in the family firm context. The observations and conclusions
from the literature review on what actors and arenas have been in focus in previous studies on family ownership and governance provide a starting point for the empirical fieldwork and for structuring the case descriptions.

In conclusion, the discussion in this chapter shows that ownership can be expected to play a role in strategizing and channeled through different actors and arenas. The intimate link between strategizing and ownership observed in this chapter also indicates that they are interrelated in a way that resembles the idea of organizing-is-strategizing and strategizing-is-organizing discussed in the previous chapter. The presence and impact of ownership in everyday strategic work also means that it is not just the owners as actors that are interesting. Rather, in line with the symbolic interactionist perspective, ownership is seen as a concept with social and symbolic features that extends beyond its financial, legal and structural meaning. This seems to be especially relevant in the family firm context where aspects such as close relations, values, interests, history, and tradition can be expected to be important in strategizing. Socio-symbolic ownership introduced in the previous chapter supports an investigation into how values and interests linked to the ownership are expressed through various actors as they work on strategic issues on different arenas in social interaction. Thus, it is possible to track different actors and arenas involved in strategizing and to investigate how they change over time as a first step and then interpret and conceptualize the role of ownership in this process as a second step. I set out to do this in the remaining parts of this study.
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Some Philosophical Considerations

The nature of the research question and research problem should be the guiding star when deciding on methodology for a research project. It has, however, also been pointed out that the choice and adequacy of a particular method embodies a variety of interrelated assumptions regarding the nature of knowledge, the methods through which that knowledge can be obtained, and the very essence of the phenomenon to be investigated (Morgan and Smircich, 1980). Often this discussion starts in the debate concerning whether social reality should be perceived as ‘objective’ and given ‘out there’ or as a subjective product of one’s mind (Burrell and Morgan, 1979). Stating the underlying assumptions on which a researcher relies, becomes a moment of self-reflection that enhances the trustworthiness and quality of the research results. It also facilitates the evaluation of the research, since the particular research strategy used by the researcher should be linked to how he or she understands social reality (Morgan and Smircich, 1980; Alvesson and Sköldberg, 2000). In this chapter, I first set out to briefly describe the underlying view of the nature of society and human actors on which I base this study. I then outline my interpretive approach, where I especially spend some time to define the concepts of understanding and interpretation. Thereafter, I move on to describe the research strategy, how I have worked with analysis and interpretations, and finally I discuss how to evaluate interpretive research.

The Nature of Society and the General Aim of Social Sciences

This research project is framed within ‘symbolic interactionism’ (cf Mead 1934; Blumer, 1969; Charon, 2004), which is philosophically rooted in American pragmatism (cf Hammersley, 1989; Charon, 2004 for overviews). Blumer (1969) argues that symbolic interactionism is based on three main premises. First, human actors act toward things on the basis of the meanings that these things have for them. Second, the meaning of such things is derived from, or arises, out of, the social interaction that one has with one’s fellow actors. Third, these meanings are handled in, and modified through, an interpretive process used by the person in dealing with the things he or she encounters (Blumer, 1969:2). This means a view on human actors as purposive agents, confronting a world that they must interpret in order to act rather than a set of environmental stimuli to which they are forced to respond (Schwandt, 1994).
Charon (2004) summarizes the perspective of symbolic interactionism as resting on five central ideas. First, the focus on the nature of social interaction as the dynamic and social activities taking place among actors, where society (e.g. an organization) arises and changes through this social interaction. Social interaction is thus an ongoing activity. Second, interaction also occurs ‘within’ the individual, in the sense that actors act according to how they interpret and think in the specific social situation they are in. And even if this thinking is affected by interaction with others, the thinking taking place ‘inside’ matters for the actions taken. Third, rather than sensing the environment directly, actors define their situation as action unfolds and act according to these definitions. Fourth, actions of actors are outcome of what occurs in the present situation. The present is linked to the past and the future, but “what is going on right now in our present situation makes the real difference on how we act” (Charon, 2004:28). Fifth, human beings are active, rather than passive in their daily lives. The actor is thus seen as a being that interacts, thinks, defines, applies his or her past, and makes decisions in the present based on factors in the immediate situation.

Most researchers subscribing to this perspective would probably agree with me and acknowledge that reasons and meanings can be seen as causes in social life (Berg, 1998; Charon, 2004). Focus in symbolic interactionism is on how and why actors interpret and assign meaning to different objects, actors, events, and processes that they experience in everyday life and act accordingly. Knowledge about this, it is suggested, can lead to an increased understanding of social life and human actions in it. Symbolic interactionism is very much geared towards the micro levels of the everyday life of actors. However, through George Herbert Mead’s notion of the ‘generalized other’, actions at the micro level are also related to rules, values, and norms (structures) at wider societal levels (Mead, 1934). The focus on social interaction also implies the assumption that when acting, actors are aware of other actors and appraise, take into account, and interpret them when acting. In other words, as social, human beings we interpret the actions of others and try to determine the intentions of others and this, in turn, become important for directing our own actions (Blumer, 1969). This is what is referred to in Mead’s famous notion of taking on the role, or the attitude, of the other (Mead, 1934). This is also related to the word ‘symbolic’ in symbolic interactionism. Charon (2004) notes that social interaction is symbolic in the sense that the actions of each actor have meaning to the actor doing them, and are interpreted and assigned meaning by those with whom that actor interacts.

In this view, society at different levels, such as an organization, can be understood as an ongoing interplay between actors that meet and interact in the context of different social situations, i.e. different arenas in their everyday lives. They have each other ‘in mind’ and adjust their actions as they go along, thus facilitating the collaborative action so essential for organizing (Barnard, 1938; Blumer, 1969; Weick, 1979). With regards to, the research reported in this
dissertation, symbolic interactionism is consistent with and informs my views on strategizing and the concept of ownership. For instance, consistent with the view on strategizing depicted in Chapters one and two, is the focus in symbolic interactionism on society and everyday life as ongoing and dynamic processes. The preference of verbs and the gerund form over nouns in much of the literature on strategizing to underline the ‘ongoingness’, ‘dynamism’, and the inseparability of the content and process of social life was noted by Georg Simmel, who was an early source of inspiration for symbolic interactionists and it continues to be a central idea (Berg, 1998). The focus on the present and real-time processes, as well as the focus on everyday life and the processes of interpretations of actors as they experience their daily conditions in social interaction with other actors is also consistent with the view of strategizing that I adopt in this project. Moreover, the interest in the micro levels and the role of contexts in strategizing is also in line with the focus of symbolic interactionism. Further, the focus on symbolic elements of social interaction allows looking at ownership beyond the legal and structural meanings of the concept in line with the discussion in Chapter three. A notion of socio-symbolic ownership implies, for instance, an understanding of ownership where actors’ interpretations of its meanings and rights and responsibilities are central. Paying attention the socio-symbolic values of both owners as actors and ownership as a social, interpretive phenomenon, rather than merely considering legal and structural values, lends support to the argument that ownership can be channeled through different actors and arenas in strategizing of family firms.

This is consistent with an epistemological view of human beings as active, knowledgeable actors in the creation and re-creation of their social reality. Giddens (1979) uses the notion of ‘reflexivity’ which means that individuals pay attention to their actions, and reflect regularly upon these actions. He argues that our ‘objects’ for study can read the reports we write and be affected by them in their daily social lives. This means ‘double hermeneutics’ in which both researchers and the actors that we study make interpretations and assign meanings to aspects of our social reality (Giddens, 1979). Blumer (1969:22) refers to a similar idea: “the empirical world can ‘talk back’ to our pictures of it or assertions about it – talk back in the sense of challenging and resisting, or not bending to, our images or conceptions of it”. In this view, the aim of research is related to the argument that the complex, dynamic social reality must continuously be examined, questioned, interpreted, and understood from new perspectives.

I agree with Giddens (1979) that research aims at increased understanding by illuminating processes in social life by providing insights into and concepts of human social activities which can serve in both empirical and practical work. The aim is thus to develop theoretical notions and a conceptual language that can be applied to understanding social situations in novel ways, both theoretically and practically. This is also inspired by Mead’s (1934) who say that through language and concepts individuals have capacity to become aware
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of how, and why, they act in certain ways. Generating novel concepts and notions can thus both promote practical understanding of social situations and increased theoretical understanding. Consequently, social science is an interpretive endeavor in which both theoretical and empirical material is a base for interpreting a complex, dynamic social reality. In this view, the results of research are no valid-for-ever truths, but rather bits of understanding and indicative pieces of knowledge, provided as input in the collective endeavor of conducting research in order to increase our understanding. Hopefully, the results can give new insights and ways of looking at certain things – perhaps to change them, or at least to increase reflective thinking and acting among those taking an interest in this specific area of study.

An Interpretive Approach

An interpretive approach follows naturally when framing a research project within symbolic interactionism, since the search for portraying and understanding meaning is central in this perspective (Schwandt, 2000). Given the level of knowledge in the area under study here, it is relevant to create conceptualizing knowledge where general patterns are visualized. There are several different interpretive approaches in the social sciences. They all seem to have in common that they are related to the idea of verstehen, (e.g. Weber, 1921/1968) and share a focus on the ‘fine-grained details’ and ‘complex processes’ by which human actors interpret the meaning of their own actions and those of others with whom they interact (Schwandt, 2000). A majority of interpretive researchers also unite around the effort to explicate the ways people in specific social settings come to understand, account for, and manage their daily lives. The goal of interpretation can be seen as building ‘shareable understanding’ (Denzin, 2001). The focus on three central concepts, interpretation, meaning and understanding is also shared among interpretive researchers.

Interpretation can be seen as the clarification of meaning, and understanding is the result of processes of interpreting, i.e. the grasping and comprehending of the meaning that is felt, intended, and/or expressed by actors (Denzin, 2001). Interpretive researchers seek to reach understanding through interpretation of meanings assigned to, for instance, events, processes, objects, and actors. An interpreter is someone who interprets or translates meanings to other actors. "An interpretation is an acceptable, approximating translation", as Weick (1995) puts it. Interpretations are made both by the actors under study and by the researcher studying them (as the notion of double hermeneutics indicates). This means that interpretive research is a collaborative project where the researcher and the researched join in an ongoing dialogue (Denzin, 2001) where knowledge is created through mutual understanding (Melin, 1977). Von Wright (1971:6, in Stake, 1995), adds that understanding in social sciences is related to the ability of feeling empathy for the actors studied, or "recreation in
the mind of the scholar of the mental atmosphere, the thoughts, feelings and motivations of the objects of his study”. Similarly, Alvesson & Sköldberg (2000:54) observe that empathetic understanding calls for “living (thinking, feeling) oneself into the situation of the acting person (writing, speaking)”. In this view, understanding is reached through assigning meanings to social phenomena (Lindholm, 1979), where meaning is seen as “what an experience means to a person, defined in terms of intentions and consequences” (Denzin, 2001:160). Understanding is thus viewing something, such as a social phenomenon, as something and to detect meanings that individuals attribute to them, and interpreting is seeing things in new ways, or assigning new meanings to them (Asplund, 1970). This can, for instance, involve seeing patterns in the empirical material that, linked to a wider theoretical frame of interpretation, can provide novel and unexpected understanding (Alvesson and Sköldberg, 2000).

Most interpretive researchers probably agree that knowledge is a social and historical product, and that empirical material comes to us laden with theory and prior conceptual and practical understanding (Miles and Huberman, 1994; Denzin, 2001). Frameworks, theories, literature, and personal experiences are conceptual organizing modes through which empirical observations are filtered, thus affecting interpretations and the knowledge created (Ödman, 1979). Acknowledging this, I am inspired by what Emerson (2004) refers to as ‘naturalistic retroduction’, and Alvesson and Sköldberg (2000) call ‘abduction’. In my interpretation, these two notions mean that the interpretive researcher moves back and forth between empirical observations and theory, "modifying original theoretical statements to fit observations, and seeking observations relevant to the emerging theory” (Emerson, 2004: 458). In this way, observation and collection of empirical material are not systematically guided by a predetermined fixed, theoretical framework. Rather, given the overall focus of the research project, different themes may emerge from the empirical material as the fieldwork proceeds and this guides the research to search for new theoretical ideas and inspiration to support the emerging interpretations and understanding. Naturalistic retroduction thus refers to the interplay between theory, collection of empirical material and different levels of interpretation. In this view, theory and previous literature are frames of interpretation that are deliberately open and adaptable, especially in early stages of the research.

As Hammersley (1989) points out, this does not mean that interpretive researchers adopting this approach search aimlessly and completely unguided in the empirical field. Certain, relevant concepts can be used to ‘sensitize’ the researcher to important aspects of the empirical field under study. ‘Sensitizing concepts’ suggests directions along which to look (Hammersley, 1989). In this study, for instance, I use the concepts of actors, arenas, and strategic issues as sensitizing concepts to capture the process of strategizing and to interpret the role of ownership in action in this process. In turn, the result of this study may create new, or changed, sensitizing concepts for further empirical and
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theoretical endeavors. I will return to the notion of naturalistic retroduction later when discussing my ‘interpretive logic’.

Research Strategy

Interpretive researchers seek knowledge through individual experiences of actors who are directly involved in the social processes under study. This typically means that the researcher actively enters the world of the actors being studied in order to "see the situation as it is seen by the actor, observing what the actor takes into account, observing how he interprets what is taken into account" (Blumer, 1969:56). Miles and Huberman (1994) argue that this means research conducted through an intense and/or extended contact with a ‘field’ where the daily lives of individuals are reflected. This, and the interest in first-hand knowledge and getting ‘inside’ the everyday flow of life leads many interpretive researchers to carry out detailed fieldwork using predominantly qualitative research methods (Burrell and Morgan, 1979). I concur with Maxwell (1998), who suggests that qualitative research methods are particularly relevant for understanding meanings (which is central in the interpretive approach), contexts (which implies how events, actions, and meanings shape and are shaped by unique circumstances in which they occur), and processes (which means how events and actions take place over time) in their natural settings. In this dissertation, I have conducted in-depth, longitudinal case studies using qualitative methods. Conducting case studies as research strategy is suitable for understanding strategizing in different kinds of firms (Johnson et al., 2003; Balogun et al., 2003), including family firms (Hall, 2003).

In-Depth Case Studies

To reach understanding, interpretive researchers often choose to study a limited number of cases in depth, rather than surveying many cases. The case study is especially suitable when interest is shown in understanding complex phenomena in dynamic settings (Eisenhardt, 1989; Stake, 1995). This research strategy enables the researcher to move closer to the actors and arenas involved in strategizing, and to the processes of interaction among them. A case study is appropriate for processual, contextual and longitudinal research of different actions and meanings that occur in and around organizations (Hartley, 1994). In-depth case studies can also give insight through rich detail and are typically conducted using different methods for gathering and constructing empirical material (Stake, 1995; Orum et al., 1991; Pettigrew, 1997). Orum et al. (1991) summarize the advantages of case studies in four points. First, they permit the grounding of observations and concepts about social action and structures by studying actors’ day-to-day activities at close hand in their natural settings. Second, they provide information from a number of sources and over an
extended period of time, thus allowing for a study of complex social processes and meanings. Third, they highlight the dimensions of time and history to the study of social life. In that way, a researcher can examine continuity and change in 'life-world patterns'. Finally, case studies encourage and facilitate theoretical and conceptual development. These four points also relate to the in-depth of in-depth case studies.

Conducting an in-depth case study means a combination of several factors. First, the cases under investigation must be studied over an extended period of time and "enable the researcher to examine the ebb and flow of social life over time and to display the patterns of everyday life as they change" (Orum et al., 1991:12). This longitudinal aspect of in-depth case studies also gives time for both the researcher and actors in the case study to reflect over and perhaps revise meanings and understanding that emerge from the observations. In line with the reasoning above on naturalistic retroduction, for instance, Melin (1977) suggests that creativity and flexibility are supported when case studies are used for concept and theory development. The main reason, Melin (1977) argues, is that the researcher in conversations with actors can get new ideas and test 'emerging, visionary theories' directly. In-depth case studies thus allow for detailed exploration and a variable procedure, where the researcher can

...shift from one to another line of inquiry, adopt new points of observation as his study progresses, move in new directions previously unthought of, and change his recognition of what are relevant data as he acquires more information and better understanding. (Blumer, 1969:40)

Conducting an in-depth case study also means relying on several ways to gather and construct empirical material, as well as meeting with actors and observing their actions repeatedly through several visits to the research site. If using interviews, like I do in this research project, an in-depth case study involves letting many voices be heard, i.e. to talk to many different actors with different relations to and positions in the case under study. Moreover, even if the interest is guided towards processes and actions in real time, in-depth case studies denote coupling the rich understanding of the present with the examination of the past (Pettigrew, 1997).

Stake (2000) identifies three types of case studies, the intrinsic, the instrumental, and the collective case study. When conducting an intrinsic case study a researcher wants a better understanding of one particular case, which is not necessarily representative of a wider set of cases. The instrumental case study is when a case is examined to provide insight about a certain phenomenon and can be a base for theorizing of this phenomenon. "The case is of secondary interest, it plays a supportive role, and it facilitates our understanding of something else" Stake (2000:437) argues. The collective case study, finally, is when the researcher studies a number of cases:
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Individual cases in the collection may or may not be similar or dissimilar, redundancy and variety each important. They are chosen because it is believed that understanding them will lead to better understanding, perhaps better theorizing, about a still larger collection of cases. (Stake, 2000: 438)

I see intrinsic, instrumental and collective as three different dimensions that, to a varying degree, can be in focus in a particular case-study approach. In this research, for instance, I am clearly interested in understanding each case on its own, unique merits. However, I am also interested in elevating the uniqueness and particularity of each case and compare, in an instrumental way, with other cases in order to rise above the specific and create understanding with relevance beyond each single case studied. In this research, I have studied three cases, which also indicates that my case study design is collective.

Before moving on to the selection of cases and the fieldwork, it may be useful to comment on the difference between the case and the unit of analysis, since this is not always evident in case study research. Stake (2000) argues that a case needs specificity and boundedness to be called a case. When conducting the case studies, I found it useful to think of the organization (i.e. the selected family firms) as the case and of the strategizing as defined and conceptualized in Chapter two as the unit of analysis. In practice, this meant that I focused on capturing strategizing by investigating what strategic issues were current in each firm, who the actors involved in the work on these strategic issues were, as well as where and when (i.e. on what arenas) these actors met and interacted in the work on strategic issues. Thereafter, I interpreted how ownership was channeled in the strategic work using the reconstruction of the strategizing process as a point of departure.

Selecting the Cases

The opportunity to learn is important when selecting cases (Stake, 2000). This means that access, not just to a particular organization, but also to the actual subject for study is important when selecting cases. The subject must be ‘transparently observable’, as Pettigrew (1990 puts it. Keeping this in mind, I followed the logic of ‘purposeful sampling’ (Maxwell, 1998) when I started to look for appropriate cases to study. This involves selecting cases on the grounds of specific criteria originating from theoretical and/or practical considerations. Deciding on the number of cases is, of course, also an act of balance between breadth and depth. I knew quite early that I wanted to include three family firms as cases in my study. The main reason for this was that I wanted a limited number of firms so that I could follow them over an extended period of time at the same time as being able to conduct repeated visits to each firm. I thought that more than three would not allow me to reach the necessary depth that I wanted in order to gain understanding of each case. I also wanted more than one case in order to be able to make comparisons across the cases of the
observations I made in each. The main reason why I selected three cases was that I wanted cases that seemed to have different actors and arenas structurally involved in strategizing. Based especially on initial theoretical readings, I thought, for instance, that the way ownership is channeled in strategizing could differ between a family firm with an active board with several non-family board members and a family firm without an active board. Moreover, I expected find a difference between family firms depending on how many family actors worked in the firm, as well as in what informal and formal positions these family actors were to be found. I also wanted to include at least one case of a family firm that had recently recruited a non-family actor as CEO. The reason was to be able to investigate the impact on everyday strategic work when a family actor left the highest executive office to a wholly external non-family actor. Given the definition of a family firm that I adopt in this research project, the owner family must, however, be involved at the top management level. In the case I chose with a non-family CEO, the wife of the former CEO and majority owner entered the top management team when her husband left, thus meeting this criterion. Of course, the definition of a family firm adopted in this project also guided the final selection of firms. For instance, I wanted the full ownership to be held by a definable family, even if allowing for some spread of ownership over different branches of the owner family. In other words, a selection criterion was formal variety in the ownership structure between the firms, meaning differences in how many family actors were owners and how large stake of shares they held.

As mentioned before, I see family firms as a heterogeneous population of firms. I never had the ambition to define a specific subset and select cases representative of this part of the population. But I still wanted to some extent to delimit the type of family firms studied in order to facilitate cross-interpretations. Accordingly, I selected three family firms that all were owned and managed in the second generation or later, that all worked with other businesses as their main customers (business-to-business) and that all could be defined as small or medium-sized. Moreover, I wanted to select firms that were undergoing significant strategic and organizational challenges. Following Giddens (1979), who argues that we can learn a great deal about day-to-day life in routine settings from analyzing circumstances in which those settings are radically disturbed, the main reason was that I believed that this would facilitate my ability to ‘see’ and ‘capture’ strategizing and how ownership is channeled in this process in action. In other words, I expected firms facing such challenges to be more likely to be engaged in more or less intense strategic work involving different types of actors and arenas. Consequently, I finally selected two firms facing significant problems with sales and profitability (both had to cut costs and downsize significantly during the course of the study) and one firm fighting to cope with rapid, sustained growth in both sales and the size of the firm.

Eventually, I approached three suitable firms early 2002 with a request for participation in the study. The first firm I approached declined after the first
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interview. The second firm accepted and I started interviewing actors and I was meant to participate in their top management team meetings. However, an unfortunate illness in the owner family forced them to back out. The third firm that I approached accepted and granted me full access to interviews and participation in meetings from April 2002. The loss of the first two firms meant that I had to search for two new firms with similar characteristics. After some reflection, I decided to return to two firms that I had studied three years before as part of a research project with a similar focus before joining the PhD program. In terms of my selection criteria these firms were equal to the ones I had lost. They soon accepted and after some thought I realized that this outcome would most likely be very beneficial to my study. First, I was somewhat acquainted with both the firm and the actors from the owner family. Second, and more important, this would allow me to investigate the development between 1999 and 2003 in two of the three firms. Thus, after some initial frustration, I saw the opportunities in the new situation and in line with the flexible way of working in the interpretive approach, this turned out to be a strength rather than a weakness.

When first approaching the firms, I contacted the CEO and/or the main owner in all three firms. I informed them that the research project was intended to be reported as a doctoral dissertation at Jönköping International Business School. I told them that the overall purpose was to investigate the role of ownership in strategic work, with a specific focus on the role of different actors and arenas in this work. I told them a little about my personal, educational, and professional background to give them a picture of who they were letting into their daily work lives. In two of the firms I felt that I rather quickly ‘bonded’ with several actors, in the sense that I was respected and that they felt that I respected them. In one of the firms, however, it was a little more difficult to create such a bond, but after some time and repeated visits and meetings with key actors it felt better and I do not think it affected the results from that case study. The three firms finally selected, Väderstad-Verken (Väderstad), Öhman Fondkommission (Öhman) and Malmberg Water (MW) are presented in closer detail in the empirical Chapters five to seven. Appendix 1 also contains a table summarizing some structural characteristics of the firms as well as a brief discussion about their possible impact on the research, especially in relation to the focus on strategizing and ownership.

**Designing the Fieldwork**

In order to enhance understanding and to add rigor, breadth and depth to a case study, a kind of ‘multimethod’ is often applied to gather empirical material (Denzin and Lincoln, 1994). Given the focus of my research and the purpose of interpreting and understanding, my ambition was to come as close as possible to the day-to-day activities and social interaction among actors, both through direct observation and through repeated reporting from actors involved.
Handler (1989) points out that research into family firms is especially demanding both for the researcher and the people with whom the researcher interacts, since it inherently means research into a family. This, which might sound like a cliché, is very true. Being engaged in intensive field studies, participating in meetings and talking to a wide range of actors about other actors means a delicate act of balance. More than once, I was also told things that could be seen as sensitive information. But a central aspect of studying strategic processes in family firms is that quite often these sensitive pieces of information are relevant for the character and outcomes of these processes. This was a challenge when entering and staying in the field, especially since I was interested in the details of social interaction between actors in different types of social situations, where certain actors directly or indirectly needed to evaluate the role and performance of other actors.

In-depth, interpretive case studies are also characterized by the researcher spending extensive periods of time in the field, observing activities and actions, and having dialogues with different actors (Melin, 1977; Hall, 2003). This includes reflecting and revising meanings of what is going on in dialogue with the actors (Stake, 2000). My objective was to gather material in order to be able to reconstruct the strategic development historically in order to promote an understanding of what was going on at the present time. This proved to be easier in one of the cases (Malmberg Water) than in the others, supporting the decision to focus my interpretations mainly on real-time processes. Consequently, the bulk of the study was done as a real-time investigation of strategizing activities going on in the three firms. In two of the firms, the first study period was in the spring of 1999 (Öhman and Väderstad), where both general characteristics of the firms and details about their strategy processes were investigated. In the spring of 2002, I returned to one of these firms in order to begin the main part of the study. I returned to the second firm from 1999 in August 2002. The third firm I followed in real time for 14 months (April 2002-June 2003).

The studies of the two firms in 1999 were based on interviews with several family actors and one non-family actor in each firm, as well as some official background material of the firm. In total, I conducted 5+4 interviews in 1999. When returning to these two firms in 2002 and visiting the third firm for the first time, my intention was to combine mainly interviews, observations, and documentary studies (especially minutes from meetings where strategic issues could be expected, or was reported to be, treated). I got free access for interviewing in all three firms, and good indications that observing meetings, i.e. entering and being present on the arenas where strategic issues were treated, would be possible after becoming more acquainted with family and non-family actors. As it turned out, however, I got complete access to these meetings in one of the firms (Malmberg Water), access to one meeting in one firm (Väderstad), and denied access to meetings in the third firm (Öhman). At this stage, however, the study had proceeded so far that I did not consider it a viable
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alternative to change case in order to gain access to more meetings for observations. Instead, I designed the conversations and dialogues with the actors as a substitute for observation, mainly by asking them (often close in time to a particular meeting) about how they viewed the circumstances there and then, i.e. in real time. In one of the firms, the one where I was granted access to meetings (mainly board and top management team meetings), I was also allowed to read and review minutes from board, and top management team meetings and away-days. However, during the process of producing the case descriptions, I decided not to make much use of these meetings in the current research. The main reason was that I felt that it would complicate comparisons between the cases more than it would contribute to my interpretations. In other words, the main techniques to gather empirical material used in the field studies were interviews, casual conversations, and observations. In essence, these methods are informed by the ambition to provide rich descriptions and capture the actors’ perspective and interpretations of the subject under study.

The fieldwork in the three family firms was carried out more or less in parallel, apart from the first visits to two of the firms in 1999. In general, I also applied the different methods in parallel, i.e. combined interviews, observations, and gathering and reading of documents during the course of the study. This way of working supported my emerging interpretations and understanding of strategizing and the role of ownership in each firm firm. It also allowed for early and continued comparisons between the cases.

Interviews

Interviewing is one of the most acknowledged and useful ways of investigating how actors experience and interpret their everyday life (Fontana and Frey, 1994; Pettigrew, 1997; Stake, 2000), even if some influential scholars argue that interviews are too politicized and rarely provide interviewers with the ‘correct’ interpretations (e.g. Silverman, 1993). My position is that in-depth interviews, if used skillfully, can provide interpretive researchers with appropriate information about how actors experience and interpret their everyday life. Interviews, or dialogues, as some interpretive researchers prefer to see them (e.g. Melin, 1977; Hall, 2003), can provide a setting for interaction and exchange of points of view between the researcher and the interviewee. Especially semi-structured and open-ended interviews are a versatile way of reflecting on events, issues, and processes that are otherwise difficult to grasp. Seeing actors as purposive agents in social interaction also allows intentions, which often do not surface in observations, to be better interpreted and understood. I am, however, more skeptical about the retrospective interviews with selected key actors that traditionally dominate strategy research. They can provide valuable contextual insights as actors reflect over events in the past, but our ability to remember the details of social interaction which occupy strategizing researchers is limited. Thus, after several retrospective dialogues
with actors about strategic issues and events several years ago, I decided to
primarily focus on how the actors interpreted the present time. I asked them
what strategic issues were current at the moment I talked to them, who they
thought were the main actors involved in the work around these issues, as well
as and when they met and interacted on these strategic issues. The next
time I met a certain actor, I did the same and if the strategic issues had shifted I
asked them to tell me how and why and with what impact for the strategic
work. Apart from these in many ways still formal dialogues with actors (i.e. an
agreed-upon and pre-scheduled interview at a specific point in time), I tried to
engage in as much informal conversation as possible with the different actors
that I earlier had assumed to be involved in strategizing. Sometimes, for
instance, I called the CEO asking what was on. But more often these casual
conversations took place when visiting the firm, in between meetings, when
having lunch and when traveling. In sum, these more informal conversations
proved to be a very important supplement to facilitate interpreting and
understanding what was going on.

As indicated, I talked to both family actors and non-family actors in and
around all three firms. I aimed for open and easy-going dialogues with these
actors and also used a document with various questions and themes to be
covered. The content of this document shifted over time in line with the
interpretive approach and with whom I was talking. Even if the main themes
covered were the same for all actors, the specific questions I asked varied to
some extent, for instance, between actors working in the firm and those not
working in the firm, as well as between family and non-family actors. The
interview documents that I used early in the study included many general
questions about the owner family, the firm, the history of both the family and
the firm, the strategic work and the role of different actors and arenas that I had
identified early in the literature. Later, the interviews were much more focused
around the following themes: a) what are currently the most important strategic
issues that the firm is facing? b) how would you characterize the work around
these strategic issues? c) who are the actors involved in this work? d) where and
when do you and/or these actors meet to work on these issues? This was a way
for me to ‘operationalize’ the theoretical construct of strategizing in the
fieldwork. Then, depending on the answers to these questions, I asked more
specifically about the role of different actors and arenas, such as the owners, the
board, the top management, in the work on strategic issues. My questions also
centered on the role of more informal and casual situations in which the
different actors interacted around strategic issues. Further, I asked about the
role of other actors, both inside and outside the firm, and how they
characterized and related to the ownership and its role in the strategic work in
the firm. I asked about different values, principles, routines and interests that
the actors saw had impact on how the work on strategic issues unfolded.
Moreover, I tried to ask many smaller follow-up questions formulated as ‘how-
and-why questions’ to better grasp what was going on. In this way, I could
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interpret changes that occurred over the course of the study, in addition to asking directly for changes.

Given my interest in ownership, I considered talking to family members pivotal. In all three firms, I talked to family members both working and not working in the firm. All adult members of the owner families were owners. The family members I talked to were from two different generations in all three firms and held different parts of the legal ownership, ranging from 95% of the voting power to only a couple of percent. In all three firms, the first person I approached and talked to could be characterized as a ‘leading representative’ of the owner family in the firm. In one case, this person was majority owner, chairman of the board, and group CEO, in another, the majority owner, member of the board and group CEO and in the third minority owner (i.e. by himself holding less than 50%) and CEO. I returned to talk to these actors repeatedly during the course of the study in all three firms. The other family members I talked to included retired founders, board members, top managers, employees at other levels of the firm, and some people that were ‘only’ owners and not represented at any other level of the firm. Apart from different family members, I put much effort into reaching and talking to non-family members. The main reason was to interpret and understand how these people viewed their own role in relation to the owners and the ownership, as well as the roles of the owners and the ownership in strategic work. Moreover, much literature on family firms focuses on reports from family members (cf Fletcher, 2002). As pointed out before, this research project rests on the assumption that social interaction and how actors interpret each other’s action is of central importance to grasp everyday life. The provision of different perspectives and interpretations was thus considered essential for the robustness and trustworthiness of the study. The non-family members that I talked to included CEOs (both present and resigned), board members (both present and resigned), top managers, one financial advisor, executive secretaries and other employees (especially some that had worked in the firm for a long time). My initial aim was not to discriminate between actors in terms of their formal position. After some time, however, I focused on those actors, both non-family and family, who could be interpreted to be involved in the work on strategic issues and present in arenas of strategizing. I met these actors repeatedly during the course of the study, some up to four times. The purpose was to follow the development over time and to get a chance to enhance my evolving understanding with new, revised, and balanced insights from those I saw as key actors in strategizing. Appendix 2 contains a table that summarizes the interviews conducted.

In total I carried out 98 interviews in addition to the various casual conversations that I had with these and other actors and which I did not keep track of regarding how many or how long they were. The interviews lasted between 30 minutes and three hours, with an average of about 80 minutes. One interview was conducted with two people at the same time (the two founders of
Väderstad). All interviews were tape-recorded except three, where the interviewees asked me not to use the tape-recorder. On these occasions I took detailed notes instead. I also took some notes during the other, recorded interviews, but these notes were more related to ideas that emerged, follow-up questions or something unusual or specifically notable. The presence of the tape-recorder was generally not perceived as a problem as far as I could see, apart from some occasions when the interviewee explicitly asked me to use the information carefully considering that it was on tape. Some interviewees did seem to formulate their statements and answers to my questions in a somewhat ‘political’ or ‘diplomatic’ manner and some seemed to avoid responding to a few questions. This, however, was changed the second time and later when I met the specific actor. In general, the actors I talked to were more open and candid than I had expected. Actually, I had to restrain then from talking too more often than I had to ‘twist and turn’ to get them to speak. The longitudinal ambition to follow each case in real time for a notable period of time meant that, time, resources and capability to process the empirical material gathered were the decisive factors when deciding to stop interviewing and observing. Indeed, I felt that I had too much much material to work with, rather than too little.

Observations

The detailed notes I took from the formal and informal meetings contributed to the large amount of empirical material. The purpose of participating in meetings was to enter the arena and be present there and when the strategic work occurred. I wanted to see how the actors in typical arenas of strategizing interacted, what they actually did when treating the strategic issues they had talked about in the interviews as well as how they did it. Again, given the underlying theoretical assumptions of my approach, I considered it appropriate to study in situ the actors interacting and being involved in symbolic actions and social situations (Blumer, 1969). Observation is suited for research projects that emphasize the importance of human meanings, interpretations, and interactions, and where an ‘insider perspective’ is considered to enhance existing knowledge (Jørgensen, 1989, cited in Waddington, 1994). The purpose and outcome of observations in interpretive research depends on the type of observation that is performed, but they all have in common that they are a way to experience different actions, events, interactions and processes as they unfold in their natural settings. Doing the observations, I would characterize myself as an ‘observer-as-participant’ (Waddington, 1994). This refers to a person who during the observations maintains superficial contact with the people being studied, for example, by asking them occasional questions and/or occasionally being visible to them. In other words, my aim was not to be actively involved in the processes I studied as a ‘participant observer’ who intervenes and contributes to the social
interaction with a purpose. Instead, I sat on a chair in the room together with the people I observed as they went along in their interaction and conversation. For obvious reasons, my presence was visible, known, and accepted by the other actors present. At the beginning of each meeting that I observed, the chairman of the meeting referred to me, welcomed me and explained to the others why I was there. As time passed by, however, I had the impression that my presence was increasingly 'forgotten', at least, until the end of the meeting when the chairman of the meeting again typically turned to me and occasionally even asked what I thought about what I had just observed.

To guide my presence in different arenas of strategizing, I followed Johnson et al. (2003:17) who suggest looking for “events or episodes that are typically critical to strategy development, for instance, board meetings or away-days, and processes which commonly underpin and explain competitive advantage”. In terms of formal meetings, this led me to direct my interest especially to board meetings, top management team meetings, and strategy meetings (such as away-days or vision meetings). As mentioned above, it turned out to be impossible for me to attend meetings in one of the firms and in another I only managed to get access to one meeting (a strategy meeting with a group working with the firm’s vision). In one of the firms, on the other hand, I had good access. Here, I observed several formal and informal meetings, predominantly board and top management team meetings. Taken together, I made detailed observations of totally 12 formal meetings of various kinds (such as board meetings, top management team meetings, an annual meeting, and company presentations). Apart from this, I participated extensively in more informal interaction and conversation at company visits, dinners, trade fairs, company presentations, etc. in all three firms.

During the meetings I tried to record both the content and the process of interaction between the actors I observed in the arena. I took notes about both what they were saying and how they were saying it. I also tried, even if it turned out to be difficult, to write down specific reactions and expressions of those actors that did not participate in a particular piece of interaction. Furthermore, I took notes about the general setting, i.e. the room, the participants, where they sat, when they arrived, etc. During the more informal observations of the actors outside the meetings, for instance when I visited the firm, on our way to lunch, or when chatting during a coffee break, I noted my general impression of the interaction and the content of what was actually said. Although my initial intention was to take notes of as much as possible, I soon realized that it would be more fruitful for the focus of my research if I concentrated on the process and content of interaction around the issues that had been identified as strategic in previous interviews. Of course, it occurred repeatedly that new an issue emerged that I interpreted as strategic there and then, because of the content, the intensity with which the actors talked about it and the scope it seemed to have for the firm. The emergence of such issues during the interaction thus triggered more intense note-taking from my part. I took all notes by hand (I
was not allowed to tape-record the meetings) and as soon as the observation was over I recorded my general impressions and what I remembered of specific importance on tape. Returning to my office or hotel room, I typically re-wrote my notes into an MS Word document as soon as I could and added new things that struck me as relevant. The notes from the first meeting I observed were notably poorer than the notes from the subsequent meetings. I believe this was due to my inexperience in observing meetings and beginner’s uncertainty regarding what to note and what not to note. During the observations, but especially while re-writing the notes into the MS Word document, I tried to identify specific ‘interactional slices’ (IS), which refers to a sequence of interactions between two or more actors that has been recorded (Denzin, 2001). IS for me became a sequence of interactions around a strategic issue where I was able to take notes of most words and sentences that were uttered. Typically, the IS ended when that particular interaction on the issue in focus ended. When interpreting the notes more systematically, I could focus on these IS as illustrations of what was going on. In other words, IS became for the reporting and interpretation of my observations what the citations were for my interviews. I will return to this in the section on interpretation below.

Other Empirical Texts

As mentioned above, I combined my interviews and observations with the reading of many different kinds of documents from and about the three firms. These documents were mainly newspaper articles, business plans, company presentations, annual reports, minutes from board, top management team and strategy meetings, and home pages. My initial purpose was to conduct more systematic analyses also of this material in order to improve my interpretation of the other material. However, due to different access and different quality of the documents in the firms together with the rapidly growing amount of material for building my case descriptions and interpretations I decided only to use the documents as background support. In one firm, for instance, the many newspaper articles I found about its development over the last 20 years helped me to reconstruct the history of the firm. However, in the real-time study, I only used newspaper articles to corroborate my interpretation of certain critical events occurring during the period I was in contact with the firm. Similarly, in another firm the board minutes helped to reconstruct the history of that firm, but I chose not to use them in the real-time study more than to compare my own notes of the meetings with the minutes taken by the secretary in order to see if I (or the secretary) had missed something essential. The business plans (or vision document as it was called in one firm; no firm used the term strategic plan) supported me in my understanding of what the key strategic issues were. Reading them before they were discussed in a meeting that I observed helped me to better understand and follow the interaction during these meetings. The annual reports assisted me in a similar way, i.e. to compare the ‘official’ and
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‘documented’ view with what I heard in dialogues with the actors and observations of meetings. In the later empirical and interpretive parts of this dissertation, the reader will only meet sporadic references to these documents, even if they probably have influenced my interpretations more than is evident.

The Interpretive Work

The Nature of Interpretation

An interpretation is supposed to bring the empirical material closer to “some kind of abstraction, and finally towards a theoretical level of understanding” (Brundin, 2002:95). It is the nature of the interpretive approach that analysis and interpretations are closely intertwined with the empirical fieldwork. The ‘field texts’ (Denzin and Lincoln, 1994) resulting from the observation notes, transcribed interviews, and documents gathered have already been colored by previous understanding and priorities that I consciously or unconsciously had when working with them. Therefore, the interpretive work includes the reading and interpreting of earlier relevant theoretical and empirical work on the phenomenon in focus (Denzin, 2001). This refers to Chapter one to three in this dissertation. Several interpretations of the empirical material are also often possible, even if some are more compelling for theoretical reasons or on grounds of internal consistency (Miles and Huberman, 1994).

Both when working in the field and when interpreting the increasing amount of empirical material, I have followed the logic of ‘naturalistic retroduction’ (Emerson, 2004), briefly introduced above. In short, my interpretive logic contained four steps: a) constructing the case descriptions, b) empirical within-case interpretations, c) empirical cross-case interpretations resulting in ‘emerging themes’ and d) theoretical interpretations where the emerging themes, are deepened and further elaborated on with theory in focus. I will now turn to discussing these steps in some more detail.

Early Stages of the Interpretive Work

As mentioned, I used ‘strategic issues’, ‘actors’ and ‘arenas’ as sensitizing concepts in order first to approach and capture the processes of strategizing and second to interpret how ownership was channeled in this process. In line with this, the first step was to gather empirical material and try to track and capture strategic issues, actors and arenas in the three family firms. After each interview that I conducted, observations I made and documents I read, I wrote down my immediate impressions and analytical thoughts as a kind of ‘instant analysis’ (Lundin, 2004) of what I had just heard, seen and/or read. The interviews I conducted in 1999 were transcribed directly afterwards and I also made early interpretations of their content then, i.e. before I knew they would be part of
my dissertation project. During the main study (April 2002 - August 2003), I transcribed the interviews verbatim and rewrote my observational notes as soon as possible after returning from the field. During this work I wrote down further ideas and reflections that struck me when I listened to the interviews and read through the observational notes. I added comments into the transcriptions while listening to the tape. I considered this stage important for my 'familiarization' with the empirical material (King, 1994) and I often noted things that I had not thought about when conducting the interviews or observing the meetings. Some of these emerging ideas and reflections would also prove to be important for my subsequent, more systematic interpretations of the material.

Apart from the intuitive notes and comments made during the transcriptions of the interviews and observation notes, I deliberately waited with a more systematic analysis and interpretations until I had all the empirical material in computerized texts. In late August 2003, I had all my interviews transcribed and other material converted into computer files. At this point I decided to translate everything into English, compile it, and construct rich and dense case descriptions of each firm. I did this in order to leverage the "lush, detailed, cumulative and comprehensive" (Orum et al. 1991:13) empirical material that is typically the result of in-depth case studies. I also did it because of my belief that these extensive case descriptions would be good bases for the further interpretations. An important aspect of interpretive approaches is when the researcher moves between interpreting the part and the whole in an iterative manner. This is difficult to do in a systematic and inclusive way without rich and dense case descriptions. Consequently, I took one case at a time and compiled all my empirical material. Given my longitudinal ambition to follow the development over time ‘as it happened’ in real time I wrote down the cases chronologically. Apart from the chronological dimensions, I structured the initial case descriptions around concepts and dimensions emerging from the readings of previous literature. Thus, I constructed the cases around the central strategic issues and the actors and arenas of strategizing that according to my theoretical pre-understanding; I could expect to be important in the work around these strategic issues. The strategic issues I selected were those on which there seemed to be consensus among most actors and which had some theoretical backing. Especially, I leaned on the definition of strategic issues as questions, subjects, and points of strategic debate, such as different problems, threats, and opportunities that are given priority in the strategic development process of the organization (Ericson et al., 2000). I then checked if new strategic issues emerged; I could follow the outcome of these issues, as well as better understand who was involved, and when and where these actors interacted. In this phase, aspects such as the strategic role of the owner family, the board, the top management and their related actors and arenas were used to structure my empirical material. However, more empirically derived concepts and dimensions were also used, such as the role of vision work and business
planning, the ‘spirit’ of the firms and/or certain challenges that faced each particular firm. Often these were also characterized as central strategic issues in each firm. To construct the full case descriptions of all three firms took me until late May 2004, i.e. nine months.

As Miles and Huberman (1994) note, working with compiling the empirical material in this way always involves reducing the material and this is also part of the analytical work. Certain material and/or aspects of the material are abandoned, intentionally or not, as early as in this phase and are excluded from subsequent interpretations. I agree with this, even if my ambition was to be more inclusive than exclusive in writing down the case descriptions. This ambition also led to the noteworthy length of the final case descriptions, ranging from approximately 200 to 350 pages each. The length and complexity of the final case descriptions facilitated my decision to focus on the real-time study made between 1999 and 2003 and use the historical reconstructions as background and contextualizing knowledge. At this stage I also excluded some documented processes and events that even then I could consider as irrelevant for the focus of my study. Having done this, I spent some time re-reading the case descriptions, which at this stage represented reconstructions of the real-time processes, with a focus on different actors and arenas that I had followed and experienced before. The reconstructed case descriptions are very rich in quotations from the interviews, IS from the observations and excerpts from the documents studied. I wrote it done in this way in order to keep the views and statements expressed by the different actors as vivid and authentic as possible in the text. My belief was also that this would promote the quality of the subsequent, more systematic interpretations, since a comprehensive case description supports higher levels of interpretation and builds trustworthiness of the whole empirical work. In order to illustrate the unfolding development in each of the three firms, citations and IS are included to ‘give voice’ to the actors and to ‘give life’ to the empirical descriptions. In this dissertation, only brief illustrative versions of the full case descriptions are included.

Searching for Themes and Building Interpretations

After constructing and further reducing the cases into a version that would provide the basis for further interpretations, my next phase in the interpretive work was to conduct systematic, empirical, within-case interpretations. Here, the intrinsic value of each case (Stake, 2000) was in focus. At this stage, apart from the overall research questions and pre-understanding reported in Chapters one to three, I still did not have any specific theoretical tracks or notions fixed in mind. Instead, my ambition was to both ‘ask questions’ and ‘listen’ to the text (‘let the cases talk to you’) as well as to discuss arguments and counter-arguments for various emerging meanings and interpretations (Alvesson and Sköldberg, 2000). Therefore, in parallel, I continued to read literature in order to find perspectives through which I could render what I observed more
intelligible. I continued the interpretive work by focusing on each time period into which I had divided the real-time case descriptions. I read and interpreted each one of these time periods searching for patterns in terms of the actors and arenas involved in strategizing as well as how these were related to ownership. Especially, I looked for those actors and arenas that seemed to be most involved in work around strategic issues. Doing this I could also observe the development over time at the same time as I saw themes emerge in each of the cases, especially through key-incidents. This refers to particular in-the-field events or observations that "open up significant, often complex lines of conceptual development" (Emerson, 2004:457) and that can frame subsequent interpretations. This phase included further reductions of the case descriptions, since only those empirical observations that are relevant to the interpretations at higher levels are included (Ödman, 1979).

After the within-case interpretations, I moved on to make cross-case interpretations focusing on differences and similarities in the patterns from each of the studied family firms. These cross-case interpretations are the bulk of Chapter eight, where I first interpret the role of different actors involved in strategic work and then the role of different arenas. If Chapters five to seven represent a first level of interpretation, Chapter eight represents a second level of interpretation. After making the first cross-case interpretations, by comparing the empirical patterns noted in within-case interpretations, I moved on to work more systematically in line with the logic of naturalistic retroduction and 'tested' and 'tried out' different theoretical notions and perspectives in order to identify more general themes from the patterns and tracks I saw emerging. Not all these notions would remain in later stages of the interpretive work as they did not contribute to what I considered interesting understanding. After some analytical 'twisting and turning', and as a result of the second level of interpretation, I decided to concentrate on a range of especially interesting and relevant emerging themes based on the cross-case interpretations. At this stage, I began to feel that I was on to something and that I started to reach an understanding. Themes were more manifestly growing out from the interpretations that could be further deepened and elaborated on in Chapter nine, which I see as the third level of interpretation. The different levels of interpretation also represent different levels of abstraction in a theoretical sense (Ödman, 1979; Lindholm, 1979).

While Chapter eight focuses on empirical interpretations, Chapter nine concentrate on theoretical interpretations. Here, emerging themes from Chapter eight are deepened and further elaborated on with the theoretical ideas and concepts as the point of departure. At this stage, I definitely decided to frame the study systematically from a symbolic interactionist perspective and I went back to re-read the original case descriptions and 'coded' them according to this perspective in an attempt to interpret and categorize the empirical material de novo (cf. Maxwell, 1998). At the same time, I also went back to the literature review reported in Chapters two and three to search for theoretical
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support and notions to build up the theoretical interpretations and finally integrate them. Viewing theory as "an interpretive structure that renders a set of experiences meaningful and understandable" (Denzin, 2001:162), I interpreted in order to increase understanding. This was a phase of moving from the parts to the whole and back to the parts in an iterative manner to support the emerging understanding. Introducing new theoretical ideas at this stage was an attempt directed at 'unearthing generic relations' and formulating emerging theoretical propositions (Hammersley, 1989), at the same time as going back to the empirical material to find support and illustrative examples for my interpretations. Therefore, in Chapter nine, the reader meets empirical citations and observations from the case descriptions, most of which are already present in Chapter five to seven.

Seeking theoretical ideas and notions from different sources, I came to use a symbolic interactionist understanding of the concept province of meaning as an integrative concept in the theoretical interpretations to support coherence and consistency in the interpretations as well as to facilitate subsequent integrative conceptualization. Doing this, I mainly drew on insights from Ranson et al. (1980), Giddens (1979; 1984), and Weick (1995). The concept of province of meaning was not taken out of nowhere but closely related to the themes I observed in my interpretations and intimately linked to my underlying methodological and theoretical understanding. This means that the theoretical interpretations and conclusions are a way to narrow down the analysis to a set of more limited theoretical ideas and conceptualizations of how ownership is channeled in strategizing in the family firms studied. I move beyond the previous focus on different actors and arenas involved in the everyday strategic work and how they are related to ownership, in order to interpret and reach a more theoretical understanding of the role of ownership in strategizing.

This process of understanding can be seen as a method by which the researcher creates interpretive constructs to better grasp the meaning of what people do and say. Ericson (1998) calls this making 'relevant abstractions'. Relevant abstractions enable the researcher to view something as something and direct attention to new aspects of the social phenomenon under study. The concepts developed and how they are related thereby represent an integrated perspective through which meaning can be assigned to the phenomenon under study and thus contribute to an increased understanding.

Evaluating Interpretive Research

It is often pointed out that interpretive approaches to social research should be evaluated on different grounds than other qualitative approaches, and especially more quantitative ways of doing research. All research, no matter the approach taken, is laden with theory from the early stages to the later. Some degree of subjectivity, priority, and domination is always imposed by the researcher.
Perhaps a focal point in most interpretive research is that these aspects are not seen as something that should necessarily be minimized or completely excluded, but rather leveraged upon (Schwandt, 2000). Interpretive approaches rest on certain basic theoretical and methodological assumptions and the purpose is always, with these as a point of departure, to provide an improved understanding of social phenomena. Having said this, I concur with Alvesson and Sköldberg (2000:5) who argue that in good interpretive research "excerpts from reality can provide a basis for generation of knowledge that opens up rather than closes, and furnishes opportunities for understanding rather than establishes ‘truths’”. Using criteria such as ‘validity’ and ‘reliability’ in their usual ‘quantitative’ meaning should consequently be done with care. Or as Schwandt (1994:122) puts it:

The interpretation or decision one makes cannot properly be said to be verifiable or testable. Rather, at the best, we can appraise the interpretation by applying norms or criteria that are compatible with the very condition that demands that we interpret in the first place. Hence, to judge an interpretation we might use criteria such as thoroughness, coherence, comprehensiveness, and so forth, and ask whether the interpretation is useful, worthy of adoption, and so on. (Schwandt, 1994:122)

Thus, in the following I will introduce and elaborate on some criteria relevant for evaluating the type of research presented in this dissertation. These criteria include aspects such as the choice of literature, trustworthiness, coherence, the extent to which the empirical and interpretive work is carried out in a systematic manner, and transferability/generalization of the results (cf also Pettigrew, 1990; Denzin and Lincoln, 1994; Alvesson and Sköldberg, 2000).

Criteria for Evaluating

In this section, I discuss the criteria for evaluating the quality of the research that I have applied in both conducting and writing up the research. An essential feature of the interpretive approach used in this study is to use theory and earlier literature both to frame the research problem and question and to build the interpretations in later stages of the research. As I have argued above, central to the interpretive approach is to systematically link the patterns observed and themes emerging from the empirical material with relevant conceptual and theoretical notions to gradually increase the understanding. Here, the key principle is for the researcher to read and consider a broad range of literature in line with the logic of naturalistic retroduction, and in that way ‘twist and turn’ the emerging interpretations. However, doing this, I argue that it is also pivotal to consider and draw upon theories and literature that are consistent with the underlying theoretical and methodological assumptions on which the research project is founded. In my case the ambition has been to draw on literature that is in line with how I view strategizing and ownership as social phenomena, i.e.
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with a focus on social interaction, the interpretive and meaning-assigning-
nature of human actors and the dynamic, fluid nature of everyday social life. A
critical, consistent choice of literature may render certain dominant theoretical
frameworks on how to understand strategic processes and the role of ownership
less relevant, since they draw upon different theoretical and methodological
underpinnings. Being aware of this is, for me, an important part of the quality
of research and its results.

Melander (1997) argues that trustworthiness and credibility is a *sine qua non*
for researchers. For him this refers especially to relevance and conviction, where
the cornerstones are to be honest and explicit about all aspects of one’s
methodology and its underlying assumptions. This also relates to the
transparency of the whole research process as an important way to underpin the
plausibility of the final results and conclusions (Seale, 2004). In interpretive
research trustworthiness is also closely related to the quality of interpretations.
This, in turn, depends on the criteria of interpretations. Following Alvesson and
Sköldberg (2000:61) interpretations should:

- Be *internally consistent*, which means that they should lack logical
  contradictions and provide an interpretive system where their parts are
  linked to a larger whole. Ödman (1979) calls this ‘internal control’ of
  interpretations and this is linked to securing that not just the
  interpretations, but the complete research study is reported in a coherent
  manner where the different parts are integrated into a logical whole.

- Be *externally consistent*, i.e. either they should agree with other theories or
  give plausible reasons and arguments for not doing so. This is also called
  outer control of interpretations (Ödman, 1979) and is linked to the
  plausibility of both the interpretations made and the whole research process
  (Seale, 2004).

- Make individual details of the empirical material more understandable,
  while at the same time growing out from this empirical material.

- Be elevated above the common-sense level, by yielding a deeper
  understanding of the empirical material through linking it to the
  interpreter’s evolving and successively increasing understanding of the
  phenomenon under study.

The empirical material (and also relevant, interpreted literature) is seen as texts
that are both subject to and a result of interpretations. The interpretive
researcher is engaged in a dialogue with these texts when building
interpretations (Alvesson and Sköldberg, 2000). In this dialogue the
trustworthy researcher has an open mind for the value of alternative
interpretations and considers them as well before finally deciding on the
interpretations to put forward as results and conclusions of the research. In
doing so, the extent to which the interpreted meanings of the themes emerging
from the texts are close to the original meanings that the interviewed or
observed actors express can be corroborated by letting multiple actors be heard and observed (Hall, 2003), by returning several times to the field, and by using different methods.

Trustworthiness also regards the way the different phases and parts of the interpretive research are presented. An overall ambition should always be for the presentation to enhance the readers’ understandings (Ödman, 1979). Writing up and presenting the empirical material as well as creating interpretations are integrated parts of the interpretive work, since the writing process moves through successive stages of self-reflection (Denzin and Lincoln, 1994). An important consideration here is how much of the empirical material to present to the reader and on what level of interpretation to invite the reader. Indeed, it is not always possible to present all empirical material and it may be too much to ask from the reader to go through the same stages of interpretive work that the researcher has done. Stake (1995) presents a line of reasoning regarding in-depth case studies, which I am sympathetic to:

*Less will be reported than was learned. (…) what is necessary for an understanding of the case will be decided by the researcher. It may be the case’s own story, but it is the researcher’s dressing of the case’s own story. (…) In private and personal ways, ideas are structured, highlighted, subordinated, connected, embedded in contexts, embedded with illustration, laced with favors and doubt.* (Stake, 1995:240)

Trustworthiness is closely linked to the amount and quality of the empirical material, as well as to the procedure through which the material is collected. This, in turn, is related to the overall thoroughness and comprehensiveness of the research work, i.e. the overall level of ambition and seriousness of the research communicated in the work. It is also here that the systematic manner in which the empirical and interpretive work has been carried out comes into the picture. As argued before, interpretive research means an open approach supporting creativity and constant iteration in the research process. It is difficult to exactly know when and where certain ideas and tracks that become important for the subsequent work emerge. New research questions can emerge, the conceptual framework may change and new theory be brought in as patterns and themes emerge. This loosely coupled way of doing research and skepticism towards too much formalization and structured techniques in much interpretive research does not mean, however, that an ‘anything goes’ mentality is favored (Hall, 2003). Quite the opposite, a systematic approach to interpreting both empirical and theoretical texts, a drawing of conclusions based in clear argumentation, and honesty and clarity in chosen directions are pivotal and important criteria when evaluating interpretive research. Taking support from Alvesson and Sköldberg (2000), my stance is that a systematic approach to the different stages of the interpretive work improves the preconditions for generating interpretations that are ‘rich in points’, that offer novel and relevant insights through new perspectives to look at established ways of thinking and
due attention to something that scholarly inquiry has not previously paid attention to.

Transferability and Generalization

Closely related to the quality of the research is the issue of to what extent the results and conclusions can be transferred beyond the particular context in which they were generated. This issue is often discussed in relation to the generalizability of the results and conclusions. In this section, I will address the issues of transferability and generalization of my interpretations and conclusions.

Regarding transferability, I prefer to see the attained understanding that originates from the interpretations generated and the conceptual models suggested as theoretical concepts and notions. As such, they can be considered ways of thinking of or ways of seeing something as something. This means that the interpretations, concepts, theoretical ideas, and models, can hopefully stimulate the understanding and thinking of others, in line with the role of sensitizing concepts discussed above. In this way, I believe that they can contribute to the knowledge and understanding of other, similar contexts than the cases studied by being versatile and potentially transferable (Brunsson, 1982). Maxwell (1998:77), for instance, suggests that "a useful theory is one that tells an enlightening story about some phenomenon, one that gives you new insights and broadens your understanding of that phenomenon". Transferability thus refers to the extent to which the results and conclusions can encourage reflexivity. Case studies are often emphasized as good bases for generating new ideas and theories that can encourage reflexivity (Orum et al., 1991; Johnson et al., 2003). In practice, the degree of transferability is, of course, difficult to judge even at the closure of a research work. Instead, it is typically determined by subsequent efforts to diffuse and expand the results through further scholarly research and application in practice (Brunsson, 1982). These considerations are closely linked to the issue of generalization.

Like transferability, generalizing means taking results beyond the specific empirical context in which they were generated. Typically, when discussing generalization of the results from a particular research, commentators refer to the extent to which these results can be said to be valid for the whole population of cases from which the sample investigated in the study was drawn. This is the conventional notion of statistical generalization. Most often, however, interpretive research conducted towards reaching a rich understanding through in-depth studies of a small number of cases is considered a poor base for such generalization. I agree with this. Stake (1995), instead, identifies two types of generalization relevant for in-depth case studies. First, petite generalization is concerned with the observations of repeated patterns within a particular case, which leads to 'case-dependent generalizations'. Second, grand generalization refers to increasing or decreasing authoritativeness the confidence
of the generalizations inherent in existing conceptual and theoretical frameworks. The latter type of generalization is similar to what is elsewhere often referred to as *analytical* or *theoretical* generalization. I believe that in-depth, interpretive case research can be a good base for this type of generalization rather than the statistical type.

Following Yin (1989), analytical generalization refers to generalizing the emerging results and interpretations to existing *theory* rather than to a whole *population* of cases. Doing this, the interpretive researcher can use previous theory as templates with which to compare the empirical material from the case studies, and thus extend the interpretations beyond the particular case and raise them to the level of theory. In this way, theory becomes an interpretive tool to increase understanding, which is in line with the underlying assumption of my interpretive approach. Similarly, theoretical generalization involves suggesting new interpretations and concepts or re-examining earlier theories in novel ways (Orum et al., 1991). In other words, this type of generalization is about comparing and relating the findings and interpretations to existing theories and in this way increase their transferability. The extent to which they are transferable to other contexts than the one in which they were generated depends on their quality, comprehensiveness, usefulness, and flexibility (Ödman, 1979; Brunsson, 1982). In conclusion, I argue that developing theoretical concepts and notions from the interpretations is a way to provide analytical generalizations that either support or contest previous theory and/or suggest new ways of seeing and understanding what is being studied.
5. Väderstad-Verken

Introduction

Väderstad-Verken (Väderstad) is a medium-sized manufacturing firm. The product range includes seed drills for agricultural use and a wide range of seedbed preparation machinery. The largest product groups are rollers, drills and cultivators. The firm was founded in a small village, called Väderstad, in 1962 by Rune and Siw Stark. They started small-scale production in a small barn on their family farm (the barn will one day be a museum). The Stark family still owns and manages two farms besides the growing company. From a rather modest start and slow growth during the 1960s, 1970s and 1980s, the expansion of Väderstad started in the early 1990s mainly thanks to internationalization and the successful launch of innovative products. In 2004, Väderstad has eight sales subsidiaries abroad: England, France, Germany, Hungary, Lithuania, Latvia, Estonia, and Poland. Finland, Denmark, Norway, and Iceland are taken care of from the Swedish sales office. In 2002 and 2003 there was a discussion about creating an independent sales subsidiary for the Scandinavian market, but the decision was postponed. Several other foreign markets are covered by direct sales or agents.

In 2004, the firm employed around 420 employees and had a turnover of 806 Million SEK. Profitability is good and the overall goal is continued growth. Väderstad has grown substantially over the last ten years and the firm has been on a major morning newspaper’s list of the fastest growing firms in Sweden for several years in a row (annual average: 20-25% over a ten year period). The founder and his wife own the firm together with their four children. The owner family has always dominated both ownership and management of the firm. In 2004, the founders, Rune and Siw Stark, hold 25% of the shares, the oldest son and CEO, Crister also has 25%, and the rest of the shares are divided among the other three members of the second generation, Andreas, Bo and Christina Stark. All family members from the second generation work in the firm on a daily basis. Christer is the CEO since the early 1980s, his brother Andreas is head of production, Bo, the youngest son, is head of sales and marketing for Scandinavia, and their sister Christina works as sales coordinator. Crister, Andreas and Bo serve in the top management team, which was created in 1999. During the time of this study, Rune is still a common sight at the head office; he would never miss the morning coffee at the firm. Siw has worked at the firm since its start, most of the time with accounting and finance. In December 2002, she retired from the financial office at the age of 70. Like her husband,
however, she is still a common sight at the office. All six family members serve
on the board.

After this study ended, the firm created a group executive team and the top
manager (head of administration and finance), who was recruited during the
study, decided to leave the firm. The weaker financial results noted towards the
end of the study, improved late in 2003 and 2004 was a successful year for the
firms. These events are not considered in this study.

A Brief Description of the Development of the Firm

In 1962, the first product was a clod crusher that Rune constructed for his own
use at the small farm that was his and his wife’s main activity. The design
turned out to be good and soon after he put it into use, neighboring farmers
started to ask if he could provide them with clod crushers as well. The product
was an innovation to the extent that Rune built it in steel, instead of wood,
which was the norm for clod crushers. After creating the first clod crusher,
Rune worked in the firm alone until 1964 when he employed the first person.
The reason for responding to his first customers’ demands was a combination of
weak financial situation, and a need for better products, but also of Runes’
creative urge and need of liberty. He explains that “necessity is the mother of
invention” and that he “was forced to do something new”.

Farming continued to be the main business for many more years and
according to several interviewees it is still the core business in the eyes of Rune.
Growth of the firm was never planned. Instead, the development was natural as
“one thing led to another”, the founders say. In 1967, production moved from
the first small barn to a larger barn nearby. Apart from manufacturing clod
crushers, production of harrows also started. The new harrow was built with a
new hydraulic folding system for easy road transport, making it unique in the
market. Crister started to work in the firm in the late 1960s, especially with
design and development. He and his father worked intensively with product
development and the creation of new prototypes. Both successful and less
successful attempts led them to conclude that agricultural cultivation was a
niche the firm should work in. The firm exported its first product in 1968. In
the 1960s, Siw worked in the workshop and so did the four children after
school. In the early 1970s, Crister took over more responsibilities and
increasingly became the one “carrying the vision”, to use Rune’s words. In 1976,
Crister had an idea on how to improve the design of rollers. The new design,
which “just emerged”, was a revolutionary new way to build rollers. It quickly
became a sales success both in Sweden and in some foreign countries.

In the early 1980s, Väderstad’s skid-type harrow lost market share to its
competitors’ products. An intensive product development work started. The
result was a more technologically sophisticated harrow with unique
characteristics making it a sales success. The new harrow was a major reason
why the firm had to expand the factory considerably. Another important event
in the mid 1980s was Väderstad’s nascent attempts to expand into seed drills. Seeding methods in farming were changing considerably in the mid 1980s causing changing demands from farmers. The firm’s first prototype of a seed drill was soon designed but had major flaws. Eventually a viable and competitive seed drill was constructed. But after a couple of years, changes in Swedish agricultural policy did not support the kind of farming that the seed drill was designed to do, and the market disappeared.

Overproduction, low profitability, and agricultural policy in two of Väderstad’s most important markets, Sweden and Finland, led to an increasingly difficult situation for the firm in the early 1990s. The firm’s sales decreased rapidly (from 1989 to 1990-1991 sales almost halved), with shrinking profitability and eventual lay-offs. This meant a dramatic break from the slow-but-steady growth in turnover, employees, and profits in 1980s:

To some extent the decline helped us because we had some good ideas, but we had not really got ourselves moving and worked out how we should go about these ideas. I remember that I told our people several times that the only thingst farmers will buy in the future are things that really rationalize, meaning machines that they can write off in about two or three years. We gave everything we had in this development and we started to sell, but the drills were not fully ready. We repaired them and took care of the customer. I often talk about this picture of our farmers just sitting waiting for better stuff. (Crister Stark)

In 1990 intensive product development started with a focus on two new systems – “Rapid”, a seed drill, and “Concorde”, a harrow. After a costly product development process, the firm launched the Rapid seed drill. It soon became a major success and as several other Väderstad products before, it revolutionized its market.

During the 1990s seed drills, thanks to Rapid, represented more than half of the total sales volume and the other products (mainly rollers and harrows) the rest. In 1993, sales increased with Sweden’s entrance to the EU. In 1994 sales really took off and the sustained growth, which continues still in 2005, began as a result of successful product development and internationalization. The work on product development is organized into two areas: adjusting and refining existing products, and innovating and creating new products. Regarding internationalization, the firm started its first sales subsidiary abroad. The positive experiences soon led to the start of sales subsidiaries in several other countries, in France 1994, Poland 1996, Hungary 1997 and Germany 1999. The aim in most countries was to target the large farmers in countries with similar cultivation conditions as in Sweden. Since 1997, export activities have focused on increasing volumes on the existing markets, rather than creating new sales subsidiaries. In 1999, however, after recruiting a new head of export, Väderstad established a sales subsidiary in Germany and in 2002 another in the Baltic States. Besides product development and extreme customer orientation,
the focus on internationalization is still one of the cornerstones of Väderstad’s growth strategy.

**Strategic Issues 1999-2003**

The case study of Väderstad focuses on the periods 1999 and 2002-2003. The empirical descriptions presented in this chapter aim to track the role and interplay of different actors and arenas in the work on strategic issues during this period. Focus is also on how and why this changes during the course of the study. The main strategic issue (MSI) both in 1999 and during 2002-2003 in this firm is to sustain and cope with the organic growth of the firm by at least 15% per year. In the everyday strategic work, however, the MSI is made concrete and represented in the detailed work on a range of sub-strategic issues (SSI). During the periods studied, these SSIs are especially: (1) to formulate a clearer business idea, (2) to secure and spread the spirit of Väderstad, (3) to secure product development and innovation, (4) to secure a close focus on the end-customer, (5) to review possible further market development (especially internationalization and creation of an independent company for the Scandinavian sales), (6) to make production more efficient (e.g. possibly starting production abroad), (7) ‘vision work’ (introduced in 2001), and (8) intensified internal organizing activities (e.g. implementing a process organization).

In the illustrations that follow, empirical focus is not always directly on the MSI, but more often on the work on the SSIs that relates to the active work with the MSI as it is expressed in the everyday work. The SSIs are not presented in the following in any specific order, but should be seen as a way to capture the strategic work in its empirical context.

**Spring and Summer 1999**

*The Work on Strategic Issues*

In 1999, the CEO explains that there is a recent initiative to formulate a ‘more thought-out and well-formulated’ business idea and vision than the existing one. The work with developing the business idea and the vision takes place in the recently created (January 1999) top management team through a ‘continuous dialogue’, in order to achieve the ‘best formulations’. Apart from the initiative to formulate a clear business idea and a vision, there is no formal strategic planning:

*We have a one-year horizon, but it’s not more than that. We are probably a bit unstructured here and that you will notice when you talk to our controller, because he’s a man of structure. (…) The growth of the firm also results in generally weak structures. It was easier to keep things in the head before.* (Andreas Stark)
The role of the actual meetings of the top management team in the strategic work is not clear. There are many indications that much work on strategic issues occurs in more informal meetings. “The structures for it are not yet there”, one top manager says. In addition to Crister, Bo and Andreas, the administrative manager, two design managers, the purchasing manager and the marketing manager for Europe serve in the top management team. The main focus of the weekly top management team meetings is not on strategic issues:

*We talk through the last week’s minutes and discuss issues arising from that. We have an agenda where every head of department briefly presents what has happened, what’s in the pipeline, threats, opportunities, and similar things and then there is a short time left for specific issues in the pipeline and strategic issues. We don’t try to work with solving problems in the top management team.* (Crister Stark)

The work methods of the top management team and the different roles among actors in the strategic work are also unclear. One top manager argues that this may evolve over time when also the CEO is clearer on how to delegate responsibility in the work on strategic issues. That, however, is “a long way ahead”. There are many individuals that shall enter their roles and this takes time, especially since many are not used to this type of work. Only few people have experience from working in a top management team:

*Therefore there is of course some fumbling ahead when it comes to how one should act, what issues should be discussed and the CEO’s role related to the role of the top management team. It takes some time before you are informed about this. This is however something that we can successively develop into something positive. [Previously, we] had a number of meetings around certain specific issues, but nothing else. At least, I didn’t experience it that way. Instead they called a meeting when a large issue emerged or when they felt that something was urgent. This means that there was too much focus on daily issues and too little on future-oriented issues previously.* (Top manager)

The lack of a strategic planning process means that there are no other formal meetings for the work on strategic issues linked to the top management team. Instead, there is still much informal talk about strategic issues outside and in-between the formal meetings. The administrative manager explains that these informal meetings are without an agenda: “…people can talk freely from their hearts, without the need of sticking to certain rules or procedures. It’s more of a social conversation”. Some family members also see the top management team as a forum for the owners, as they can establish ideas and plans among the coworkers. Christina does not serve in the top management team and was thus not involved in the work with the vision and the business idea. But she does not feel excluded brushed away:

*If there are important issues they contact me. I don’t think that I need to be in the top management team, because I don’t find being a member of the family to be
reason enough. There are already three family members there so it doesn’t really feel like I’m needed. The others are competent enough to look after the family interests and then they contact me when needed. (Christina Stark)

The owner family is quite dominant in the top management with three members present. Their impact both in the formal meetings and the informal interaction outside the meetings is notable. The ownership is also evident in the presence of “ultimate power” and the manifestation of the “last level of influence” in the interaction, a top manager says. The owner family is very visible both internally and externally:

We are strong people individually and we become even stronger by being owners. This probably means that we exercise our ownership unconsciously through being more determined and putting our foot down when we’ve ‘had enough’ – and then people do as you tell them to do. Partly because you’re a strong person individually and partly because you’re an owner – you are stronger in other people’s eyes. We sometimes do not realize how strong we are. (…) If we have an external manager, he or she cannot just remove a family member. Emotionally it’s much more difficult, but on the other hand there is a core of owners that are easy to talk to. We don’t have 300 shareholders, but we have group of people and if needed, we can gather them together and discuss. (Christina Stark)

The administrative manager agrees:

The ownership is divided between several people, but sometimes they act together with force and then you see that they have impact. Sometimes they make decisions that external members would never dare to make without securing the support of the CEO. I guess they don’t feel the same necessity to report what they do, or at least there are such tendencies. (…) the decision process is somewhat unclear here. (Top manager)

The owner family’s wish to be present in the everyday work of the top management is indicated by a “strong consensus” to have a family member as CEO. The family members also either find it difficult or do not want to distinguish between their roles as owners and managers in the firm. The dominance in the strategic work by family members is also underlined by the few actors outside the firm and the family involved in strategic issues:

Perhaps the accountant sometimes, but above all we are lucky to have some wise people in the firm. (…) We are a core of people who also constitute the top management team. We have all the heavy functions in the top management team, but the case is also that different people are suitable for different issues depending on interest and competence. (…) All we do is in a certain harmony with the surrounding world like banks and the like, but we have always put our independence first. We’ve had a solvency that has never caused the bank to raise its voice and question our debt. Of course we consult external expertise sometimes, but we’re not dependent on that. (Crister Stark)
The administrative manager confirms this:

I cannot see that there are any significant people outside Väderstad who are influential when it comes to the development of the company. I’m pretty sure about this because I would have noticed it. We have, of course, contacts with customers regarding market and product-related issues but that’s natural. (Top manager)

The administrative manager’s contract not as employed but as an independent consultant influences his relation to the owner family with regard to the honesty in his opinions and his contribution to the strategic work. He says it gives him: “a freedom and distance that is a security in the relation” that can “strengthen his role in the strategic process”.

The Board

In 1999, the board meetings do not play a role as an arena in the work on strategic issues. The members, all from the family, only meet to fulfill the requirements of law and regulations. But this may change:

The board work is something that we have thought of developing some time in the future; we haven’t done that yet, but it will happen soon. Today the board is more of a forum to inform and present to the union representatives. (…) The owners are much involved in the daily activities and that gives these forums a somewhat different character. But the intention is to develop the board into a strategic tool. (Crister Stark)

His brother confirms that the board in its current form is a reflection of the formal demand to have a board. Strategic issues are treated among the family members informally as the issues appear. For a short period in the early 1990s, the board was more active:

We had one external board member during a period and I should not say that it was either good or bad, but we didn’t think that it gave much at the time. Perhaps we weren’t ready for it. Now, however, we’re getting somewhat of a structure on the operations. We have other good forums for certain issues and I think that the board is the next big issue that will emerge within a year or so. But I cannot say what type of person we would need. (Crister Stark)

The former external board member did not contribute as expected and after a year he was asked to leave. Several interviewees say that this board member did not suit the family; in the sense that they did not trust that he always looked at the best future for the firm. In 1999, however, they might be ready again:

The board should have a more active role where the owners can discuss their issues on the board. This is especially important since the firm is growing, which means that we from the family do not work in all the key positions as we did ten years ago. We
need a natural forum to discuss the increasingly important larger strategic issues affecting the owners. (…) Since we all live and work around here, we talk quite a lot with each other, even if that is more unofficially. (…) Issues are brought up within the family in that way, but I would say that a lot of the family’s issues end up in the top management team. (Christina Stark)

Non-family employees have little insight in how the board works and most of them assume that the board (in the sense of the owners) works informally as the family members meet daily. A top manager says this can be negative, since they lack clear dates for when overarching decisions shall be made; there is not “clarity in the process”. He continues:

It is also good to have a board for the daily work because you can lean on decisions that the board has made and it is easier to work according to those decisions, but they don’t reason that way here. (…) It would be an advantage if a couple of external members were included, but one can also see some obvious problems with such an alternative. Väderstad is a firm that has been managed very successfully and grown for six or seven years and I guess they think that they can manage fairly well also in the future. The family business owner and manager is used to do a little as he or she prefers and wants. Having an external board member in that situation with the same weight and importance as the others is difficult. (Top manager)

The Future Intentions of the Owner Family

The CEO explains that it is important for the family members that strategic issues are settled with ‘fair consensus’ within the family, even if someone might not use his or her vote:

Mother does that often and that is ‘fair consensus’ – no one opposes loudly. (…) We call a meeting very quickly and then we have several shorter meetings in a row if the issue is bigger. The issue is raised, treated in one or another way, analysed and then we have perhaps two, three meetings depending on the size of the issue and the character of the process linked to it. This is mainly done within the family, but of course if there is someone that is better suited than we to analyse a certain issue we ask them. (Crister Stark)

Sometimes family members have different opinions on strategic issues, resulting in “a feeling of conflict” occasionally between family members. They may have different points of view on certain issues and this, a non-family manager explains, can lead to a ‘vacuum’ where the CEO cannot or does not want to take the ‘fight’ to go ahead. The CEO gives his view:

In the top management team it is still the CEO that has the responsibility in the end. I can see a situation where the top management team members are not 100% in agreement, even if that is always preferable. In this situation we cannot let that be the reason for blocking a certain decision. It also depends on what kind of issue it is.
There may be small, trivial issues where we’re not in agreement, but which still have a significant symbolic value. (Crister Stark)

His brother Andreas exemplifies with the process of starting a sales subsidiary on the German market. This issue was discussed in the top management team after the family members had talked about it. He characterizes it as a “very important strategic decision that was very quickly made”. His sister says that this issue was easy to decide on in unity, since all family members were of the same opinion. She adds:

The most important thing is that people don’t have a lot of views on issues that they don’t know anything about. And that happens often here. (…) it can be very easy for especially family members to have a lot of views and ideas just because you have a strong position, even if in reality you understand a certain thing quite badly and don’t know the background. This is a risk. (Christina Stark)

Some family members wish to develop a clearer formal plan for the ownership and an ‘owners’ vision’. They also report that it is difficult to separate between the ownership and the role they have as employees. One family member argues that a strategic issue for the owners concerns the development of the firm: “In what direction are we going? Where are we heading? What are the strategically important goals? Should we focus on developing ten new machines? Shall we focus on buying another company or not?” Crister, however, does not see the value of making a clearer separation between the owner and CEO roles:

We are so inspired by this that it is difficult to think about a separation. We have a very good consensus around what we shall do and what comes in the future. These are no issues that we really debate. On the other hand, we argue a lot about operative issues. (…) we have not seen the need to separate the roles yet. (…) We live in and for this all of us and this means that work and leisure melt together. There are no sharp boundaries. We also spend private time with the farmers that are our customers. We have farmers as our best friends and this means that we share that kind of life. (Crister Stark)

Andreas focuses firstly on the job he should perform, then, because of the ownership, he gets involved in more issues than if he had been employed only as production manager. But he adds that there are other people that have difficulties separating between his roles:

They come to me with issues that belong in other functions in the firm, but then I tell them that I’m in production and that they have to discuss with the right person. Therefore, it is rather some of the employees who have problems separating the roles. (Andreas Stark)

The owner family does not have another formal arena (such as a family council) where they address strategic issues. They once made an attempt with regular
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lunches with this purpose, but they ceased after some meetings, since people were often absent. Instead, there are other ways to involve, for instance, the founders in the work on strategic issues. Rune is still an important sounding board for the CEO: "You are quite alone as CEO also in a family firm even if it depends on the kind of issue we talk about. When I feel alone, I can talk to Rune about some issues." Rune does not participate in the daily operations, but is informed and joins when there are important strategic issues to discuss.

The owner family has also a strong impact on what people in the firm refer to as the 'spirit of Väderstad'. Crister says that entrepreneurship, a strong interest in technology, and weak personal finances – the reasons why his father started the firm – are central still today: "We, the owner family, have never been driven by profits for our own sake." Focusing on the customer, striving for honesty and openness are also described as characteristics of the spirit:

We have a certain way of doing things; we have certain goals in life and a straightforward and honest approach. We try to separate business matters and family matters since our employees look closely at us and act accordingly. (...) it is difficult to correct an employee if you're not honest yourself. (...) We are deeply anchored in our history and background, manufacturing industry, farmers, and all that. 'The farmer's sake is our sake' is a motto that we used for many years and that says a lot about how we feel about our customers. We feel strongly for them. (Bo Stark)

When recruiting key people for important positions in the firm, a background in farming is given high priority. Morality and ethics are also important:

I think this is grounded in a certain way of thinking. But there is also some kind of long-termism; they prioritize growth and becoming large on the market in a different way than in other firms with growth-orientation. Their way of doing it is different and there's an evident spirit of Väderstad. (Top manager)

Fall 1999 to Spring 2002

The Work on Strategic Issues

During this time securing and coping with growth remains the overall strategic issue and this means intensified work on especially new product development and improvement of existing products. A decision is made to expand the factory and office buildings in Sweden and build a new sales office in Poland. The firm shows increasing needs for formalization and clearer structures and processes in the work on strategic issues. Strategic issues for long kept in the head of the CEO and worked on mainly in informal interaction between actors need to be formulated more clearly. There is an increasing dissatisfaction with the informal organization where especially family members move between roles easily, make decisions at most levels and the only ones informed. There are attempts to create order and routines for crucial strategic activities, such as product
development, how to write marketing plans and who should participate in
different forums. A top manager says these are absolute necessities in order to
make sure people know what to expect and what to do as the firm grows. This
was not as expressed before and not needed when the firm was smaller and a
few people in dominant positions met at coffee breaks in the morning and in
the afternoon, listening to and knowing everything.

Still, however, most work on strategic issues continues in a smaller group of
people who meet mainly informally. Some non-family employees are involved,
but mostly it occurs in the family. The typical work on a strategic issue during
this period is that some key managers and the CEO talk about a certain line of
action. Sometimes the other family members do not agree with this and the
CEO has to take the work to another level:

It is like this all the time, more or less outspoken groups…perhaps not groups, but
these owners’ discussions occur all the time in the background. We can ask both
difficult and easy questions and Crister often says ‘I don’t decide this alone, but I
have to talk about it with the family’ (…) Sometimes Crister says that we cannot do
this now, ‘I can’t take the debate, I don’t manage to get this issue through’. (…) it’s
easy for him to call around and for periods they lived very close to each other. (…) the
message could come the day after. (…) Sometimes it can be as simple as realizing
by chance that both of us worked until late. At seven, seven thirty one of us passes by
the other’s office and says a few words. A discussion that starts in an issue like
whether to buy a new tool or not can end in a discussion about whether to continue
to expand in Eastern Europe or not. (Top manager)

In 2001, the need for a more formal approach to the strategic work resulted in
the CEO contacting an external consultant. Before this there used to be an
implicit strategy related to what products the firm would make and what niches
to be in, but there was no deliberate or planned strategic work for the future.
Now they form a small group in order to look at the future and define scenarios
in relation to what threats and opportunities exist and how the purchasing
patterns of the farmers may change, what the EU involves, what new
generations of farmers could demand, and the environment:

We work with creating a shared thinking platform for development and expansion
work (…). It’s a strange situation in the discussion when the leading managers have
different opinions and are not in agreement (…) There were several of these
discussions in the firm that we had to get into order and a few of us said that we had
too different views, we had no well thought-out platform for the future – how to
work and what to focus on. Questions also emerged regarding why we didn’t expand
the factory when we believed we would grow in sales. We needed a shared view. It
could then be right or wrong, but the important thing was that we would march
more or less in the same direction. (Top manager)

The new approach to the strategic work is based on a model introduced by the
consultant. They call it ‘vision work’ and the result is a vision document that
includes a five-year vision and strategies on how to get there. In the first year, the group working with this includes the CEO, the consultant, the administrative manager, the marketing manager, and the head of the English subsidiary. The formal approach to the strategic work is seen as important for organizing the growing firm: “it’s not possible to navigate such a large ship, with daily changes in direction”, a top manager says. The final vision document is sent to the board for approval or rejection.

The consultant introducing the vision work was first contacted by a person at the Confederation of Swedish Enterprise, who knew that the CEO at Väderstad needed support:

We met a couple of times and started to talk about strategic work and future issues, which I had worked with in the last five years both in Nokia and as an independent consultant. I first gave a course in strategic work with the top management team that lasted for a few months and they looked for a way to apply the models to their firm. (...) Between the meetings they applied this model to the firm, and thereafter they continued by themselves to make a strategy and a plan with measures to be taken. (Consultant)

The five-year vision is translated into a number of key figures: turnover, number of employees, result, investments and four or five lines talking about the coming three years. At first, some top managers thought the work took too much time:

We boiled it down to another format so we worked with it in a somewhat different way, but the base was still Nokia even if we adjusted it according to our preconditions. (...) A consultant was hired as a strategic helper or a method developer. He was going to work with strategic issues. (...) When we finally agreed that we would work with it, it went pretty quickly. He also understood Väderstad’s situation very fast. However, I’m not sure about the practical consequences this work has had, but only the fact that people start talking about future issues usually gives an understanding for why we act in a certain way, and then some good ideas often emerge. (Top manager)

Briefly after the introduction of the vision work, the decision is made to activate the board. The consultant is asked to join the board. He also increasingly plays the role of a sounding board for the CEO. The purpose is to increase the the importance of board meetings in the work on strategic issues and especially to create a “natural arena” for the owners to act on these issues. The new board is reported as “a natural step”, and it is important to “pump in new blood”. The new board member met all four siblings and the founders before joining the board. In these meetings, the CEO explained why he thought they needed to start more structured strategic work and formalize the board. The board

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This person is henceforth referred to as the board member in this case description. He also acts occasionally as facilitator/consultant in the firm, especially in the vision work.
member also knew the other two brothers from the strategy course he had given at the firm. He underlines that Crister has a strong position within the family and that “it’s probably easy to get acceptance for what he recommends to the family”, regarding why he was accepted.

The new board was a result of the growth of the firm. The informality became more difficult to manage, and the importance of writing down and filing “what we want to do” grew. But a family member adds that starting more active board work was mostly by chance. The consultant was simply a good candidate. They did not actively search for new board members:

*We trusted him because he helped us with vision work and strategic reasoning and it felt like he knew a lot and had experienced a lot. Nokia and all, it’s great today, but it was a mess 10-12 years ago. It’s very valuable to have people that have experiences both good and bad; a good person to reason and communicate with is valuable. Trust is often important in this situation and when dealing with large issues. (Bo Stark)*

Others explain that the owners had missed an active board, since it was difficult to make the board work well with only family members:

*They have only worked here so their impressions from the outer world are limited. The external board member could secure good board meetings. Crister also felt a need for discussing future issues and large, important investments further in the owner group and to get the discussion more formalized and written down, rather than around the kitchen table. (...) The changed board was a way of improving the firm and then everybody else has a board, so why shouldn’t we? It’s a bit like that, but also to get in someone more independent…who has new experiences that can add value for the firm, without being on the payroll. (Top manager)*

The changed corporate law in 1999 also influenced the decision to activate board work:

*Many decisions were made at the kitchen table before but now they were at least formalized. The new board member contributed early on with many good things to the board work, even if the family members were not used to the situation. They had handled this differently before and not as formalized. (...). It also felt strange not to have a board and when the consultant with the vision work came along, this lifted the organization as a whole. Formally we were forced to have the board. We could not fiddle with it anymore, which we kind of did for some years. We had to kiss the rod. (Secretary of the board)*

The new board was also an answer to the need to separate “owner issues” from the “operative issues”. It was not possible to go on mixing these in the everyday work:
The board is an appropriate forum and I would really like to learn more about it since it’s also linked to responsibility. This is a family firm and we have selected a CEO who also serves on the board and I should be able to question him there. He should have the board’s approval. This is melted together in a way and it would be easier to have an external CEO, even if that probably isn’t easy either. (…) We have to see our new roles; we are not on the board, or in the firm, as siblings. This is very difficult, and it can be both an advantage and a disadvantage. (Christina Stark)

After activating the board, it occurs that family members say that the “board has decided this”, but the interaction on strategic issues on informal arenas between top managers and family members continues. “Everybody is so committed and involved in the firm that they’ll never let go of these issues, just because they have a new forum where to discuss them and a document with a vision formulated. They are still discussed continuously,” one top manager says.

**August 2002 to February 2003**

*The Work on Strategic Issues*

During this period growth continues. Product development is intensified and so are the marketing activities in existing markets. In the early fall of 2002, a decision is made to open up new geographical markets. The focus on end-customers is a cornerstone in all strategic work. Increasing efforts are also made to cope internally with growth, for instance through the implementation of a process organization and the recruitment of a head of administration and finance. The CEO is still involved in the detailed strategic work. He visits a great number of customers in order to get new ideas for products and markets and to show his commitment to them. This is also where one of his major strengths lies, namely to connect the customer and the technology and to: “…create a kind of symbiosis out of it and see the opportunities”, he says and regrets that it can be difficult to make the employees see the same opportunities.

A new head of administration and finance will be recruited in order to free more time for the CEO to be involved in both the detailed and overarching strategic work. He or she will work with internal processes and administrative systems in order to let the CEO be even more involved in product development and marketing. New product development is especially high on the agenda for strategic issues, where they try to leverage on what they have and make sure that the concepts harmonize:

> We have an outspoken strategy that we shall be unique and develop unique products that simplify the farmers’ work. (…) It is very demanding to be unique. You set the bar very high and if you fall under it you fall and you hurt yourself pretty much. (…) Crister is the main idea generator in the firm. (…) We have others also that
come with ideas but Crister is the initiator of most development projects. At least 70% come from him and through his channels (…) He has a certain feeling for this. (Top manager)

The firm has for some years followed a specific product development model (PDM). The PDM was generated by a small group consisting of the then administrative manager, the head of product development, the head of one of the sections of the design department and a production manager. No family member was involved in this work, but they had opinions and the people working with the model checked it with them and presented it. This is an example of how growth and increased formalization involves handing over responsibilities from family members to other managers:

One might think that as an owner you can stay at the top all the time, but I think it's very good that we have others that want to take responsibility. It's a good attitude so that one does not, despite lacking competence, try to move up above what one understands. It's the same thing with my sister. She has taken seven steps back and works today as sales support. (Bo Stark)

However, still much of the strategic work occurs in informal situations in between the regular meetings. A top manager says the strategic work is characterized by “intensive informal activity”, which occurs in different ways depending on who is involved and affected by the strategic issue:

Crister is involved in the process as the spider in the net. He discusses the situation with those that are directly affected and before meetings the situation is pretty clear. Crister also looks for support for a certain line of action before preparing an issue even more and then there's a meeting where we discuss for instance what I think. He talks to Bo to see what he thinks and then a few other people in the firm. There is an informal sounding board in these issues when they emerge. Often it's uncomplicated; it can be everything from a completely new product to organizational changes. (Top manager)

The CEO adds that the character of the strategic work varies, but says the trigger is often that someone has identified an opportunity that is ‘doable’. Then work starts to establish the idea and make more people see the opportunity:

It's much like what the Germans call Fingerspitzengefühl. (...) I think we have a good way of thinking here. We create forums for different issues when they emerge and here we kind of gather together issues of some type or character. We have a yearly plan and in this plan we put in the future meetings and book a room for them, and this yearly plan is the foundation. For a long time, we have taken minutes of some kind from these meetings. We have always taken notes. (…) There are many more people now and we need to structure in a better way and find forums for different issues. There are still issues emerging that don’t have a natural place. Then we ask:
what the heck do we do with this? Sometimes we create a new forum or we put them into an already existing forum. In this way, we've been able to sort out the issues quite well. (Crister Stark)

Family members' involvement is still strong and there is a feeling among several people that many issues are settled during the Sunday dinner. This typically occurs before Crister gathers some managers for a meeting. Bo adds that strategic issues are typically "preceded by events that have occurred". This means that when the decision comes the issues are most often mature:

It's rare that it's not like that and often there are not so many alternatives. (...) In nearly all issues there is really no owners' fight. Instead, it's rather...the more you deal with the issue, the more natural is the answer. (...) There's a continuous dialogue in the firm about these issues. (...) We don't have so much education ourselves, but providing products that our customers really want has led to our success. We can talk about strategic development and marketing and a lot of such things. All this is important, but the most important thing is the foundation, which is grounded both in a conviction and in a strong interest in improving and developing the products further. A good marketing function and a good production function strengthen this. Our development is linked to our genuine commitment to the farmers. Our basic ideal is to serve our customers, our farmers. (Bo Stark)

The head of product development explains that he talks daily with the CEO about strategic issues: "We meet in the office, or we talk over the phone, it's very informal". He has much less contact with the siblings on these issues. Another top manager confirms that most strategic issues are penetrated informally before being concretized in other forums: "We know each other quite well, so you know more or less how Crister thinks and you can often act based on what you think that he thinks and many times this is fairly correct". Meeting informally, several interviewees argue, is more creative than formal meetings: "Sitting without paper and without minutes is much better, because people can say what they want and then it might be forgotten. It will never be forgotten if you note it in the minutes." This means that the informal work on strategic issues is 'in the background all the time':

Crister moves around a lot both up and down in the organization and that's also a strength because he's informed and knows what happens. He does it by moving around talking a lot about different issues with different people and when he does so, direction and control comes in straight away. His words most often carry weight in the organization so even if his involvement is informal, a lot of importance is put to what he says and does. This is good, but it can also be a risky sometimes. (Top manager)

The top management team meetings still do not play an important role in the strategic work. This is mainly because the team is large and its role in relation to other forums and meetings where strategic issues are treated is unclear. There
are some ideas on re-organizing the top management structure. The CEO thinks about starting an executive management committee with only some top managers participating:

This is because the top management team becomes more and more like a department head meeting, where everyday issues emerge at the level of department heads. There’s a need to find some form of group management team or strategy group … a strategic top management team that looks more at issues that are linked to the strategy process, the type of bigger issues that otherwise do not come up or that drown in all the rest. (Crister Stark)

He does not see a problem with the number of different forums that have been formed over the last years, mainly because the vision work is done only during a certain part of the year and not continuously. Instead, the main problem is, he argues, that there are the same people participating in too many forums and some people that do not dare to say what they think when working on strategic issues. Another problem is that some participants are often absent and cannot express their opinions. One example of a new arena where strategic issues are treated is the new product council (PC), formed in November 2002. This council is already important for the strategic work, especially for issues related to product development:

It shall also give advice in issues regarding resource allocation in the different units in the firm. Development is represented, production via Andreas and marketing via their head and those are the three heavy ones in product development. This means that if we decide in this group that we shall strategically increase development capacity, everybody has to follow. (Top manager)

The council shall secure broad support for new products, where it is important to involve different departments in the decisions. The problem with involving the top management team in the strategic work is a reason for creating the PC:

The top management team doesn’t have the sting in this firm; it’s more like an information forum than a decision forum. There are also too many in the top management team, eleven people. It doesn’t work. (…) The strategy that we do is the three-year plan and the five-year vision. The three-year work has been directed by the top management team and that is strategic work. But not many important decisions are made here. In minor issues, one might get involved, but not in the major issues. (…) I don’t know much about the process behind, but I think there is fairly little exchange in this top management team. (Top manager)

There are calls for increasing the top management team’s status as a ‘deciding body’. The CEO hopes this will be the result when the new head of administration and finance starts. The top management team has an extra meeting once a month, which is more of a strategy meeting. It is longer and
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lasts for a whole afternoon. On these occasions, the group tries to discuss more long-term issues.

The Vision Work

In the fall of 2002, the ‘vision work’ has resulted in a formulated vision that shall be the guiding star for the everyday strategic work. The group working with the five-year vision is composed by the CEO, the consultant/board member, the head of the English sales subsidiary, the head of international markets, the head of development and the head of production. The composition of the group may change between years, even if the core is the same. The vision document has been presented to the board and the board members liked it. Currently, they work with a version of the vision document, which is a three-year plan. The CEO describes the role of this part of the strategic work:

It's not the document that is important, but the journey. You must think about different issues. What does this mean for my department? How should we organize to make this happen? (...) Then, we'll do like this, and this we did poorly the last time, we'll make a summary of it where we gather together a number of items, part by part and then we'll check it during the year that comes. (...) I think this is a part of the idea that success breeds success. (...) I try to communicate a spirit. (...) We need to get people to think that this was well done. I don't know how others work with this kind of planning process, but it feels that this is a good way of working. Many are surprised that we work in this way, but I usually say that I have not worked in any other firm so we do it our way. (Crister Stark)

The actual vision is the mandate from the board to the rest of the firm – 15% growth per year. “We want to double the operations every five years. 15% does not sound very much, but to do it year after year after year is not so easy. (...) This is the owners’ vision”, the CEO says. He argues that it is clearer now what the owners want with the firm in the future, thanks to the vision document. A top manager agrees:

It comes through the CEO and that's the natural way. I don't see that it comes from the owners, but from the CEO who of course belongs to the family. (...) The five-year vision is very clear and good, and it builds on earlier ideas that Crister and the others have had. We know what the firm wants and indirectly also the owners. (Top manager)

Another top manager gives his view:

The family has spent a lot of time to really penetrate the vision and they think this is something that they can stand behind. Probably, in the family Crister is the most growth-oriented and then the discussion is really about what's best and what's
A third adds about the vision document:

We create a big awareness around what we intend to do; there is understanding, knowledge and it also creates a very great spirit of belonging, that we are the ones doing this. There’s not someone somewhere else doing this, but everyone in the top management team and some more are involved in this process quite extensively. We also discuss a lot in this forum what we’re planning to do from different perspectives. We also spread it in the organization, even if we haven’t been so good at it so far. We’re starting to look for ways to do this as well. This means that the whole organization will understand in what direction we are working. (Top manager)

The formal meetings with the group working with the vision are also supported by informal interaction to make sure that what is suggested is in line with the owners’ intentions:

What has happened with the strategy process in the last two years is an attempt to try to get a grip on the process from above and to put on a paper where we want to go, and more or less how to get there. This is very different from before. What’s important is that each department writes down thoughts about the future. If we look at marketing, for instance, if we’re going to start a North American or a South American subsidiary in three years’ time, it’s not possible to come up with this just one day before. We must have ideas for how we can transfer an organizational culture and values and other things that we stand for. The same goes for production, if they shall increase or decrease their activity, they must know it in advance. (Top manager)

The CEO finds some inspiration from management books that he tries to pass on to others. He reads about success factors, since the intention is to continue growing:

When I find good books I usually buy a few of them and hand them out to the people around me and that is quite efficient. If one gets employees to read them and there are ideas that you believe in, you get something of a shared picture. One book that quite some people have read now is a growth book, Time Monopoly. It’s a good book that explains many peculiarities in this firm that we perhaps have not understood before. It says that this is completely natural in firms that grow. (…) I have also read about the success factors of Microsoft; you can throw away most other management books. I try to absorb the knowledge that I believe in, but then one has to be critical to what is written. (Crister Stark)
The Spirit of Väderstad

In 2002, there is a growing awareness of the ‘spirit of Väderstad’ and attempts to influence it in a “positive direction”. But there are also worries that growth challenges the spirit. The CEO wants to “deliberately steer the culture” and invest more in education for employees and put more efforts into communicating what the owner family and the firm stand for. The firm has also recently hired their first HR manager. An important part of his work is to take care of the spirit of Väderstad. Identifying and formulating values are part of working with the spirit:

I have put down maybe 50 different things. Right or wrong, I don’t know, but that’s my picture. One is equality in the firm that all people without regard to position should feel treated the same. There are no VIP lanes. (…) We should also recruit the right people and I don’t think that we have been good enough here. What builds the spirit is largely what is linked to people. What kind of people do we have at the firm? We need good thinking here. (…) We’ll try to develop a Väderstad way of doing things and I think that IKEA is very good. I have been looking for role models for a long time. (Crister Stark)

He also mentions correctness and long-term focus as important values. Several interviewees agree that equality and justice are important. The family members do not have, at least not officially, benefits that other employees do not have, and they keep a low profile. “We believe this is our role in life and we don’t believe in trying to build something and then sell it to buy a large boat and sit on the quayside somewhere. That’s never been what we wanted,” the CEO explains. A top manager gives his view of the spirit of Väderstad:

An important part is that everybody wishes everybody well and that there’s a very open atmosphere and a lack of prestige. (…) Everybody is very committed and puts much effort into what they work with. Everything is perhaps not done in the best way always; it’s more important to do something than to do it right. (…) One part of the spirit is also that we identify with the farmers and the end-customers even if it can sometimes be hard to see the reason. (…) Most of us have a farming background. But the spirit of Väderstad this bubble is easy to puncture; if we get people that have worked in other environments and in large companies, and they bring those values and their way of working to this smaller firm, the spirit can drift away. You already feel the change; I sometimes get comments from the guys working here that we’re beginning to get a bit anonymous and that we drift away from the spirit. (Top manager)

The owners are aware that the spirit might be at risk:

They have ambitions to do this and it’s an issue that is brought up in the strategic work where it is emphasized that it is important to be able to build this spirit in the firm and that it should also be spread out to the subsidiaries. They want this in all
5. Väderstad-Verken

parts of the organization. It’s possible to keep the spirit here, but it is more difficult to keep it in a sales company in France since there’s not really the same way of thinking there. (…) Crister writes and presents PMs about how we shall strengthen our spirit. He takes this issue seriously and thinks about how we should go further. (Top manager)

Other characteristics of the spirit of Väderstad are “extreme growth, extreme customer orientation and a ‘doer’ mentality”, one interviewee says, but also expectations to put in a lot of work and be available when needed outside working hours: “Many do this also and what makes this firm different is that if no one does it, Crister himself or Bo will do it.” Crister’s strong position in the firm is also an important part of the spirit:

Most revolves around him. The future issues, the product development issues and other issues that are related to the business development in general. He is weighty in many ways. He is the oldest sibling, he is very knowledgeable, he is extremely committed, and he is a bit of a technical genius. (…) he is so dominant in many ways that it easily happens that there are a lot of yes-men around him and this is not good, but he is also difficult to win over in a discussion. (Former top manager)

The head of HR has worked out a list of characteristics that a potential employee must have. The main ones are: being inclined to change; not dependent on status; which means thinking that all employees are just as important; goal-oriented, customer-focused, open and visible, and inclined to development. He presents the list to Crister early February 2003 as part of the work to maintain and strengthen the spirit and they think of different ways how of doing this. There is also a profit-share program in Väderstad since a few years, in which the owner family distributes parts of the profit to the employees. The closeness, long-term orientation and quick decision processes are also parts of the spirit of Väderstad. The board member gives his view of the spirit.

The decision power is in the firm. Furthermore, they listen to what people say and no one of the owners shows extravagance in their appearance. Instead, they put all their time and strength into the firm and they don’t drain the firm of large money, where even some would say that it’s unwise not to do so. They invest the money in the firm instead and the investments are large for the size of the firm. People see this, no matter if they are workers or top managers; they see that everybody works for the firm and for the employees. This is good proof that they have this spirit and feeling for the firm. (Board member)

The Board

The board meetings are mentioned as increasingly important for the family members to be involved in the work on strategic issues. The external board member agrees with this, even if his role is more to secure the structure of the work than the content of the issues treated in the board. An important task for
the board is to review and approve the result of the ‘vision group’, but Crister’s
depth involvement in the work with the vision document makes it unlikely that
it should not be approved. Several other family members are also involved in
preparing input for the work. Issues concerning major investments are referred
to the board, even if the CEO states that there is still a choice whether to make
a strategic issue into a board issue or not. The board can also become an arena
for various strategic issues:

The board’s role and the owner’s role are to see where the firm shall go in the next
five years. This is what the owners shall work with and when they have decided that,
it’s up to the CEO to implement the program they have laid down. (...) In the
board, we approve the vision, we approve the design, and we approve the strategy
and key figures. This is a large part and it concerns the future. Another thing for the
board is to structure the firm and to formalize to some extent what needs to be
formalized. A third is possibly to discuss larger investments, but here the family must
be clear with what they want. This means that what one single external member can
do is to put forward opinions on different issues. This also means training for the
people on the board, so that they can work better. (...) I have views on various
things, and I can look with somewhat different eyes. You always get blind to your
own shortcomings in the day-to-day work. (Board member)

The more active board does not mean that they have to wait for formal
meetings in order to get a decision. They still call together the board members
for informal meetings when needed, which it sometimes is:

We can still give them a decision in a day. In a recent case it was obvious that we
should carry it out. There was some background material. We just had to put it on
the fax and send it to the external board member, hand it out to the others and a
couple of days later we implemented it. I called the board member and talked for a
while, but it was pretty evident that it was completely right to do this. (Crister
Stark)

He also talks to the board member before the board meetings:

In the meetings we usually cover investment plans, planning ahead, a lot of such
things and then there’s a lot of follow-up on how we’re doing, how we sell and what
money we make. We talk very little about day-to-day issues. That’s part of sorting out
between different issues. What we talk about can be both very important and less
important, but mainly what is very important. Much about investments, how fast we
should invest, to what extent and how we build and so on. Often the issues have been
prepared, of course, but there’s still a discussion around them. (Crister Stark)

For the external board member it is important to talk especially with Crister in
between the board meetings in order to understand the firm and his view on it.
He does not have deeper knowledge about the industry: “This is common for a
board member, you have to learn. You have to take initiative to go to the firm
yourself and talk to people and look, so that you at least know the jargon.” He does not have much contact with other board members in between meetings. He has met and talked to Bo a number of times, to learn about the products and to Andreas to learn about production. He has less contact with Christina and the parents: “I talk to them, but I don’t have formal meetings.” He sometimes talks with top managers to be informed as well. One of them explains the change in the board work:

> It has developed from a situation where they talked about most issues beforehand to a situation where a number of issues are discussed and finally decided on in the boardroom. It is clearer now that for instance investments are treated there. Six months ago we saw that the predicted investment volume was wrong and the question was raised whether we should go ahead or not. This kind of issues, where you get together and see what the whole firm wants and then the board decides later. The board is needed to make that kind of decisions. Over time it will be more organized and issues will be collected and decisions will be made there. I think they see the value of it. (Top manager)

The secretary of the board says that the external board member tries to activate everybody serving on the board:

> I cannot say that he pressurizes, but he expresses a desire that everybody should say what they think about different issues. He has not just stomped around in the board. He has managed this with genuine sensitivity and there’s no one in the family that he has been too aggressive towards either. (…) He also has the ability to fill people around him with enthusiasm. (Secretary of the board)

Another top manager says that activating the board gives more “vigor when it comes to general company issues”. The CEO presents information from all departments to the board. His brother comments on the board’s current role:

> I should not say that decisions have already been taken, because they have not, but in some way they are penetrated in the top management team, in the departments where the issues belong. This means that when the issues come to the board, it’s often very easy to make the decision. If the board is unanimous and we vote yes on a particular issue that means that the issue has been discussed a lot before. If there’s hesitation, we rather refrain from acting. It’s very seldom that two camps emerge. (…) The discussion is now of another type, it’s more elevated, more matter-of-fact. (…) The external board member can say that ‘this is what we did in Nokia and my personal view is that we should go on investing, the question is if we can afford it’. Well on a higher level. (Bo Stark)

The family members discuss less outside the board today. This occurs mainly if there is “something absolutely specific” and Crister calls and asks for their opinions before a meeting. Christina gets the minutes from the top management team meetings, since she is the only family member (apart from
the founders) who does not participate there. It was easier some years ago to check with other family members before making a decision since all worked at the firm. They still do, but the firm is larger, there are more people involved, and the process is more formal. The board member argues that it is good that the spontaneous talks continue:

There's nothing wrong with that, as long as it is known what purpose they serve and how they enter the decision process. I think they will decrease in the future when the family changes also and there are less people to talk with both technically and psychologically. They can always have opinions, but there won’t be the same reasons to act in a certain way with less people involved. Crister carries the heritage from his parents very resolutely and he'll probably continue along those lines. (Board member)

The board has three to four meetings a year. Typically the board meets in the conference room at the firm, whereas the meetings usually were held at home before. The problems with the first external board member where mentioned when deciding to include the new one, but the CEO says "old failures cannot remain and block new opportunities". Rune is active in the board, at least until his health got worse:

He has general comments, for instance regarding how much to invest in new buildings and whether to spend money on different things or not. He wants to make sure that there's a margin if the firm performs poorly in the future. (Board member)

The founder, Rune, is the chairman of the board, but the external board member is acting chairman. He says he serves on the mandate stated in corporate law, which means serving for the owners and to steer the firm. The board member and Crister set the agenda for the board meetings. Meetings have a strategic part, but the five-year vision governs.

The Future Intentions of the Owner Family

A top manager reports that it is fairly clear what the owners want in the future. The firm shall continue to grow with good profits and the family will own the firm in the future. He knows this through informal talks with Crister, but he has also understood it when the owners have declined several opportunities to sell the firm. The founder’s vision is that the firm shall continue to grow in the future:

Yes, until I hear something else. He [Crister] wants to grow with at least 15% a year and we are not completely in agreement with him here. We think that 10% is better. We think that they go on too fast and employ too many people. Siw and I agree, but we don’t push so hard. (Founder)
There is at least one more family member that would prefer to grow less rapidly as well, who says that it is difficult to see the advantage of growing so fast. Rather, it is easier to see the disadvantages. It is also hard to know who will gain from the rapid growth “…it’ll require an enormous knowledge among people and a lot of reorganizations, new people and old will be relocated. (…) I sometimes protest by not agreeing to what they say, but it does not have consequences for my ownership.” Other family members do report that they have started to think differently about their role in the growing firm. Bo, for instance, believes it is very important to separate the role as owner and the role as worker, especially since these two roles have different goals, i.e. what he wants as owner is not necessarily the same as what he wants when working operatively:

This can sometimes be muddled, but personally I think it works quite well. (…) I try to have a long-term focus from a customer perspective. What is good for the customer? Is this good or bad? I take a stance there and try to do my job as well as possible (…) There’s too much daily work and too little of this vision work and the strategic future issues. (Bo Stark)

It is easier for his sister to separate the roles after she moved from the village:

I don’t see myself as owner. I go to a job; I don’t see that I go to work in a firm where I’m also part owner. It’s not like that. I don’t have a great deal of say in the day-to-day work; I must make my voice heard in the board meetings. (Christina Stark)

There are reports that the growth of the firm and the owner family’s intentions to keep it within the family might be negative for the firm in the future if their capabilities are not enough to keep up with the competition. In general, however, the owner family’s involvement in the strategic work is seen as positive:

They have this firm as their mission in life and that gives an enormous stability to the firm. This is needed because we live in a changing world, and the ideas behind the firm are very stable. This is a great strength. (…) Sometimes you can sense when decisions are made or new ideas emerge Monday morning that must have been over the Sunday steak that they discussed and agreed how to act. One decision that I think came in that way was that we stopped the expansion of the office building. This was very much on the go before. (Top manager)

However, the ownership is not often directly referred to in the everyday work:

No, and that’s good, because one can see the negative side if they push to assert the ownership too hard. The money that we make is reinvested in the firm, and in the discussions the owners never steamroll the others just because they are owners. It’s giving and taking. (Top manager)
A family member as CEO means knowing that it is close between making a decision and its implementation: "If you know that Crister and Andreas believe in something, you also know that it will be realized", says one top manager. Another clearly argues for a family member as CEO:

> It would be unfortunate to get an external CEO who has perhaps completely different values. It would be difficult for an external CEO to contribute with the cultural capital, entrepreneurship, intuition, and will that the present CEO has. (...) This makes the firm very vulnerable...we also focus on a very unusual customer group...farmers are a bit special and it's important to speak with farmers in their own language. It's not easy to find an external CEO that can do that...perhaps recruiting internally is the only option. (Top manager)

The board member argues that the informal discussions, the board and the annual shareholders' meeting are enough forums for the owner family’s involvement in the strategic work: "These day-to-day contacts seem to work quite well. Sometimes it's even better not to do things formally if there are no special reasons for it, especially so that you don't need to write so much. In the end, they don't have so many of those issues that must be formalized." The board meetings are beginning to be a natural forum for the owner family to be involved in, especially the founders. However, as one family member says, it is often difficult for them to take a stance when they are not involved in the everyday work.

March to August 2003

*The Work on Strategic Issues*

An unexpected slowdown in growth, due to difficulties to sell the firm’s products characterizes this period. The clear intention of the owners is to maintain the growth, but the current situation is not serious enough to motivate a review of the basic strategic orientation. Instead, there is intensified work to realize the intention. The external board member explains that there is a sense of worry among the owners:

> 12% growth is too little...This firm is managed by the owners, but especially by very clever people who are energetic. When sales aren't growing as expected, measures can be taken to improve them and keep profitability at a decent level. We have also cut down investments from 60 to 35 million SEK. (...) In this firm, the CEO reacts very quickly and with a sensitivity that is rare. It's quite typical for Crister when he writes in his CEO's report that everything looks good at the surface, but he points at a number of problems below the surface. Normally, you don't do that as CEO. (Board member)
The firm especially needs to get new products on to the market and there are several projects in the pipeline, but they are not yet ready. Management has also intensified the marketing activities. This is the basic strategy and it will not be changed. The CEO underlines that another problem is that the organization is prepared for sustained growth and then difficulties arise when growth slows down:

We live with the growth in everything we do and the question is if we manage to keep the growth this year or if we may…it’s too early to say anything yet, but we keep a close eye on this. We would need a real swing in the sales (…) All products have a life cycle and we’ve been good at keeping the products alive for a long time, but sooner or later they must be replaced. We must keep up the pace of renewal and we have pointed out roads ahead, (…) but another problem is that there are many who copy our products and when they do that, we have few sales arguments left. (Crister Stark)

There is increasing pressure on the product development department to create new products that can replace older ones. The focus is also on gaining market share. This means that the long-term strategy is much more about growing than being profitable. Most of the profits also go back to the firm as investments in especially product development and marketing to support further growth. The firm has to grow with its retained profits since there is no external capital.

Crister is also worried about the increased formalization, which might hamper the entrepreneurial spirit that is important for product development work. In this situation, the family members become more involved in the strategic work and several people pin their hopes on them to improve the situation. Greater visibility and participation of some family actors in the strategic work is expected, even if there are some worries expressed that they, especially Crister, might by-pass other actors. This is especially the case with product development, where he is more involved. The non-family head of that department says that the “danger is always there”. However, he underlines that Crister is aware of this and acts carefully. They try to agree before he acts:

He is often involved at very detailed levels and he talks to some designers saying that ‘this doesn’t look good and you should have done like this instead’. (…) Crister is interested in details, designs and technical solutions of different kinds. He sees things and he has a good eye for this, but this is not that easy to handle for me. The CEO says that this is wrong, we should have done like that instead and he may have thought about this thing for weeks. (…) What can be difficult for me is to be compared to him. As I work I’m involved in so many things that Crister cannot do and I know why things look like they do…development, ideas and design. (Top manager)

Another top manager adds:
We talk a lot about it on a daily basis. (...) We have a constant discussion, me, the head of product development, and Crister about this and there’s new input all the time and someone gets an idea that can solve a problem or address a new market. (...) Crister has a specific capability to work on an unexpressed demand from the head of product development, twist and turn it and find smart solutions. He is a true resource in the development process and this is the right use of Crister in the firm. He enjoys working with product development and he’s very good at it. The papers and documents and more administrative issues and follow-up should also come from the top management in a firm, but I think it’s completely right that we get another competent force in development that can keep things together and in order in the processes and free Crister to work with what he is very good at. (Top manager)

The owner family’s advisor since over 30 years agrees:

Crister’s biggest advantage is his capacity in design and development, his technical skills. I think Crister is the only one in the firm who has an overall view of the firm and its development. (...) He often makes a drawing of a new or improved product. He walks over to the design department and says ‘this is how I imagine this’; it’s done in ten minutes and the guy in the development department knows exactly what Crister means. He has several of these ‘input’ guys and has made sure that there are some people that understand this. (Advisor)

A New Actor Enters

The new head of administration and finance starts in March in order to set more time free for the CEO to work with especially marketing and product development. The idea is to place accounting and controlling under the new manager together with general administration (e.g. the switchboard and IT) and keep purchasing, HR, marketing, development, production, and quality control under the CEO. It is not an easy situation for the new person to enter Väderstad with…

…four small CEOs and they all decide a little as they want in their respective areas. They still remember when they worked in the firm as kids. Instead of asking for the floor, if they’re not completely in agreement, the boys fight. To come in here is not easy for a person that wants to formalize and structure. The person must be aware of what this is all about and consider that there are four individuals, plus the mother and the father, that have to get together. (Advisor)

Apart from this, however, there is no major change in the strategic work. The product council (PC) is increasingly important for strategic issues, but there is a fear of formalizing the strategic work too much:

The discussion goes on all the time, daily, in the firm and when we’re at trade fairs and you hear this or that. There’s a constant discussion about whether we do the right or the wrong thing and if we should change a bit here or a bit there. This lives
all the time in the firm and everywhere. It would be a mistake to abolish it. (Andreas Stark)

A top manager adds:

In spontaneous discussions things come up and slowly things are developing. The product council is a good forum to collect and capture these things and discuss what we want to do ahead and how to prioritize. (…) It’s difficult to channel all the discussion into a fixed meeting, but it’s important to have fixed meetings where we check and control what we have done and what we think. (Top manager)

The role of the top management team meetings in the strategic work has not changed. There is still the aim to create a new meeting place for a smaller number of key actors. It is still an issue for the CEO to address. The new head of administration and finance has only worked for a short time, and in August it is still difficult to see his role in the strategic work:

I think he’ll become a great force and he’s a good guy. I think he’s integrated well into different forums. He is easy-going and has a lot of ideas, but he is also strong enough to be able to change things and listen. I think he’s increasingly getting into the informal discussions in the firm. He has a good way of thinking and he is cautious and humble in his approach. I think he’ll function well. (Top manager)

A central strategic issue during this period is the creation of an independent sales company in the Nordic countries, but this is postponed. The decision to postpone was not discussed in the organization or the top management team. Therefore, some interviewees do not feel as involved as they would like:

It would be nice to feel more involved in the decisions when they are made (…) but there are still transition stages in the firm, growing from small to big…there’s resistance. (…) The important thing is to distinguish and make clear what the different forums do. Some issues tend to travel high up in the organization. Instead of being discussed and decided on at a lower level, the issues often bounce upwards, or there is nitpicking in forums at higher levels. I guess that this is a sign that everyone is committed and interested and wants the best possible outcome. (Top manager)

The Vision Work

In late March, the vision work for 2003 is about to start. The CEO argues that it is important to change the way of working slightly each year so that the participants are challenged. The group will consist of four to five people and be similar to the one working with the vision last year. It is especially important to involve at least one head of a foreign subsidiary in order to secure their involvement and commitment. This year, the intention is that the manager of the German subsidiary should participate. The external board member may also participate as facilitator. Certain employees are contacted for input on specific
issues. The vision work takes place in a number of half-day meetings and everyone works in between the meetings. The final result is summarized in a shorter version, which is handed out to all employees. "In that version we pop it up a bit with pictures and try to make it more accessible. We think it’s good to secure support for it and each head of department has the responsibility to present it to their group," the CEO explains. An advisor argues it is positive that the vision work continues:

So the family really thinks about these issues and sees that they have a strategy, that there’s a red thread. Before there were many red threads that went in many different directions. It was a scattered view. It’s very good that strategists like the consultant and board member come in and try to get everyone to pull in the same direction, because that’s really what it’s all about. Define a red thread, get the gang together. I feel that they also it. I cannot say if there’s a real change. (...) But we don’t have to follow the red thread very far before there’s a side track again and it is split up again. You cannot just follow the marked route. (Advisor)

An open and informal atmosphere is important for the strategic work:

You don’t have to be afraid to say what you really think, especially if you know each other very well, like they do in the family. It’s often an advantage and they can make quick decisions; if there’s a major decision it can be made in a minute. Crister might say that we need to build this, the others say yes, and they don’t need to gather the board for this. Instead, they can trust that Crister has the right background for the decision. This works very fast compared with calling for a meeting, preparing an agenda, meeting, deciding and writing minutes, and the result is the same. (...) They talk to each other at least every week over coffee, ‘should we do this or that – okay, let’s go for this!’ Then there’s a board meeting where they bring up all this formally and especially if they’re not all in agreement. Perhaps one says, ‘no, I think this is too big’. They must discuss in the board if they don’t agree. They have an incredible capacity to agree, but if someone really does not agree they put the issue aside so it matures. (Advisor)

The CEO explains that last year’s vision work served the intended purpose:

There are many issues that you get hold of later and eventually a kind of meaning emerges regarding how and what we shall do with different issues. The vision work is good for the organization because of this. Now, many issues have their natural home ground and a meaning in terms of what we believe about them in the future. (Crister Stark)

The board members want to continue the vision work despite the increasingly difficult situation for the firm. The intention is that the final vision document shall guide other people and groups within the firm, such as the work in the PC. The external board member explains that each department works with their respective part of the vision. They will have a meeting in June and one in
August when the vision will be discussed and finally determined. The ambition is to present the final result at the board meeting in August:

> We must lock the vision expressed in a few sentences on where they want to be in five years and also translated into figures. (...) At the board meeting in February we also had an item on the agenda regarding what issues the board especially wants this year's vision and strategy work to cover. (...) We talked about what the industry looks like. Because that's a lot what it's all about – what will we work with? In what business should we be? What will farming methods be like in five years? How has Eastern Europe developed? (Board member)

He adds that the vision document can “…teach people to think naturally in a certain way”, even if the document also needs to be renewed constantly.

*The meeting with the Vision Group in June*

The interaction during the vision group meeting indicates that it is mainly a place to report and to some extent develop what has been done by the person commissioned in between the meetings. Little time is devoted to free, creative thinking about new strategic ideas. The interactional slices (IS) from the observations give an impression of the dynamics during the meetings and its role in the strategic work. For instance, the facilitator’s comments show his different background and way of thinking. They are related to certain aspects of the strategic work, like defining concepts (e.g. what a niche is), mapping competitors, and the importance of having a clear plan on how to act. The responses from actors working in the firm indicate that they give different priority to these aspects. For example, in this IS[^15]:

**IS1:** FA: What is really our niche? Do we agree on this so that we don’t adapt the niche to what we are doing, but really adapt what we are doing so it fits the niche?
TM1: Well, like our niche being red machines, you mean?
FA: I’ve seen this done in Nokia.
CS: As I see it, and this comes from Microsoft, I don’t know if you’ve read it, but it’s the only book you have to read, ha ha. Sven, you got it when you came here?[^16] What they say there is that you should dominate your niche. Today, we do this in Scandinavia. We are the natural choice. There are also different segments in different markets; we must adapt to the market.
FA: Yes, sure, but Crister, you must be clear with what niche.
TM1: Well, but this is also difficult to predict, look at Carrier and five years after we came out with that one. We had no idea that we would be best in drilling with that.

[^15]: FA=facilitator who is the board member/consultant, TM: top manager, CS=Crister Stark, AS=Andreas Stark.
[^16]: He is referring to the new head administration and finance. Sven is a fictitious name.
FA: We must produce things that the customers don’t know that they need. We say that we shall be good in everything and dominate the market, but it must also be described, how we become so good.
TM2: Yes and the balance between markets is important.
FA: What I’m saying is that it is important to define things as well as possible.
CS: Yes, we see.
TM1: Yes, we’ll try to define niches.
FA: Well, you shouldn’t take my comments too precisely and literally.
CS: Didn’t we say last year what dominating a niche means?
TM2: Yes, we did, we shall be the natural choice (he reads from last year’s document)
CS: Well, then we can go on working with that.

Throughout the meeting there are also some tensions between the facilitator’s more rational and normative way of looking at the strategic work and what the others are used to, for instance in this IS:

**IS2:** TM: Is it okay with this, is it okay that I update last year’s document?
CS: Well, I would say that it doesn’t really pay off to put down a lot of more work on competitors.
FA: Don’t you want to have information about the competitors collected in a binder?
CS: We actually have a tin locker where we sort all things about competitors. I can let you see it if you want.
FA: Well, the thing is that that’s not the way to do it. At Nokia we called this collecting ‘nice-to-know’ information. Someone, Crister, must decide what you want to know and need to know.
CS: Yes, but don’t we spread information very quickly here? I mean informally. When we hear something we’re good at passing it on, I would say.

Somewhat later in the meeting, the facilitator wants the CEO to be somewhat more decisive when it comes to developing the markets:

**IS3:** TM: I think it’s easier to sell more on existing markets than opening up new ones all the time.
CS: Well, but we still have the largest market left, we are still only in the backyard (he implicitly refers to America, everybody knows that).
TM3: Yes, we’re still only practising.
CS: The Carrier is about to expire as product.
FA: It’s easier if you say that you Lars shall do this, you Jens shall do this and then, you Andreas have to keep up with their pace (He smiles and firmly points with his whole hand at the other actors, implying that the CEO should do the same).
AS: (Abruptly) Yes.
CS: Okay, and so we hand move over to you, Andreas.

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"Lars and Jens are fictitious names of two top managers."
5. Väderstad-Verken

In the following IS the interaction around mapping of skills and threats and opportunities aims at arriving at a shared view of these issues. The method implies that they should color the skills depending on how good they are at the skill. Strategic issues, like the spirit of Väderstad and the customer focus, are treated in this interaction:

**IS4:** CS: Here we have the mapping of skills and we can say that we’ve become better at certain things since last year and I have changed colors on certain of these skills indicating that we’re better. I’m also thinking about appointing someone to work with training in-house here and at the subsidiaries, but I don’t think this is the right time when we sell poorly, but I think we should have it. We should have a very good person. As regards the new employees needing a background in farming, we have several people coming in that have studied agriculture at the university. I think we’re good at this. Contact with customers, this we’re also good at, we have 2000 new accounts compared with last year. The pioneering spirit, I think is also good; we travel a lot to learn.

**AS:** Yes, and testing of machines that you have there, we’re getting better.

**CS:** Okay, but modularization, we don’t seem to get started there.

**TM4:** No, exactly.

**CS:** Customer care, I don’t know if that should be green, what do you say?

**TM3:** Looking from the outside and as a newcomer, it’s definitely green.

**CS:** The rest of you, what do you say?

**TM4:** Well, we do more for our customers than what we do for our families.

**TM:** Yes, but this is also the drawback of growth, we cannot do as much for the customers as we want anymore. They are simply too many. (…)

**CS:** What about innovation power, it’s about the same as last year, isn’t it?

**FA:** I think this picture with the skills is very good, but it’s also heavily influenced by what was said two years ago. Next year we must look at the whole picture again. Is it really the same as the first year we did this?

**CS:** Yes, you’re right, we need to do that.

After this interaction, the facilitator leaves the meeting; he gives a brief explanation why. After briefly recognizing this, the CEO continues to discuss the mapping of skills. They start talking about the team spirit throughout the organization and conclude that it is different in different departments. It seems to be especially good in the marketing department, whereas the head of production points out that it is difficult to get “this good spirit” if “we move around in the teams and force them to change”, which has been the case in that department recently. The CEO then asks about the spirit in the group working with the vision and everybody agrees that it is good. There also seems to be a generally good spirit in the foreign subsidiaries, at least in those whose heads are represented at the meeting. A top manager says that generally the firm has a good spirit and underlines that it is important to maintain this when growing. As an evidence of this, the CEO points out that over 500 people came to a recent family day. “If we had a bad spirit, not so many would have come,” he concludes. They soon agree that the spirit should stay yellow, but a top
manager adds: “I think it’s dangerous when we grow and our behavior starts being similar to a large company’s”. This leads them to conclude that they should put extra efforts into monitoring the spirit of Väderstad again in next year’s vision work.

The next skill to be discussed is how good they are at patent applications and innovation. The CEO mentions that they recently lost an idea that he had two years ago to a competitor. He notes that the consultant/board member acting as facilitator “…is a lot for looking at competitors, but it’s difficult for me to see the value of doing that too much.” They agree that this skill can and should be improved. They color it green. During this interaction, Siw, the co-founder, enters the room with coffee and buns. After noting that there is one cup missing, she soon returns again. Her presence is noted by the participants at the meeting through brief hellos and nods. After a brief pause, the next skill to discuss is recruiting. The CEO argues that they are getting better and better, but still “fail here and there”, which means that they are “not more than yellow”. His brother agrees and the CEO adds that they must improve this and become a “highly dynamic organization”. This leads the head of product development to ask what dynamic means, if it is being versatile or in chaos:

**IS5:** CS: I heard someone say that the best state is on the border between order and chaos. What do you say? *(he asks the head of the German sales subsidiary)*
**TM5:** I think order is better *(everybody laughs)*.
**TM4:** We’re good, but we want to be better. That’s why we’re here.
**CS:** So, it should be yellow.
**TM:** There’s poor coordination between projects, we have a lot of problems there.
**AS:** To me it seems to work well.
**TM2:** Also to me.
**TM4:** I think we should include that we try a little bit more and harder all the time.
**CS:** Yes, are there other skills that should be included here? If you come up with any, please let me know. Okay, the next part is success factors and here we haven’t really done anything. It’s the same as last year. Are these what we should go for? These are easy to put on paper, but more difficult to live by *(No one says anything)*. Okay, if we’re happy with these and go for them, we get to the end of the list, namely to list the five biggest threats and opportunities.

Right after this interaction, a top manager asks if other firms are more innovative, especially in terms of marketing and patent applications. No one reacts, and the CEO responds that this is a threat. He writes it down and asks for more threats. Another top manager suggests that they do not manage to identify shifts in market trends quickly enough. The CEO interprets this as “not predicting paradigm shifts”. While writing it down, he turns to ask the new head of administration and finance who has only been at the firm for a few weeks what he thinks:
5. Väderstad-Verken

**IS6: TM3:** We have grown a lot without making a lot of money, if we look at the growth in turnover and if the market decreases we are stuck with a very high cost structure.

**CS:** You mean that we’re not profitable enough?

**TM3:** Yes, that’s a threat.

**TM2:** So we should keep the organization slim.

**TM3:** I think profitability is important; we have too much focus on growth in turnover. Perhaps we should focus on profitability instead of turn-over.

**CS:** Yes, but to make money, we have to sell.

**TM4:** It costs money to dominate.

**TM:** We have aimed at growing and have built a production capacity where we create great expectations to sell, instead of having a waiting list.

**CS:** Okay, building up too big a cost structure is a threat.

**TM:** Yes, and the loss of the spirit of Väderstad.

They move on to discuss opportunities instead of threats. A top manager suggests opening up new, large markets. Another top manager agrees and suggests South America, while a third adds Australia. The CEO then says that they recently had an offer to buy a factory in Brazil. He asks rhetorically if they missed something by not doing it. He again turns to the new head of administration and finance to ask for his opinion. Not knowing exactly how to respond he says, “Yes, probably we missed something, or?” He does not know how to respond, makes the comment jokingly and the others laugh. After this amusement, the CEO asks for more opportunities. A top manager suggests working more with trading in second hand machines. The CEO agrees enthusiastically with this and writes it down. While doing so, he adds that developing new farming practices ought to be another opportunity. “We have done it before”, he says and gives examples of new ideas that he has. A top manager adds new drilling techniques as one such new idea. The final opportunity they agree about is to outsource part of the production to low-cost countries. Shortly thereafter the meeting ends.

Most attention during the meeting is devoted to updating last year’s vision document. A top manager comments on this:

*I guess this is a natural way of working, but you can also miss things if you don’t question enough what was done the year before. We must get the vision through also and follow this guiding star that we have created and it’s a bit so-so with this. If we shall be there in five years, we must start working seriously. (…) The document must be fixed, clear and not too fuzzy, because if it isn’t then it gets very difficult to interpret it. It must contain concrete things. (Top manager)*

It is also difficult to gather the group that should work with preparations:

*The head of the subsidiary in England is included in my group and we met for the first time the day before yesterday. He and I and then Crister met for half an hour because after that he had to leave. It’s very difficult to get a good…because Crister*
also had a meeting before, so I summed up what we had concluded and added some
new things. The work is fairly iterative and we take different small pieces and go
through them. (...). We have never gone away when doing this work, but doing that
would be good, because we are so scattered here and it’s difficult to gather us all
together. (...). It’s often a good thing to just go away and say that this is now the only
thing on the agenda. (...). Leaving for two days at the beginning of June is a good
way to get a start and then one can adjust and polish things back home. (Top
manager)

The vision group had their last meeting for 2003 in late August:

We are now about to put the pieces together and it’ll be presented at the board
meeting next week. We have not changed the priority in market development
compared with what we had last year. (...). The focus was on core tasks. The vision
work comes in addition to the usual daily work. This is very evident and Crister has
told us to keep a level of ambition. We do a decent job, but we should not put too
much work on it. Most important is that we sell and work with the development in
Europe. In principle, we follow the same template as last year. (...). At the last
meeting everyone participated including our facilitator and everyone had done what
they were supposed to do given the lower level of ambition. I expect...we have not
been that good at connecting the vision work with the three-year plan and the one-
year plan, to split them up and tie them together again, the budget processes and the
planning process. Now, the new head of administration and finance will try to get it
together better. (Top manager)

Andreas admits it is unlikely that the board would not approve what the vision
group presents:

The vision work is for the whole top management of the firm. We cannot cut it off.
There’s a pretty good consensus in the firm that this is how we should work. The
actual vision work means that we don’t just do the daily work but that we think a
little bit more ahead about what we shall do until next year and the year after that.
This is a bit more long-term oriented and strategic, but then it’s not for certain
that...it turns out as planned. There are more thoughts around this and this creates
better understanding between the departments in the firm...we understand better
what we need to do in each of the three main pillars sales, development and
production. (Andreas Stark)

The Board

So far, the situation with less than expected growth has not changed the way the
board works:

This is perhaps a drawback of the board. The information doesn’t really get out in
the firm, instead, it comes to Crister and there’s a risk that it stays there. Later, we
hear through the grapevine that Crister and Andreas have been assigned with the
task to lower the production costs by, say 20%. It comes through the backdoor to us
The board members get information from the departments in other ways than formal meetings. Several of the board members are actively involved in the firm and three of them in the top management. The group working with the vision also discusses information that Crister, Andreas and the external board member can bring to the board meetings. Several top managers say that they would like to give the presentations to the board, in order to get feedback and a better dialogue about the development of their area of responsibility. The external board member agrees that the board in Väderstad is special, since family members are in majority and very involved and knowledgeable about the day-to-day operations. “This makes it difficult for the others on the board to keep up with them. It's pointless to go into detail after detail. They're always in majority and they have a kind of owners’ vision of what they want with the firm,” he says.

In the early summer of 2003, Crister has less contact with the external board member in between the meetings:

He joined us for the trade fair in Paris, but since then I have not talked to him once over the phone. It's a bit like that, there's nothing that really concerns the board. Sometimes we have decisions regarding buildings; our contact is simply a bit up and down. (Crister Stark)

But the external board member is still an important support for the CEO:

He needs some more support from outside provided by someone with experience to see better what's going on in the environment. Crister is quite alone in the top management role. Andreas is on the workshop floor and is important there. Christina and Bo work with sales and do a great job there. But when it comes to the top management, it's only Crister. We talked many times about activating the board before. (...) Earlier, I, their financial manager and the CPA, went through the books with only the family. We sat in the conference room. It was a real...both owners’ meeting and board meeting. (Advisor)

The external board member’s role is still not completely clear to everyone:

I guess he's an external member with extensive background from industry, that's the role I see. I'm not sure what he adds beyond that. I imagine that he is a kind of mentor also on the board trying to make sure that we work in the same direction and think right. (...) He asks good and tricky questions that put new light on issues. It's good to get some different views from what we have in the group, because sometimes you get quite near-sighted and you don't see everything. Most people in the
organization hasn’t been that far outside Väderstad and it’s easy to become near-sighted. Now there are some other visions and a new way of thinking. (Top manager)

The Spirit of Väderstad

No deliberate work has yet been done to maintain and spread the spirit of Väderstad. "What guides the spirit is how people act and just growth itself leads to the risk of losing some values that we’ve had in the firm before," one top manager argues. Crister’s role in this is still strong:

Most people come to his office and ask him for advice and since he’s interested in many things and likes to be involved in various things, the job situation for him becomes quite exhausting. This was one of the first things I talked to him about when I go here. This has now resulted in employing the new head of administration and finance. We discussed whether he should be deputy CEO, but I’m against that because it wouldn’t give him a trial period. Moreover, you would put him in a position where he expects a lot and perhaps the firm cannot deliver. (...) It’s also important that Crister really hands over a lot of work and makes the new situation clear to all employees, because otherwise they’ll continue to come to him. This is very difficult. What he says will still be what people follow and he remains the owner. (Board member)

Many top managers also feel strongly for the firm:

I’ve never hesitated when I’ve had to go and solve a problem in another country on short notice. Mostly because I enjoy it, but enjoying is also dangerous because you work too much. This is more than a job to me (...) I also know the family privately and this makes it more than only a job. It’s a way of testing things and fulfilling yourself, realize ideas and accomplish things. (...) This is linked to the family, much of what we call the spirit or the atmosphere in the firm comes from the owner family. The entrepreneurial spirit of being able to fix things and do things that no one else has done, overcome difficulties and kind of get ahead. This comes from the owner family to a great extent, plus an incredible interest from most family members in learning about things happening and trying to support and show interest in ideas. Crister can easily set aside an hour to talk about an idea because he thinks it’s important and he’s curious. This interest in what’s going on in the firm is very, very important. (Top Manager)

The Future Intentions of the Owner Family

The external board member comments on the future intentions of the owners in June 2003:

I have to be careful here...I don’t know it’s both clear and unclear and there’s a difference between the family members. Crister and later on his daughter will have
the largest number of shares in the future. He is visionary and worked with his father almost before his siblings could walk. He has managed this firm for many years and that is a strong reason why they’re doing so well. Crister may have visions and dreams of passing this firm on to the following generation, whereas some of his siblings might not have those. They might have another vision of the firm and perhaps would like to find an exit eventually and get the money to do other things. This is in a real long-term perspective and if we talk about the vision in a shorter perspective, there’s a general hope that the firm will keep on doing well and grow in the future. (Board member)

A strong Christian faith underlies some of the family members’ intentions and views on the firm’s development:

That is what lies behind everything and it might be different for the others in the family. We also believe in growth, but perhaps not in the same figures. (…) The view of God is divided in the family and that’s why this reason is not as communicated and official. It’s more difficult to explain when you go into these deeper aspects and there are of course other reasons for our growth, but this is one. (…) It’s up to each and every one to believe or not and on this we are not in agreement in the family, but from my point of view this is the reason for the growth. (Andreas Stark)

Consensus on strategic issues is important for the family members. The CEO often acts in a certain way on strategic issues, but may back off if he does not get the other family members along: His special position is manifested during meetings:

Often when we come to problems and tricky issues, the fact is that Crister has many good ideas. It’s more common that he comes up with good than bad ideas. One can also easily tell by Crister’s face if we have done badly in certain issues, he gets angry and he doesn’t have to say it, people see it. (…) There are also yes-men and -women and that’s common in an organization with such strong people and strong owner family as here. They get a position in the firm where they can push for issues and then there are others who will be told what to do. (Top manager)

One family member says the role as owner is changing, but he does not think about it since he lives with it daily and is used to it:

I just do my job and try not to reflect on the other things, but I see that other people confuse my roles as owner and head of production. Many times when I talk to the union, they ask me how people in other departments can do this or that, but then I say that I’m not responsible for them. I recently got a new head of manufacturing as support and I let him take the first discussion with the union. I could very well have taken the discussion, but this confusion is always there. They don’t mean anything bad, but it’s the way they see it. I have been quite consistent trying not to work from an owner’s perspective. It’s not good to confuse it or to exercise some kind of power.
Another thing is that when the organization grows, people go to me instead of the new middle manager. (Andreas Stark)

He seldom hears complaints that he or other family members are too much involved in other people’s areas of responsibility. A top manager comments:

I work well with Bo. He has changed during the last year. Previously he was involved in every little detail, but now I think he sees the need to support his guys and work on developing the sales on the Nordic markets. When sales are sluggish Bo still gets down and wrestles with details in order to make things happen. He works like an electric mixer in a certain process and then moves on to the next. Whether this is good or bad is debatable, it’s bad because you do not approve of work that other people do and the group does not work as it should, they just sit and wait for someone to come down with the electric mixer to speed things up. From a positive side, one can say that things happen faster than they otherwise would. (Top manager)

In August 2003, the new head of administration and finance is slowly getting more integrated into the firm and it is increasingly clear what tasks he will take over from the CEO. These include how to render investments more effective, how to save more costs and how to use resources more efficiently. This, one top manager argues, will make communication clearer and the rationale behind different decisions better known: “There must be an understanding among people. We cannot just do things without people understanding why”.

Currently an advisor helps the family members to look at the future ownership:

The whole family is involved, it’s a family council, but especially the four siblings. I have interviewed them once and asked what they want the future to look like. How do you see Väderstad in 10 years, in 20 years? Where should Väderstad go? How big should the firm become? Should we be satisfied with this level? We have tried to think five years ahead, ten years and twenty years. (Advisor)

All have the wish to keep the firm as a family firm as long as they have financial means to reach the growth target. "I have been somewhat of a brake and tried to slow down the development earlier and said that we must try to consolidate the firm and make sure that we’re on firm ground", the advisor says.
6. Öhman Fondkommission

Introduction

E. Öhman J:or AB (EÖJ) is an investment bank group focused on financial services, especially securities trading and asset management. The largest parts of the group in 2005 are holdings in Nordnet, an Internet-based stock broker and banking firm and Öhman Fondkommission (Öhman), a traditional stock broker. The group also consists of Öhman Asset Management (ÖAM), Trianon and significant holdings in Emric. Öhman, which is the focus of this study, is a wholly-owned entity and the oldest and largest part of the group. Öhman is organized into four business areas: equities, fixed income, corporate and structured finance and customized solutions. There is also a major division for research and analysis (R&A) that supports the four business areas. The focus is mainly on large Swedish and foreign institutional customers, and the official strategy is to be a niche player competing with knowledge and quality. In 2003, Öhman employs 87 people and has a turnover of 151 million SEK, with 1.4 million SEK in profits. The development of the firm was very positive during the later years of the 1990s until the general financial downturn in 2000. As several other stock brokerage and financial firms, Öhman then suffered from dramatically decreased trading volumes in both equities and bonds and sales of other services (such as corporate and structured finance).

Tom Dinkelspiel is CEO of Öhman since February 2000 and became group CEO of EÖJ early 2004. His father, Claes Dinkelspiel, is chairman of both the EÖJ board and the Öhman board. Claes’s brother, Ulf Dinkelspiel, is a member of both boards. There are several non-family members on both boards. The owner family has two branches, the families of Ulf and Claes Dinkelspiel. Claes’s side controls 60% of the ownership and Ulf’s the remaining 40%. This division was decided when the sons took over the ownership from their father Max in the late 1970s. Both Claes and Ulf have three grown-up children who are all shareholders. Claes’s former wife and Ulf’s wife, who are sisters, are also shareholders. Claes’s oldest son Tom is the only one from the third generation actively working in the family firm. Earlier, however, several other family members have worked for shorter periods in the firm, and Claes left as Group CEO only recently.

A Brief Description of the Development of the Firm

Öhman originates from a grain trade business partly owned by Emric Öhman (1863-1934) during the period 1885-1905. Emric left the family firm and
started an investment bank in 1906, which he named E. Öhman J:or. Co. In 1911 he was accepted to the Stockholm Stock Exchange and started to trade in equities. When Emric Öhman died in 1934, his son Torkel declined to take over the firm and Max Dinkelspiel, whom Emric had employed in 1930, bought the firm. Max’s management led to prudent growth and successively his sons Ulf and Claes got involved in the firm. Ulf started in the firm in 1957 while studying at the Stockholm School of Economics. He stayed until 1962, when he joined the Ministry for Foreign Affairs. He never returned to work on a daily basis in EÖJ. Instead he joined as board member in the early 1970s and stayed there except for some periods when stationed abroad, working as undersecretary of state secretary and cabinet minister.

Claes joined the firm in 1962 after studies at the Stockholm School of Economics and INSEAD in France. He was very interested in the capital markets, stock brokerage, and profit calculation and he gradually became the natural successor. Claes gradually took over management from his father and launched some new products during the 1960s, among which the most successful was the Öhman Stock Market Guide, first published in 1966. The stock market guide was an innovation in the industry and meant a great deal for the firm’s growth. It was the origin of Öhman Investment Consultants (ÖIC), which in turn was the seed of Öhman’s strong focus on research and analysis (R&A) and on institutional customers. The financial markets did not grow much during the 1960s and 1970s and the financial services sector was small. It was when Claes took over as CEO that the firm started to grow. “I see myself much as the entrepreneur, even if I took over the firm after my father,” he explains.

The interest in research and analysis allowed the firm to make several successful investments during the 1970s and 1980s creating financial possibilities to expand during the era of deregulation. Claes took over formally as CEO after his father in 1968. At the same time, other changes were made, mainly due to new regulations of the financial sector where regulators demanded more formal management systems and minutes from board meetings. Claes and his brother also wanted a more formal board with external members than their father had preferred. Max was still involved in the daily business until 1976 and stayed as chairman of the board until 1980. In 1974, a businessman/CEO was appointed as the first external member on the board. He later also became the chairman succeeding Max Dinkelspiel in 1980.

In 1981, an external CEO was recruited to Öhman, which together with ÖIC formed the main parts of EÖJ. ÖIC already had an external CEO, and Claes stayed as CEO of the EÖJ group. Both ÖIC and Öhman started to grow more rapidly towards the late 1970s and the early 1980s. In 1985, Tomas Nicolin, the CEO of ÖIC, replaced the first external CEO of Öhman. During his tenure the firm grew, several new departments were created, and ÖIC and Öhman were merged. After some difficulties in the late 1980s and early 1990s, the firm continued to grow during the 1990s, even if it lost its relative position to several competitors. In 1994, Nicolin resigned as CEO. For some time in the
late 1980s and early 1990s, Ulf is also forced to leave the board and sever most contacts with the firm since he reached senior positions at the Ministry for Foreign Affairs. During 1991-1994, for instance, he served as a minister in the Swedish government.

To replace Nicolin, another non-family CEO was recruited internally. The new CEO was the head of fixed income since 1988. Several new ventures, products, and departments were launched during his tenure. In 1996 Öhman was one of the first firms in Sweden to offer stock brokerage over the Internet through its business area Nordnet. Öhman also started a division working with mutual funds, called Öhman Funds and a division for structured finance. The corporate finance department was added in 1995 after being more or less inactive since 1992.

In 1992, Claes’s son Tom joined the firm to work at the equities department. He started working at the firm directly after graduating from the Stockholm School of Economics. During the mid-1990s there were attempts in Öhman to create a partnership system of ‘tracking stocks’, mainly in order to be able to keep key employees. ‘Tracking stocks’ are formally not regular stocks, but additional ones that track the development of the value of the firm according to a predefined formula. The intention was to treat the group of partners as owners; they had the right to appoint a member to the board and exert influence via a partners’ forum. However, several partners report that they never had real influence on strategic issues. The partner system was rather perceived as a way to get a title for more status and financial gains. The partner system was changed in the early 2000s and the owner family took over the stocks again.

In 1997, Tom Dinkelspiel left the firm for one and a half years and during this time there were increasing discussions at Öhman about making a major reorganization and strategic change. In the fall of 1998, the firm is very successful on the booming stock and bond markets as well as in investment banking. The diversification strategy that the new non-family CEO implemented for Öhman when taking over in 1994 meant that several new ventures were launched leading to considerable growth, but also a successive drift from the core operations and traditional focus of Öhman to be “an advanced house of research and analysis focused on major Swedish and foreign institutional customers”.

In the fall of 1998, Nordnet had grown big as a business area and the non-family CEO wanted to change his role in the firm. The next step for him was group CEO of EÖJ, and the owners also thought it is time for his promotion. There were also some internal organizational problems, especially at the division of equities where staff turnover was very high and it was difficult to build a stable organization. Tom was contacted by the CEO and asked if he is interested in returning to Öhman. His first task was to reorganize the division of equities and the department of R&A. A general strategic analysis was conducted, and the major result of this work was that Nordnet and Asset
Management were separated out from Öhman and become independent companies within the EÖJ group. Another result was that Tom, soon after his return to Öhman, was nominated deputy CEO of Öhman and the non-family CEO nominated for group CEO of EÖJ after Claes. He stayed on as CEO of Öhman for some time, until Tom was ready and Claes moved up to become the new chairman of the board, replacing the non-family chairman of the board. Initially the suggestion was that the previous chairman should leave the board, but Claes and Ulf asked him to stay to assist in "certain generation-related issues". The new non-family group CEO became chairman of the board in Öhman, replacing Claes when Tom took over full responsibility of Öhman.

Employees and customers generally saw the CEO appointment of Tom as a new, increased commitment from the owner family and expected a return to a more traditional focus and core business of the firm:

*It was declared that we would go back to the old policies and guidelines and create a new profile. This meant heavy investments to rebuild the research and analysis department in order to be a good partner for institutional investors. A positive feeling emerged in the whole organization – especially because it was Tom, a family member, with his background and knowledge about the firm that came back.* (Employee)

**Strategic Issues 1999-2003**

The study of Öhman focuses on the periods 1999 and 2002-2003. The case illustrations presented in this chapter aim to track the role of different actors and arenas in the work on strategic issues. The focus is also on how and why this work changes during the course of the study. In 1999 the main strategic issue (MSI) is to maintain and cope with the large sales volumes, growth and profitability, as well as to implement the organizational changes decided on in 1998. Most of the sub-strategic issues (SSIs) are related to this work, such as 1) organizing the new independent companies resulting from the break up, 2) changing focus more towards the traditional core operations, 3) strengthening the role of R&A, and 4) rebuilding the division of equities. During the period 1999-2002, the strategic issues are mostly related to the departure of the non-family group CEO. When leaving he has created a group that has many ventures and a specific focus on IT. He has moved the firm away from its traditional strategy and focus. The work to move the firm back to this is intensified during 2002-2003 and is a major strategic issue. However, dwindling trade volumes on most financial markets also lead to the strategic work concentrating on returning to profitability. Thus, *returning to profitability by creating a stronger focus on the core business* is the MSI. This involves SSIs related to, for instance: 1) working to integrate the firm better, 2) focusing more on the traditional main customers (back to niche strategy, improved positioning and better customer orientation), 3) creating new business ventures,
4) strengthening the role of R&A, 5) engaging in other internal organizing activities (definition of core competence, reduction of personnel, new bonus system). As in the previous chapter, the focus is on tracking different actors and arenas and their role in the work on strategic issues. In the illustrations that follow, the strategic work is not always related to the MSI, but often one or more of the SSIs.

Spring and Summer 1999

The Work on Strategic Issues

In 1999, the firm performs financially very well and grows through both increased sales and new ventures. The financial sector is facing challenges with ‘merger mania’ and possible Swedish membership in the EMU among the largest. This creates a situation that is difficult for Öhman. Its smallness and independence as a stock broker is questioned by both customers and employees. Among other things, creating the same “…goal function for owners and employees through transparent reward systems” is key, according to Tom, who is about to become CEO of Öhman. For his father this means that both owners and employees should unite around the vision of the “finance partner of the 21st century”. Apart from this vision statement, Claes sees the business idea development and the formulation of long-term strategic objectives as the central parts of the strategic work. His brother admits that this is not systematically formulated and formally communicated:

There is no business idea such as you would find it in the textbooks. There is a business idea that Claes always discusses with the board - that we should be an intermediary link between buyers and sellers of financial services and be advisors. It is, however, one thing to have a business idea ourselves and on the board and another thing to communicate it to our employees and there we could do more. (Ulf Dinkelspiel)

The business idea and vision are expressions of overarching ideas for the firm and rather passed on in informal talks than in written documents. More people should be involved in this work, in order to better communicate the strategic direction, an interviewee says. Tom admits that the strategic work can be improved:

There was major strategic work done here last fall that was presented but it seems that it will fall to pieces and the reason for this is that there is no follow-up. In my world, if you set up objectives and say that we shall be the fifth largest actor on the Stockholm Stock Exchange then you need to break down those objectives into objectives for each individual and include them in the overall objective for each department and the whole firm. Then you need to follow up both the overall result
and the individual performances. This is not done today and I want to change this. 
(Tom Dinkelspiel)

The top management team works increasingly with business planning, which includes defining the business idea and long-term goals for each department and the firm as a whole. Tom has an intention to involve both his father and the new group CEO in the work to create new, clearer strategic objectives for Öhman. His father and the non-family CEO are quite similar in their leadership, with an entrepreneurial style: "Both are phenomenally good when it comes to finding new ideas and create and launching new ventures," Tom says. He adds that the firm does not need one more such person, but someone that is "prepared to try to put things together and unite the firm". The informal interaction on strategic issues is important:

I don’t know much about the top management team now, but one always talks to some key persons first, of course. It works as in other contexts; I don’t enter my own boardroom in the Swedish Trade Council either without having talked with the chairman of the board first. Especially not if there is an issue that I know is potentially controversial, then I often check with several individuals on the board before the meeting. (Ulf Dinkelspiel)

Claes explains that even if decisions are made on the board, a discussion on strategic issues precedes this, in which Claes talks with his brother, the non-family CEO and with his son Tom. In general, the distribution of tasks stated in the Swedish Companies Act should be followed, where it is important to clarify and respect the different roles of each function. If this is not done there is a risk for ‘sandwich decisions’, where someone’s authority is bypassed. The former chairman of the board, who has worked in both family and non-family firms, often points this out as the work unfolds.

Regarding the issue of breaking up the firm, Claes discussed it with the then chairman of the board of ÖJ, with the non-family CEO, Ulf and Tom. He also talked extensively with his family since the change concerned his own future. Ulf exerted an influence at an early stage:

I was participating informally since I have advocated this restructuring and the division of the company in the board, especially to break out Nordnet. But on this issue there were also strong views from other board members. (...) We agreed in the end but it is clear that there were some components, such as that Tom would move up as CEO that involved personal factors and a family dimension that potentially could have been explosive. Say, for instance, that Claes had advocated Tom but the current CEO was hesitant – that would have put me in a difficult situation. But that was not to be. (Ulf Dinkelspiel)

Claes describes the work on this issue as "emerging from the discussions in an informal way" and Ulf adds that the decision "matured over a long period of time" between the main owners, but also through discussions in the board in an
“efficient and constructive way”. Tom, however, argues that there is a need to make clearer the relationship between the board and the top management:

It’s clear that the top management team steers operations here. But the top management team also has a fairly important role in the strategic work and in this work it would be desirable if the board took on an even more active role. Now, the strategic work is more of an issue for the top management team. Changing the board’s work in this direction can be difficult, but it is something we can work on in the future. (Tom Dinkelspiel)

There is also some overlap of individuals between the boards and the top management team. Apart from Tom, who is the only family member in the top management team, also the head of fixed income serves on both the board and the top management team. The top management team consists of the heads of the different departments of Öhman, the CEO of Öhman and the head of administration. The role of the top management team in the strategic work needs change:

To do this is one of the major points of the wider reorganization of the firm. I have been CEO of Öhman for five and a half years and it is obvious that it is time for someone else to take over with new ideas and priorities. I will have more of a portfolio perspective in my new role compared with what I have had before. Apart from this, the top management team in Öhman will have a different type of people now and Tom will have his way of leading which differs from mine. (Non-family CEO)

The firm has a small and flat organization. Consequently, informal contacts on strategic issues between different actors are easy. But the non-family CEO never feels bypassed. Instead there is, he says “…a significant respect and understanding for this within the family. This works well here”.

The Boards

Some describe the boards as very influential in the strategic work, whereas others argue that it is difficult for the external board members to contribute, because of the dominant family members. Both the board of EOJ and the board of Öhman are based on the idea that the firm shall have “professional and competent boards”. The individual board members should represent different areas of competence and they should be able to "act as if the firm were not a family firm". Claes makes a point of underlining that the board’s two major tasks are those stated in the Companies Act; to make sure that there is an efficient control function as well as an efficient management function. He adds that the EOJ board discusses strategic issues, like investments, and appointments of key actors: “And since I serve on the board of several listed companies I say that it is very similar.” Tom gives his view:
We are very particular about making sure that we follow the Companies Act in each and every detail, includes that all investment decisions over 1 million SEK should be made by the board – and this we also do. But, of course, it has never happened that a proposal has not been accepted in the board if the CEO, father, me and Ulf have agreed before on what we want. (Tom Dinkelspiel)

The former chairman of the EÖJ board has a background in law and wide experience from both private and public organizations, as well as both family and non-family firms. He mainly answers for issues regarding generational succession and other family/ownership matters. There is also an external board member, a good friend of the brothers with a background in a medium-sized family firm and internationalization. A former CEO of an international airline serves on the EÖJ board and is included because of his marketing competence and wide networks in Swedish and international business life. The non-family CEO and Tom are deputy members of the board. The following serve on the board in Öhman: Claes and Ulf together with two external board members one with knowledge in finance and real estate and another with marketing expertise and with a background as entrepreneur and manager of a high-growth firm. There are also two representatives of the employees and partners.

Most members of the boards are acquaintances of the family, if not as personal friends, at least as business contacts. However, no one thinks this is a problem since the Swedish business life is “small and everybody knows everybody”. Instead, it is natural to ask those that “you meet in different situations and know to some degree”. The reason for the external majority in the boards in 1999 is that it is important to balance the family’s influence and support the external board members’ involvement. But the family has a significant role:

I mean when the ships are down, it is clear that what Claes and I say has a lot of impact. Fortunately, we have never been in a situation where Claes and I have stood against the rest of the board. But in such an event, it is only natural that the external members pay much attention to what we say and think. Say, for instance, that we both want to make a major investment and the rest of the board disagrees. Much is needed for them to vote it down. (…) The psychology works that way. (…) But if such a situation did arise, I think Claes and I out of respect for the board would do our utmost to argue our case and pay careful attention to the views of the other board members. (Ulf Dinkelspiel)

The non-family CEO says the role of the board in the strategic work varies:

They sparkle sometimes and surprise negatively at other times. (…) From time to time the board is very important. It is, for instance, important for me since I need to collect my thoughts, plan what is important to say and do. It secures a structure of my work. (…) The boards are also a place for discussions, counseling and exchanges of views. In these talks the owners are open to impressions. However, at the end of the day there are two people that control 100% of the firm and this means that the final power on the board is always in their hands. (Non-family CEO)
He normally talks to Claes before the meetings if he has a difficult issue that he wants to discuss at the board meetings. If Claes agrees with him on his suggestions to the issue, he knows it will pass on the board:

*He will make sure of this. (...) I know how the discussion will turn out before I go to the board meeting. But we also live in a world of public authorities, customers and ethics and morality, so we have to deal with this professionally. The board meetings therefore deal with what should be dealt with according to the law. (Non-family CEO)*

To increase the role of the board in the strategic work, Tom wants to include a board member with more sector-specific knowledge. He expects to influence this when taking over fully as CEO. He wants to develop the board more into a strategic tool:

*We’ve had the same board in Öhman for many years and this is both good and bad. They know the company well but they perhaps don’t generate the freshest ideas anymore. (...) We need to attract competent board members, which is not the easiest either. Especially not now when there is a stricter responsibility. (...) The board of Öhman has another important role and that is to work as a group of advisors in acute problem situations. In this role the board has been good, or in some cases extremely good. But regarding the active, strategic work, this is done more on the top management team level in the firm. (Tom Dinkelspiel)*

Most actors involved in the strategic work also take advice on strategic issues from actors outside the board and the firm. Claes has mentors that he has been talking to for many years. He needed to create a network of contacts outside Öhman early in his career, since the age difference between him and his father was great. He finds it important to have external people between him and his son as well. Both Claes and Ulf have extensive networks in Swedish and international business as well as in political life. Ulf underlines that especially in Sweden ‘everybody knows everybody’. The non-family CEO thinks these outside influences are good, "because otherwise, when we meet around a table to discuss an issue, the discussion can get quite narrow-minded since we know each other so well after so many years. External influence is crucial, especially considering how the business environment is changing."

*The Family Business Problem*

The two main owners want to organize the firm “as if it were not a family firm” and in “a professional way”. They have worked with what they call the “family business problem”, where growth requires a “conscious and professional view on the strategic work”. The firm is now a large actor in its sector and the outlook is international rather than national. “It is important that the firm lives in a professional world and that the family and its relation to the firm lives its life”,
Claes says. Partly because of this, the owner family attends courses organized by the Family Business Network (FBN). The main purpose is to give the owners knowledge of what it means to own a family firm and how to deal with the generational succession. Most members of the family have good experiences from these courses, especially since they meet similar firms from other countries making it possible to compare and learn from each other. The aim of the courses is mainly for the next generation to learn what to demand, what rights and what obligations they have. It was also during a course with FBN that Tom and Claes for the first time discussed Tom’s future role in the firm:

Until the course this was something of a problem between me and my father, since I did not want to initiate the question and he did not want to do it either. In other words, before, I did not know if my father wanted me to take an active role in management and he did not know if I was interested because in the end it was taboo to even talk about it. (Tom Dinkelspiel).

After the course they also decided that the grandchildren of Max and Brita Dinkelspiel have the right to do a six-month internship in the firm. The purpose is to give them an opportunity to test working in the firm and to get important knowledge for owners. They have also organized a family council. “During the course, it was suggested that the family council was a way of organizing a family firm that would solve all the problems related to the generational shift,” one family member says. The first family council was a success. The second council was also successful but there was an increasing feeling among some participants that they should do more than just tell each other “how terrific we are and how well the firm is doing”. The third meeting is held in late 1999 and ends in disappointment because the participants enter some sensitive areas of discussion. Some family members feel that the council’s role in relation to the board and other forums is not clear. One family member not active in the firm says that the point of a family council must be that they can say what they want on tough issues and ask for the information they want. The bad experiences from the third family council make it the last one. Some family members say that the “different cultures in the two core families” and their different relations to the firm made it difficult to discuss the development of the firm and the family’s relation to it in a formal setting. Another family member adds: “the family council is a questionable form for a limited company.”

The different culture in the corefamilies also means that the firm is discussed differently in the two. In Claes’s part of the family there has always been an interest in these issues, mainly because he has worked in the firm for such a long time and Tom early joined the firm. There is a different professional tradition in Ulf’s part of the family, even if two of his children have worked in the financial sector and one currently works at Öhman. Ulf’s family’s relation to the firm is mainly as owners, whereas Claes’s family has a tradition of also working in the firm and they talk about the firm and its development every day:
I think it is quite natural that you do that. You bring the problems home and you discuss over the dinner. Sometimes the children get angry because all you do is talk Öhman, Öhman, and Öhman. My wife has also managed companies. (Claes Dinkelspiel).

Tom sees a risk if the informal interaction between the family members becomes too frequent and deep on strategic issues that should be handled within the organization, rather than in the family. He is careful not to talk to his father about issues that should be dealt with in the ‘chain of command’. However, the family firm character still has impact on the strategic work, since he must pay attention to the family when making decisions. He says the firm’s performance affects the family’s everyday life, financial situation, and total assets:

All family members are shareholders whether they like it or not, and the decision process is not very clear. It can be shades of grey and not as clear as in firms where the owners are not as visible. (…) The disadvantage appears if the owners decide on a certain issue on non-rational grounds. I would say that this is mostly manifested in the way that you cannot make a certain change or carry out a specific decision. In this way, I am a bit limited in my freedom to act. The long-term orientation, however, outweighs most of the disadvantages. The extreme short-term orientation that we see today in many listed companies is completely alien to me. (Tom Dinkelspiel)

The family firm character is also related to the role of Claes. Tom argues that, in the end, probably his father settles most issues, even if Ulf also has a saying especially in major strategic issues. So far, the non-family CEO has not experienced a situation where there has not been consensus among them:

It’s the owners and Claes in particular that have the real, heavy power. I have no illusions. I mean if we have some really big and difficult issues where I either do not know at all how to act or I feel that, okay I can give advice but I do not know what to do, then the ownership dimension on the issues means that it is their responsibility as owners to make the decision. (Non-family CEO)

The non-family CEO is in touch with both Ulf and Claes for views on strategic issues:

It often works in the way that I think and I write a PM to Claes. He thinks, lets it sink in, thinks again and then he comes back and says, okay, this is good, this is less good. We usually say that I have some parts right and he has other parts right and then I change the proposal a bit. If it feels good after that, I send it to Ulf and then, if it still feels right, I start securing the internal support in the top management team at the same time as I send it up to the board. (Non-family CEO)
He assumes that the families talk about and plan for the future of the firm outside the formal meetings that he attends. This is not a problem, only natural, since having “active and committed owners is good”. The firm is performing well, but he expects a greater involvement from the family members if the firm does badly. In general, the Companies Act determines how Claes interacts with the CEO: “If I have a CEO, he is the CEO and you’ve got to have strong employees, otherwise it does not work”. Ulf agrees, but emphasizes that it is not always easy to maintain the distinction:

As soon as a conflict arises between me and Claes, or Tom and me, it directly becomes a family problem – it spills over. This can be experienced as unpleasant for other board members and colleagues. (…) In general however we have been able to balance this quite well even if problematic situations have emerged. (…) The biggest problem is in the board since it is possible to come in and steamroller others. The positive side of this is that we can settle a specific issue faster. (…) Often when there are investment decisions, Claes normally calls me and asks what I think. I do not want to say that we bypass the board on such occasions but it is quite natural that he contacts me, for instance, if the issue is about an acquisition, since that is often a question for the owners. (Ulf Dinkelspiel)

The involvement of Claes and Ulf is not too extensive. Instead, the non-family CEO argues, a major aspect is that the owners are so close by and he can easily talk to them if there is an issue where he needs their feedback. An extra board meeting is not necessary since they are often at the office and easy to contact:

I have been here for 12 years. That indicates that I feel I have a lot of information as head of daily operations. I feel that the family members listen to me a lot and acquaint themselves with what I think about different issues. I have never experienced that they have said, okay, we shall turn left here, get it done! In this dimension it is all very professionally done. You only need to look at what I have done in the last few years…we have made a number of investments and I feel highly involved in all that we have done. But then, of course, the family decides in the end but they are rational and listen to arguments. (Non-family CEO)

Tom, however, argues that his father and uncle are not so active and visible owners:

They have never said that this is what we want Öhman to be in ten years time. My father and Ulf are actually rather passive owners. It is pretty much up to the CEO and now later to me to run this firm. In that sense they are convenient owners since they act almost only as capital owners. (…) They function very well as advisors and generators of ideas, but they do not have a clear definition of what the ownership means and what they want. In that sense they function more as trustees of what has already been built up. (Tom Dinkelspiel)

But if the firm begins to lose a lot of money the owners will be more active:
6. Öhman Fondkommission

An ownership such as in Volvo or Ericsson where there is no obvious influence from the owners or a dominant owner that governs is different from ours. We often compare this with a case of beer at Norrmalmstorg. If you put a case of beer at Norrmalmstorg and then walk away from it and return after six hours, the probability that one, the case is still there, and two, that there are any beers left, is very small. On the other hand, if you have both feet on the case, the probability that all beers are still there after six hours is much higher. This is how I look at the ownership when there is a strong family as owner. (Tom Dinkelspiel)

His intention is to become more visible in the strategic work:

I have a wish that this firm shall be a really large finance house placed firmly on the map in 2005-2010. This is my ambition and my goal. It's an advantage that we don't need to profit maximize and that I don't have to maximize my own personal bonus every year since I prioritize the benefit of the firm as owner – the fact that I am an owner will make it easier for me to realize my goals and intention. (…) The dangerous thing is that I can run quite far in one direction without being stopped. But thanks to the fact that I will become CEO now and my father will be owner, I cannot make crazy decisions without him knowing it. (Tom Dinkelspiel)

The non-family CEO, who asked Tom to return to the family firm as CEO before talking to the board, Claes, or Ulf, admits that the fact that Tom is family member is important: "There is a point in having a CEO by the name of Dinkelspiel. It can be part of the competence to have the right family name". Tom agrees that his name can be part of his competence since he is more committed and will look beyond short term-gains, which is otherwise not common in the sector. His uncle agrees:

Öhman is the core of the group. There is no doubt that, ceteris paribus it is good if a family member is CEO. This gives a stronger continuity and driving force. It was not a matter of course that Tom should get this position. However, when the issue was brought up that his predecessor would take a step up, it was natural that Tom came to replace him. (…) Again, ceteris paribus, it feels nicer and more appealing to have a Dinkelspiel taking over the top management of Öhman. But if I reverse this, it is much more problematic to have a family member that is not a good CEO. It must go well, if not, I can see big problems. (Ulf Dinkelspiel)

Financial strength, a long-term focus, stability and flexibility are important characteristics of the ownership with impact on the strategic work. The long-term focus is important since the owners will “end up with the problems on their shoulders anyway”, Claes explains. Ulf adds that the family ownership can lead to “destructive tendencies” in the strategic work, especially due to problems in acquiring capital. The family wants to keep the ownership in the future, even if many employees want in ownership as well. Employee ownership is a characteristic of the sector and it is easier to create partnership programs in non-family firms. The importance of the employees means that even if the family
has the final say in most strategic issues many employees are indirectly involved. It is easy for them to “vote with their feet” and leave the firm if it develops in a direction that is not beneficial to them:

This has probably caused me to be, more than I am actually aware of, influenced by Claes’s view on risk-taking. Unfortunately, I have probably become too careful because of this. I want to see money flow in, I don’t have the patience to run projects with too heavy loses and I don’t have the strength to make investments if I don’t see that I’ll get the money back within 4-5 years (…) I have too close contact with the family. We work with fairly large issues here and the older I get the more I tend to work for the family. Before I used to be between the family and the staff, but now when I’ll become group CEO, I need to have another perspective on thing and then the risk for this probably increases. (Non-family CEO)

Tom says with regards to this that he actually believes that he is “more external than him in some senses when it comes to the strategic work at Öhman”. The Dinkelspiel family, especially Claes has affected the firm over the years:

My father has expanded the business and I believe that he is the one that has influenced most. When I started here as a broker, I got a phone and a monitor and after that I just had to start dealing. This is the management style around here - you go on as long as you want and as long as you’re doing fine there’s a lot of freedom. This is what my father is like as a person. (…) My father and I are quite different as persons. I am more like my grandfather. I share some basic values with my father that will remain, but when it comes to managing it will become different. I intend to change the ‘laissez-faire’ style that has dominated the firm for many years. I want more formal control and clearer management by objectives. At the same time, I want to support the employees in thinking more strategically and taking on more responsibility. (Tom Dinkelspiel)

Fall 1999 to Spring 2002

The financial markets are continuously strong from the summer of 1999, and in February 2000, when Tom formally takes over as CEO of Öhman, they peak. The previous CEO moves on to EÖJ and intensifies the strategic work to expand and diversify the portfolio of the group. He launches several new ventures and invests in diversification, mainly into IT-related business. His personal vision is that EÖJ will become an “IT House with a focus on financial services”. In September 2000, Nordnet becomes an independent company, merges with the competitor Teletrade in June 2001 and is floated on the stock exchange later the same year.
Changing the Boards

During this period the composition of both boards is changed in line with intentions to improve the board’s role in the strategic work. Ulf’s personal contacts with a former prime minister and with a former CEO of an international travel services group add two members with broad experience to the EÖJ group. The former prime minister is expected to contribute with knowledge of national and international politics and with general opinions about business environments. The reason for the former CEO’s inclusion is her background. “I didn’t go deeper than that. I took it for granted that they can make use of someone with experience from the sector that I have and from working on other boards,” she says and adds that the family dimension gives the board a more personal touch.

A new external board member is appointed to the board of Öhman. He has an extensive background from the financial sector and also becomes senior advisor in the firm, with a role in the strategic work outside the board meetings. He explains why he accepted:

I like owners made of flesh and blood. I think it’s good for the economy and for society. I didn’t know the family Dinkelspiel but the more I met them, the more I thought it seemed interesting and exciting to help out here. The board is not non-professional because it consists of family members, but quite the opposite. There is significant competence among the family members here – especially Ulf, who has made an extraordinary external career and provides supplementary perspectives, and Claes, who has worked in this sector for all his life. (…) I take it for granted that I represent the owners and the family’s interests. (Senior advisor/board member)

The Departure of the Group CEO

A major event during this period is the departure of the non-family group CEO. His mission as group CEO is more visionary and strategic thinking, expanding the portfolio of firms in the group. However, his vision of the firm as an ‘IT house with a focus on financial services’ differs from Claes’s vision as the ‘finance partner of the 21st century’. The group CEO’s vision and strategic plan is considered too far from the interests of the owner family and he is forced to leave his position. He presents the strategic plan to the board in the fall of 2000. The suggested vision and strategies would mean significant risk-taking, also because the previously successful Öhman begins to get profitability problems as a result of weaker financial markets. He leaves in April 2001 after 14 years. Claes returns as group CEO to replace him. The former group CEO says his departure is related to their different views on how the firm should be run. He wants to continue investing in new ideas and developing the firms, whereas the owners, he argues, want to “have a more leisurely pace of expansion”. Another reason for the differences is that “the owners want to steer the operations in a more centralized way,” while he prefers a more decentralized management
style. It is also difficult to get approval for his ideas and find a room between Claes as chairman of the board and Tom as CEO of Öhman. Ulf agrees with this:

Claes has owner influence which he exercises also as chairman. He does not want to call himself working chairman, but it is obvious that in practice he is. The group CEO did not work as operatively as he had done before as CEO of Öhman and he started to expand in new directions that we partly questioned and did not really feel for. I do not only mean the IT ventures. He got squeezed because there was not enough space for him. (Ulf Dinkelspiel)

In February 2000, Tom and his closest top managers form a new strategy for Öhman. The new strategy, mainly worked out in Tom’s garden, focuses on “regaining the lost position as a strong investment bank focused on institutional customers and research and analysis”. The non-family group CEO’s intention for the whole group is to steer the firm away from this direction. Some are surprised that the plan is so different, considering that he had worked for so long in the firm. However:

He knew when he launched the idea that it would not work. (…) But he wanted to do it. It was his way of looking at it. He did not believe in any other way of doing it. I remember the whole big presentation. This was a very sensitive issue for a couple of months afterwards. (…) He had probably checked the idea with Claes and Ulf and got the green light from them to present it to the board. I think he felt when he entered the boardroom that it was not the best thing to present. (Employee)

Tom also manages Öhman increasingly independently from the group CEO of EÖJ and this triggers the group CEO to expand the group in new directions in order to create space for himself. The board and the owners agreed with him in the beginning, but this changed:

Money floated out quickly and it has been the read thread in Claes's life to be debtless and have a large taxed equity. It’s his standard of value (…) The group CEO pushed for investing in new ventures and Claes thought it was exciting and let him go on for a pretty long time, but then there was the recession. Claes saw the equity base and liquidity threatened and that was like putting a knife into his heart. This was something holy for him. He had to act. (Board member)

The group CEO worked on the new strategy mostly by himself, even if he talked occasionally with Claes and got feedback from the board members during the first board meetings. In the fall of 2000 he felt his time as CEO of EÖJ was about to end:

The playing board had changed so dramatically that it was time to leave. I felt that all of a sudden decisions took longer time; I noticed that the owners didn’t have the same trust in me; I noticed that we started to argue about small things. The nice
atmosphere and discussion that characterized many of my years in the firm wasn’t there. I noticed that they didn’t have the same confidence in me and it got very difficult to work. The family, especially Claes, and sometimes for good reasons, take a lot of time thinking about decisions. Often he comes out with good, wise things and this is not a problem when the market is good, but when you see that the market is turning bad and you have to have a decision NOW it’s not good. In fun deals that were going on for instance around Nordnet and structural deals then it was Claes who should be involved. No, it was like pretending to be group CEO. (…) I had a free role, but at the same time I was an obedient subordinate. (Non-family group CEO)

Moreover, he never felt that the owner family talked through and agreed on what they really wanted with the firm. They never, he argues, penetrated the strengths and the weaknesses:

“There’s no ‘Ahh, what do we really want? What is our competence, what do we add to ourselves?’ and so on. This didn’t exist in the discussion and if it didn’t exist, I’d take the discussion myself – and then I proposed something that perhaps was a bit extreme, with a grand expansion and a portfolio of firms. In retrospect, of course I believed in what I proposed but it was also a way to focus and say, now really! Go for clash and see who’ll be the winner. Of course, as a CEO, a hired gun, you’re always a loser and I accepted that and wanted to take the risk. (Non-family group CEO)

He describes his strategic plan a call in desperation for a dialogue on what the prerequisites were as CEO of EOJ. He also increasingly realized that he was in a “squeezed” situation between a father, an uncle, and a son, especially in Öhman, where he was chairman of the board and Claes a regular board member:

“I thought, man it’s only for you to keep your mouth shut, why should I engage in the discussion, it doesn’t work anyway to stand up. (…) The family didn’t think I contributed with the same as before, but my strength was to dare to challenge, dare to ask, dare to take the discussion and don’t turn away. I think they miss this now. (Non-family group CEO)

Still, he argues that he and Claes shared an ‘entrepreneurial drive’:

“Finally I forced a confrontation. It was a choice of ‘okay, let’s draw the line here, I cannot go on being reshaped by the family and their values and Claes’s, and bang! I took it to its limit. I could have stayed, muddled through, tried to adapt, and only listened, but I didn’t do that. (…) Tom got a stronger position and then taboo things emerged. I didn’t like the investments in Malmö. I hesitated concerning the incredible costs for research but I realized that I couldn’t fight about this. And then I also realized that ‘hey this is a family firm and I’m a hired gun and I’m about to find myself squeezed in, I just have to realize it’. Instead of going head-on in Öhman’s strategy, I chose to lay out a gigantic strategy for the group and thereby
Claes hoped that the new group CEO would have stayed for longer and formed a ‘new team’ together with his son. This was not possible, he explains, since “the management, the board and the owners did not have the same opinion as the group CEO”. However, from the departing CEOs perspective, the vision and interests of the owners remain unexpressed, at least in a formal sense, during this period:

“There’s no owners’ ID. It becomes an integrated part of their lives, it was never bang! That’s where we’re going and these are the resources, these are the intermediary goals. (...) The most important owners’ ID was preservation of capital. The rage and anger when we lost money was not in proportion to what happened when we made 15 or 30%. This is an important thing; there was no owners’ ID. (Non-family group CEO)

A top manager explains his impression when starting at the firm in July 2001:

There were traditional values. There was a strong owner who had a strong vision of where the firm would go in the future. It was a turbulent time when I entered and there was a desire to structure. There were many companies then, but with no real reporting routines, especially not in the group. (...) I’ve never seen a vision document, so I came to understand the vision in informal interaction with the owners. (Top manager)

April to September 2002

During this period most of Öhman’s markets are weak, mainly due to the financial sector’s general recession. Tom is in charge of the work to secure profitability of the firm in this difficult situation. Claes has returned as the group CEO and works to ‘tidy up’ after the former group CEO and focuses on returning to the traditional core business.

Integrating the Firm

At Öhman, a major issue in the strategic work is to create a unified strategy for the firm’s different departments and business areas. The aim is to integrate the firm better and move away from a situation with large differences in strategies and in internal and external relations. This means an attempt to establish the same vision, the same strategy, and the view that “we accept each other”, one top manager says. The family ownership is seen as strength in this work, which includes creating a long-term commitment:
There are a lot of disadvantages also but it is better to accept that they exist and then really use the strengths, like fast lines of command, informal ways, and the long-term focus, etc., instead of arguing that sometimes decisions that are emotional or strange are made, based on something else than profit-maximization. (...) Öhman is Dinkelspiel, there is no doubt. It is up to everyone to think strategically and then you have to involve the family. (...) I can go informally to Claes and Tom to secure a direct influence that way. I suppose there is a bond between us so there is a quicker decision. You get the information directly to the right guy without a filter, which is more difficult where you need to go formally along the line of command. (Top manager)

The differences between the departments and sections are quite deep and this hampers collaboration and joint strategic work. There are also formal barriers to collaboration. The corporate finance department must have offices that are closed to the others, according to the Swedish Financial Supervisory Authority (SFSA). The same goes for the research and analysis (R&A) department and the equities departments. Still, Tom launches the idea that Öhman shall be "one firm". The firm has traditionally had a focus on equities, even if there is a growing awareness that the strength lies in the combination of different competencies within the firm. This, together with the ownership with its independence, quick decision processes and long-term orientation makes the firm unique. But there is also a conflict of interest between many employees and the owners with impact on the strategic work. Many employees and key actors think and work in a short-term perspective where they want to "make money today rather than tomorrow". This means that it is difficult to get acceptance for some long-term strategies and options. Here, the current crisis can affect, since poor performance means no bonus and "a free year for the owners to re-direct the whole firm. It looks promising. The worst that can happen is that the stock market turns up again," one top manager says. This gives room to support a more shared view:

Today we have a culture that is rather healthy again. There is a pride of Öhman as a brand, not as proud as we want everybody to be but they do not feel ashamed or avoid saying that they work here. We have a positive spirit, even if we have not reached the level yet where we're arm-in-arm and one big family. (Tom Dinkelspiel)

The Work on Strategic Issues

In the strategic work, the CEO mainly talks with the heads of business areas, the new external board member/senior advisor, and his father and uncle. He seeks consensus among these before the strategic issue is forwarded to the board. The character of the strategic work has changed after he became CEO of Öhman, mainly because his predecessor was not as inclined to involve the heads of business areas and other key actors in the organization. The board’s main
role is to give advice and feedback, but it is typically involved in the last stage, when the issue has already been settled. The deputy CEO says many strategic issues emerge from the top management level and up, rather than the other way around. Claes and Ulf are involved in the strategic work, where especially Claes comes up with strategic ideas. Some even argue that the brothers should be more active in this process given their knowledge and networks. Ulf describes his role:

*I talk to Claes at least once a week and sometimes it can even be every day, and at other times a couple of weeks might pass before I talk to him. In EÖJ we also have the group management team meetings once a month and there I meet Claes and the CEOs. (…) with Tom it is of course often, he’s family and they lived nearby also so it is at least once a month there too. (…) Tom and I meet once a month for lunch and then only the two of us so that we really can discuss things a bit deeper. (…) Then when I am at the firm I might go down and talk to him. E-mail is also convenient.*

(Ulf Dinkelspiel)

The head of departments have generally a large degree of freedom and responsibility in the strategic work directly related to their area. But they also experience that they always have someone listening to them: *‘I can go to Tom or Claes and say that I want to start a new venture. You go there with your ideas and they say let’s do it! Or they say we won’t do it,’* one top manager explains.

The deputy CEO works close to the CEO on strategic issues: *“It’s a lot about thinking. I write PMs, customer analyses and industry analyses.”* Claes and Tom are easy to talk with informally:

*Claes is really a visionary, while Tom has more of an executive role. He does it very well considering that it is not easy to be so different from the predecessor, his father and enter as a young CEO, especially not in a firm where the employees are as important as they are here. Of course, you need to structure and have a sufficiently good strategy. (…) Tom has no problem with separating his owner role from his CEO role and he makes a point of showing that he can do this. (…) There is a conflict in being CEO and owner. There are high demands on him to put on the right hat and he has to manage that. But there are not only disadvantages of having an owner as CEO. You don’t have to deal with some of the conflicts since he has both roles. He has to make decisions by himself where there’s otherwise a quarrel between a CEO and the owners that goes on for a long time.*

(Top manager)

Currently, the family members are formally more involved than ever before. Claes is chairman of both the Öhman and EÖJ boards and Ulf and Tom members of both boards. Tom is the CEO of Öhman and Claes of EÖJ and Ulf’s daughter has been appointed to the board of EÖJ. There are different opinions regarding whether the family involvement is good or bad for the strategic work. Tom thinks it is good and argues that having external CEOs for many years has impeded rather than supported the development:
6. Öhman Fondkommission

You should be either on or off as a family. Either you are here and justify your ownership or you are not here at all. To own a business like this without taking management responsibility is almost undoable. (...) In a firm like this the employees always question you as CEO or owner. You get more anonymous if you don’t stand up at the frontier and apply the Israeli commando strategy. Employees walk around and ask: why should I work here? Why should I make the Dinkelspiel family rich? (Tom Dinkelspiel)

An external board member says that the problem currently is that the chairman and the group CEO is the same person and that his son is the CEO of Öhman. He argues that the CEO and the group CEO should report to the board and not be chairman of the board, and underlines that the present state is temporary. Ulf participates in the strategic work as owner and board member and he avoids getting too much involved in the daily operations:

My relation has many dimensions. It is the family business dimension with all what that means in terms of tradition that entails responsibility. It also means financial security as long as the firm is performing well, but also a financial risk which needs to be balanced. It entails a responsibility to develop the operations and to be a role model ethically, and with my political … or society orientation I feel a responsibility towards the environment. (Ulf Dinkelspiel)

‘The Family Business Problem’

There is a fear that if the current owner’s vision was communicated – long-term survival – many employees would leave the firm, because they would not share such a vision. The vision of the owners is still unclear to many people:

Our people have asked: Where are the owners, what do they want, what is their vision for the next 5-10 years, what are the goals, and how should we together reunite around this? These questions pop up all the time. They have experienced the owners as very invisible. Today, many see me as a representative of the owners – right or wrong, but they do so, and this means that they see the vision I present as the owners’ vision. (...) I must present a vision that includes a credible way of getting there. (Tom Dinkelspiel)

A top manager argues that the owners are sometimes clear about what they want and sometimes not. The main reason is that this changes as the market changes. And when there are several visions, they eventually become unimportant. Another top manager gives a reason for the lack of a clear vision:

When you look at these strategic graphs and at what is written you realize that we should not exist. We are stuck in the middle. We have no specialty. We do certain things very well and that is why we still exist but this can end. We exist, we are flexible and quick and I think that the vision is that we shall continue to be this small, hungry player. If not, we are a different firm with different risks. I don’t think
that the family wants that but this I don’t know. (...) I think they could be clearer [on what they want]. (Top manager)

Some argue that the firm’s smallness is related to the ownership structure, “…or rather to the image that we have of how the ownership should be,” one interviewee says, referring to the unwillingness to include non-family owners. At least until recently, the best employees could easily leave the firm if they felt that too much of their added value went to “passive owners”. Some interviewees say that certain employees can be “almost offended” by partly inactive family members owning the firm. This was also a main reason for creating the partner system, but this is currently changing and the owner family buys back shares from partners. A new system is being looked at and many argue that shared ownership for key individuals to boost their commitment and involvement in the strategic work is a must if the firm is to be successful. There is an ‘us and them’ feeling and to change this is part of the work towards ‘one firm’:

We talk a lot about sitting in the same boat and in my world the employees are very good owners in booms but the absolutely worst owners in recessions. This is difficult to balance. (...) But there has been a change of climate. The staff turnover has decreased to only a third of what it has been historically and that was not only in recession. (Tom Dinkelspiel)

There are also several employees who have worked long in the firm and who have developed a close relation with both the firm and parts of the family:

I have been here for so long, I have an Öhmanheart that has grown stronger. I feel like someone in the family firm and I am probably at least as committed as or more committed than some in the family are. This gives me a commitment to the strategy that is very important. I act more or less like I was an owner. (...) The long-term orientation and the survival – today I take on a much bigger responsibility on the firm level, mentally, strategically and emotionally, than I should do considering where I sit. In this way I act as if I was an owner and benefit from the fact that the whole firm is successful, while I’m evaluated in terms of how my department performs financially. I have worked here for so long and I like the family. I feel like an Öhman guy. I’m also connected to Öhman when I’m with my friends and competitors – I’m very much Öhman. I feel bad when the firm does badly. My commitment grows stronger and stronger. I cannot see that I could work for a competitor. (Top manager)

The history of the firm in relation to the owner family plays a role in the strategic work. The tradition is especially important for how the owners view their ownership and how they act in the strategic work. Risk-taking is moderated by tradition leading to caution, where: “the family’s beliefs are very close to the firm’s values”, as one interviewee puts it. Focusing on profitability, liquidity, and knowledge of the sector and its products is also an aspect of the history.
Ulf and his family still discuss strategic issues mostly at home. He says that they especially talk about structural issues and organizational changes. Recently, there was an opportunity to acquire another firm. He contacted his children to get their views. The discussions in Claes’s part of the family have changed since 1999. He is divorced, the grown-up children have moved out, and he does not live next door to Tom anymore. There are thus fewer opportunities for “kitchen table discussions”. Tom and Claes often talk about strategic issues and Tom is also the deputy group CEO. Tom stresses that they are different as individuals:

He is the happy entrepreneur and I’m more of an investment banker. Strangely enough, we have a great cultural difference here and this gives us a certain level in our discussions. We come from two such different worlds. (...) He is very shaped by his environment. I’m not sure that my father has ever been very amused by this type of business. (Tom Dinkelspiel)

There have been no new family councils. They have decided never to have them again. Tom argues that should what is good for the firm guide the strategic work and this is not always the best for the family. The difficult situation for the firm and the sector also means that the family has to be “pragmatic”. Claes gives his view:

If the family council starts to decide the composition of the board and that members should not be selected based on competence, but there should instead be rotation of family members in the boards where democracy demands that everybody shall be included and that they can decide the level of dividends … then there is an unclear distribution of roles. In a family council there is one man, one vote, and this becomes strange if those not having many shares decide one thing and steamroller the majority. The majority has the responsibility according to the law and then this situation gets tricky. (Claes Dinkelspiel)

The annual shareholders’ meeting includes the owners and all board members. Claes informs about the firm’s development at this meeting. It is also a meeting place for social interaction. The family members have also had breakfast meetings where specific strategic issues have been on the agenda. Ulf says there might be a need for a new forum where only the family can meet. A family council can be a good thing, he argues, but it is also a place where different views and tensions regarding specific issues easily emerge. It is important that the third generation finds a forum:

I have talked to the cousins and said that they should meet when they have such good relationships. Claes, Tom and I need to be catalysts for the strategic issues. Now we discuss the strategic issues more family by family, even if Tom and Peder meet a lot now since they work at the same place and can discuss these issues. (Ulf Dinkelspiel)
The Boards

The recently appointed board member/senior advisor is already involved in the strategic work, both within the board and outside the meetings. His previous experiences from the sector and his relation to the firm as senior advisor are reasons for this quick involvement. Thus, the new board member/senior advisor improves the strategic role of the Öhman board:

\[ \text{The board, or a part of the board, has already improved it. But still the top management team has a focus on strategic issues. Especially now when the sector is bad, the stock market falls all the time, and the EMU is coming. (\ldots)} \]

In practice, it is I as CEO and my two main owners who decide very much in what direction the firm will develop, but a board member like him, also imposes rather big restrictions. (\ldots) It is all about working in a firm that feels like a winner and that can state a credible vision and idea. The same way of thinking goes for my board, my top management team, and my owners, even if my owners have a different agenda, which is long-term survival. (Tom Dinkelspiel)

The other board members serving on the Öhman board are normally contacted when strategic issues are close to being settled. Tom prefers board members with broad experience and knowledge about the business operations, whereas his father and uncle prefer additional competences that are not provided within the firm. The sector-specific knowledge within the board is important due to the increased specialization. Other present and former board members also confirm that their role in the strategic work is limited. This together with the stricter law for board work implemented in 1999 led one board member to eventually resign from the board. He wanted to influence but felt that many decisions were made before entering the boardroom. He thus felt that his added value to the board work was limited: "Everything happens with the good will of the owners. (\ldots) Many of the other board members; you can ask why they are there. It must be because of their personal qualities, and it was probably the reason why I was there too." He explains how his opinions on strategic issues get through:

\[ \text{I have daily contact with the CEO. I don't want to say that I have daily contact with the owners but it happens at least once a week. The last time I was in his office was yesterday. There I get to know things he thinks that I should know regardless of whether I have authority and responsibility since he's the one judging that at the end of the day. If he wants my feedback on strategic issues he comes down and asks for it. (\ldots) I don't sit and wait if I want to say something to him or to the CEO. It is direct and it occurs face-to-face, via e-mail or telephone or in some other way. (\ldots) It is more like this now since we have a family member as CEO. The line of command is shorter. Claes sits a half wedge from here so it's just to go up to him. (Top manager)} \]

There is little information given to the members of the top management team on the board’s involvement in strategic issues. One top manager suggests that the external board members are "speaking partners, even if very friendly speaking
partners” to the board, and another underlines that the board members could provide the firm with more business opportunities than they currently do. Several top managers doubt that the external board members know much about the daily operations and find it strange that they have not tried to find out more about this.

The board of EÖJ is involved in strategic issues, in the sense that the board members provide different perspectives and views on the ideas that mainly Claes puts forward. During the EÖJ board meetings the future both of the group and of Öhman is discussed, in terms of objectives, organizational structures, and current strategic issues:

The main task of the EÖJ board is to be a catalyst for the balance and avoid emotionally based views between the two owners. They are rather homogenous and there is no predestined agenda. There is no iron curtain, but there is a guy that has put all his life into this and then there is another guy who has had done much outside the firm but still gets something good out of what happens. If they hadn’t chosen to have fairly strong board members, this could have become a fight of the giants between the brothers. There is an obvious risk for this and it might happen if it weren’t for the board’s balancing role. Still, it is in the air that the owners have the final say, but this does not prevent me from bringing up strategic issues. (…) There is a hint of tensions between Tom and Claes and it is not only father and son, but it is boss/subordinate, where Tom wants space for his own decisions. (Board member)

There has never been any talk with the external board members regarding what mandate they serve. A family member says such a discussion would be “too constructed, since these individuals are not fools. They all know the pros and cons of serving a family firm and they are in majority. We would never go against them if they felt strongly about a certain question. Several interviewees say that the former chairman focuses much on the owner family’s right and responsibility to decide on strategic issues. Another board member sees himself as a ‘neutral factor’:

Some board members are linked to the family directly and perhaps they have a more one-dimensional interest. This is not always expressed but it can de facto be like that. (…) I and others can be a balancing factor between the owners’ different interests. The owners’ interests can sometimes be different and we can act from a very neutral and non-emotional perspective and view it as a neutral business unit like any other. (…) this is not very explicit. Neither the purpose nor the role of my board position has been discussed directly. (Board member)

The board members meet sometimes in between the meetings and talk about strategic issues, even if this may vary between different board members. One board member does not like single contacts between the CEO or the chairman and other board members in between the meetings. He argues that the board’s function is not to follow the opinions of a specific board member, but to create a synthesis out of discussions during board meetings: “This is impossible to do if you call around and gather opinions from some people. You don’t hear the different
sides of the argument”. Still, historically much has been treated outside the boardroom and presented during the board meetings. One way how the external board members are involved in strategic issues outside the board meetings is when Claes asks Ulf to contact a certain board member who can be helpful in different situations:

*I would, however, never contact him specifically for a question related to the board work but we talk when meeting in other situations. Perhaps we talk about the development of an issue that has been discussed on the board.* (Ulf Dinkelspiel)

Tom explains that strategic issues related to Öhman receive little attention in the EÖJ board. But several external board members say that they indirectly treat these when talking about the strategic direction of the group. One specifically argues that they should not become too much involved in that firm’s operative matters.

**The Top Management**

The top management team meetings are not seen as important for the strategic work, since they are seen as “too big and too administrative”. Tom might create a new, more strategic executive committee, with fewer individuals. The reason is that the top management is active in the strategic work, but in different situations from the regular meetings. This occurs mostly in informal situations. Most members of the top management team are also directly involved in their respective businesses and this means that the top management team is the only meeting place for administrative issues. There is a smaller group consisting of the CEO, the deputy CEO, and two heads of business areas who meet more often to work on strategic issues. This group is a ‘outlet’ for Tom. But there are also specific meetings for strategic issues:

*We had a meeting a few months ago, where we only discussed business development: where are we in one, three, five and ten year’s time? What is our objective for the firm and how should we reach it? How do we break down this objective so that we see that we can benchmark in a short term? The firm is not bigger than you can walk around and talk to all employees during an afternoon. I meet my department heads informally extremely often and we feel a need to create a separate forum for this. (…) We feel a need to structure the process and then we created the forum.* (Tom Dinkelspiel)

In these meetings, Tom, the heads of business areas, the head of R&A, and institutional sellers participate. The meetings include having dinner and a sauna together. One top manager gives his view:

*We have had a couple of strategy meetings…or I wouldn’t like to call them that. We have had a meeting for about two hours first and then we have gone away, had a
6. Öhman Fondkommission

sauna and some drinks and then talked. Very much comes to the surface … the Swede gets more explicit in his criticism after half a bottle of liquor and that is probably the purpose. We have approached one another, positively and negatively. It was very good and has increased the department heads' awareness about the other departments and about each other. It is up to Tom in the end to gather the impressions. He has a large responsibility. The top management team works better now. (Top manager)

A top manager comments on their general involvement in the strategic work:

The firm’s strategic choices will never deviate from what the family thinks, but the family has a sensitive ear and changes things all the time. It is not like in a management-directed firm, with top management teams that meet regularly with fixed agendas and make decisions, even if we do have a top management team and Tom is very involved. (Top manager)

Several top managers talk to Claes about strategic issues. He walks around a lot in the organization, checking and talking with different people. He prefers not to decide on a meeting beforehand. Instead, he walks around to get ideas, but also to “throw his own ideas out and let people react”. A top manager comments on this:

If he stays more than five minutes, I know that he’s thinking of something. Often he wants to talk about something that is directly related to us or in some cases it is because we have performed badly financially and he wants to see why. Sometimes he wants to talk about a future issue and get feedback. (Top manager)

October 2002 to January 2003

Integrating the Group

The strategic work at the group level is intensified due to poor profitability and this has an impact on Öhman, since a strategic issue is how to better integrate the firms within EÖJ. This means that there are attempts to unite not just Öhman, but the whole firm. In general, Claes argues, they know “pretty well what we want and where we are going”. Part of this work is also to communicate a clearer vision, where Claes argues that “everybody should know that we are going in the right direction”. In this work, he wants Tom and him to agree on how to act. This is, however, not always the case. Claes further says that it is not until November that they can “move on to realize the vision”. The intention is for the new vision to be implemented by April and May, when they also will go out externally and “present the new Öhman and its vision”. The vision includes a stronger focus on the strengths, and core competences and to “dare to fight in quality, in breadth and be very, very careful and think twice before taking various steps”, Claes says. He admits that he is criticized for maintaining high liquidity.
“but it has to do with personality. It's important to come out of this process strengthened as owner. I believe in entrepreneurially-led firms with strong ownership.” The desire to keep a high liquidity means that he wants to have a large taxed equity. A board member explains that Claes has said many times that he could expand the businesses significantly by inviting external capital, but this has never been important to him. The integration between the different firms in the group is also easier when the owner family is more involved in the strategic work. The issue of better integrating the firms within the group is recurrent, but not controversial, at the board meetings. Many aspects like whether to keep the real estate investments or not are family issues that the board members have no particular views on. Regarding divesting some of the former group CEO’s ventures, the board "thinks it is good, and it has no opinion. This is not a big structural change, but rather to focus", Ulf explains.

The integration of the firms within the group also means that strategic issues related to Öhman are treated more naturally in the executive committee in EOJ, where all CEOs of the different companies in the group serve. These actors are helpful as advisors for the CEO of Öhman, but he still checks carefully with Claes and Ulf. "At the end of the day they are my two principals,” Tom says. They still meet regularly to talk informally about strategic issues, says Claes:

Right now, I'm doing a bit like I've always done. I talk and listen to many people. Tom and I discuss a lot and we appoint workgroups. This is very active work and those who work in the group believe more in the future now. I especially talk to a number of selected people that I know keep quiet. This work has been quite rough sometimes; I know that I might have got a knife in my back. (...) I check with the board, tell them where we stand and how we work. (...) I talk to them outside the boardroom. I secure support...I meet some in other situations and I talk to them. Board members should be seen more as consultants and board meetings much more as occasions when you check up on things. (Claes Dinkelspiel)

One of the selected actors says the interaction on strategic issues with the group CEO sometimes puts him in a difficult situation in relation to the CEO of Öhman: “I'm very fair to these two and what they’ve talked to me about. So far, no one of them has put me in the situation that they have said: 'don’t say anything to...” He cannot afford to put himself in a position where he must take a stand between the two: "What they say to me, they must take into account that the other knows”.

The Work on Strategic Issues

In the fall and winter of 2002 and early 2003, Öhman continues the strategic work that was initiated in the summer of 2002 to return to profitability. On October 2, the firm announces that they will make 17 people redundant. The sector is still doing badly, and the board member/senior advisor says that this
means that they have to “look at the strategy continuously. What kind of firm shall we be? How big? What focus shall we have?” In this process there are also strategic issues that relate to all the firms in the group. There is also a formal strategic planning process in the firm where each division has a business plan. The last time this was done was in 2001. The different strategic plans are integrated into a shared plan for the firm after discussions in the top management team. The plans are not very important, especially since it is difficult to plan strategies in the sector where the firm operates. The process itself can, however, be helpful since the people involved get a chance to think about strengths and weaknesses and thus increase the awareness.

Rather than planning, Tom says that the current strategic work concentrates on identifying what is referred to as the “X-factor”, which means to find the core competence of the firm, or “the reason why a customer chooses to do business with Öhman instead of with a competitor”. The assumption is that the firm has something unique that they bring to the deal. This is related to the work to integrate the firm more. The poor markets and profitability makes it easier to implement these changes. Previously, when the business areas made very much money, it was more difficult to carry out this work, since many employees only cared about their remuneration. In December interviewees notice that there are different attitudes indicating a more positive climate in the firm. Öhman has also recently improved its competitive position in relation to competitors in the sector and people seem to notice this. In this situation, it may be good that a family member leads the strategic work:

It has a stronger family business character now at the same time as the external people both inside and outside the firm are utilized better now than before. With Tom we want to show that we’re working in a long-term perspective again. (Ulf Dinkelspiel)

The external board member/senior advisor, who has been involved in this work and has his office in the building, agrees. People interact more with each other:

I can see that they have produced a shared analysis of Ericsson where they have looked at both the bond and the equity side in a way that is supposedly unique in the market and this has received a lot of gratitude from customers. This is an example of how the different parts of the firm collaborate in new ways. (Board member/senior advisor)

A top manager, however, says the process is too slow and that important issues, like creating a new bonus system to provide incentives for employees to act in line with the intentions, are missing. Shared morning meetings and a few initiatives to create joint products are not enough. But he underlines that there is a commitment from the owners to improve this:
I don't know about the other owners but I trust that Tom represents them at the same time as he's the CEO. I don't see any conflict there between the owner and the CEO role. What’s best for the firm should be best for the owners as long as they want to stay in the markets. They can also choose to close everything down if they want. (Top manager)

The work with the X-factor and towards one firm was initiated by Tom, but the heads of the business areas, the external board member and senior advisor, and Ulf are also involved. It is an iterative and informal process with at least weekly meetings. The ‘sauna club’ is involved to include more people, but it was more important earlier in 2002, especially when the crisis was at its deepest. Apart from this, there are ongoing discussions throughout the organization:

There are hallway discussions, we talk. Tom talks to someone, and then to someone else, he’s checking. I think he constantly talks to Claes about strategic issues. There is a certain kind of dialogue all the time, between them and the top management team, or parts of the top management team. It’s a fairly interactive process. (…) Ideas come partly from Claes, he has quite many ideas in different ways and there are ideas from Tom or parts of the top management team. (Top manager)

The board member/senior advisor describes his work with Tom and Claes on strategic issues:

This is very informal. Tom passes by my office or we speak over the phone and it is more or less the same with Claes. They call me for meetings because there are often internal meetings to discuss different issues and they tell me that it would be good if I’m there. My role is rather nice. I have no executive role and no responsibility in a normal sense. People can use me to the extent that they find a need. Then, we have a small, very informal group that I perhaps shouldn’t even call a group. Claes, Ulf, Tom and I meet. We have met a number of times this summer, because we are in such a difficult situation. We have had a number of meetings about how to act on different issues and then we meet and have dinner together and talk about this. We also bump into each other in the hallway. Tom comes in to me and talks for 20-30 minutes or 10-15 minutes almost every day. This makes me feel that my role in the firm has grown stronger and become more interesting than if it had only been for the board meetings, which I think are characterized by the fact that we meet too seldom to be able to do real strategic work. (Board member/senior advisor)

Tom adds that he increasingly takes on a role as “mentor and advisor, which is very valuable”. Claes describes his current role in the strategic work at Öhman: “I’m aware of what’s happening, but as long as they do their job…well, we meet every day and have coffee”. Tom also has two other people outside the firm that he checks with on certain strategic issues. The progress on the strategic issues is also presented and discussed at the board meetings in Öhman, where board members can react on the ideas and give their opinions. The results from the
work with the X-factor are presented for the employees at a ‘strategy presentation’. This will be followed-up at the Christmas party:

Tom presented the new strategy, so now it’s communicated, not on a very detailed level but the basics are communicated and, of course, some think it’s very interesting and others don’t give a damn. If you ask the employees for a red thread in the strategy, most would say that the only thing we’re doing is to cut down costs, but if you ask me it’s the collaboration between the departments and that we’re tearing down the walls – that’s the important thing. (Top manager)

Tom describes the final strategy document and its circulation:

I think that everybody that does not sit in the top management team thinks that it is behind those closed doors that all secrets are hidden. That is not the case. I also thought so when I wasn’t in the top management team. We have an intranet where we publish all internal news, I present the strategy to the staff, publish it on the intranet, we have a follow-up meeting about a month later and then they are rather well informed. (Tom Dinkelspiel)

Working towards one firm depends on people being informed, but also that they like working in a small, independent firm like Öhman, with its family feeling. A top manager says that being so close to the owners, you can either like it and think it is stimulating, or find it “frustrating”. Here, the history and tradition of the firm plays a role:

Our motto is ‘tradition and novel thinking’ so of course it does. In particular, we notice it…we have created a new department called customized solutions, that combines stocks and bonds. Here we notice that we have a tremendous power even now, much stronger than we thought. (…) It is always an advantage in important strategic work since it is much easier when you don’t have 17 billion owners, but only two that also are just a short phone call away. It is clear it has been an advantage. (Tom Dinkelspiel)

Improving profitability is linked to the department of R&A, which carries significant costs, but also a cornerstone of the firm’s strategy historically ever since Claes started ÖIC in the 1960s. The firm wants to be a full-service financial house and a research-driven, institutionally oriented broker, based on knowledge. R&A was less prioritized for some years under the former CEO. Taking over as CEO, Tom started to rebuild it. Most family members agree that having a strong R&A is important. It is traditionally a key aspect of Öhman:

My completely religious belief is that R&A a central part of Öhman and it should be kept and be strong. On the other hand, it is possible to discuss what focus it should have, how it should work, how to go further and how to structure it. (…) The discussion about this has been rather extensive during the fall, naturally, since much
of the strategic investments that the customer notices is what the research and analysis does. (Tom Dinkelspiel)

The strategy – to be a research-driven stock broker focused on institutional customers – has been unchanged since Tom took over as CEO. But in December 2002 there is increasing talk about modifying this strategy:

We discuss this issue. How much can R&A cost, for how long can we hold out, when is the return on investment coming, what should it look like, how many analysts and what kind of analysts? (…) We say that we should perhaps be a firm that more emphasizes absolute return on investment rather than relative return on investment. We have said that perhaps there is a niche for us here. This is not a dramatic strategic change, but it’s a modification of the strategy that we have discussed quite a lot during the fall and winter. (…) I sometimes ask if Öhman didn’t exist today, would someone invent it? Probably not. We are heirs of our history. We are here because the firm has existed before. But can we do something that makes us unique today? Yes, perhaps by orienting the firm in this direction. (Board member/senior advisor)

The board member/senior advisor talks extensively with Tom about this strategic issue in the daily work. It is also treated in the informal constellation of him, Claes, Tom, and Ulf: “That daily interaction leads to certain actions and decisions, definitely regarding this slightly changed strategy”. They also treat the issue in the formal board work, i.e. during the meetings. In addition, there is a dialogue between Tom, Claes and Ulf that he does not always participate in. However, not all actors involved are in favor of adjusting the strategy. No one argues completely against it and no one wants it to be implemented 100% directly. Instead the issue is about how fast it should be implemented. Different people have different views on the risk they take. This has not yet caused conflicts, but different views:

If you put everybody on a scale you get someone that is most radical and someone that is most cautious and then the rest is grouped in between. A tendency is that those of us who are active in the firm are generally more in favor of implementing this change. Those living farther away from the stock market, family members and external board members, are more cautious. (Board member/senior advisor)

There are thus differences among the owners, but these can be constructive: “There should be tensions, but with a good spirit. On this point, I think it’s much better now,” Ulf says. In working out these differences, one-on-one contacts are important in between board meetings. This is facilitated by the smallness and informal character of the firm. Therefore, it is important not to create too much bureaucracy:

You walk around in the hallways and bump into each other and talk about what is important, and that works quite well here. (…) You get a completely different
picture if you look in a text book on how it should work. My old teacher Sven-Erik Sjöstrand has written about this and especially about informal talk. He has taken it down to the level of coffee breaks and office parties. This is very interesting because that's very much where things are decided – or prepared at least. (...) Tom and I sit and talk and then we say like this: 'We know that it is like this, that there is a demand for this.' This is nothing that we go out and verify. The board minutes from October state that the CEO shall go out and talk to a few institutions about this and he has done that. But a formalized strategy process around this has not occurred.

(Board member/senior advisor)

The Top Management

There is still no change in the top management team. It is still not perceived as playing any role in the strategic work. The team meets when Tom sees a need:

This makes the unofficial executive committee, which consists of the heads of business areas and me, an easier forum for the strategic discussion. (...) This is an advantage in a small organization, we can meet at five minutes’ notice and we’re all close to each other apart from the people in New York and Malmö. It is easy for me to just go and talk to them (...) I’m pretty hands-on in the day-to-day operations, especially in equities and corporate finance since those are the two business areas that I know fairly well. (...) When you discuss strategy with seven people, then you need to have a rather clear plan, or a clear thought at least about what you want to discuss because everybody has their own opinion. If you just throw on the table: let’s discuss where Öhman should be in one, three, five, ten years, people will just sit silent. If you are three or four people, opinions will appear.

(Tom Dinkelspiel)

The top management and the board never meet formally, but there are two people that serve on both, Tom and a top manager. The board member/senior advisor is also in contact with some top managers in between the board meetings. He recently took the initiative in having a round of presentations, where the heads of business areas present to the board. Otherwise, Tom is the link between the top management and the board:

Tom, as CEO, pushes the issues and presents proposals to the owners and the board about how he wants to proceed. He has presented and we have discussed what strategy we should follow in the future. The suggested modification is very much driven by the CEO’s suggestions to the board and the owners.

(Board member/senior advisor)

The Boards

There are board meetings in December. The EÖJ meeting includes a one-and-a-half hour discussion about Öhman during which a report on the competition is discussed together with the firm’s strategies. There are some differences of opinion at the board meeting, with regard to whether they should pull the
breaks even further or go on as decided. The conclusion is that they want to take advantage of the opportunity “that we can be long-term oriented”. This means making no radical change, but continuing to strengthen the position on the main markets. There is a risk that the EÖJ board gets too involved in strategic issues also treated in the Öhman board:

This risk exists in all boards and especially in family firms. If this discussion occurs at a family dinner table or if it occurs in the group board doesn’t really matter, except when we don’t agree on an issue. A relevant question is if this small group has the strength to run meaningful board work on two levels when Öhman is such a large part of the portfolio. Is it possible to attract external board members with good experience to both boards? I see the point of giving the two boards different roles but in practise, perhaps it’s too ambitious. Perhaps there should be one board with external members and the other can have family members or executive managers – more like a caretaker government. (Board member)

Tom supports the idea of only one board and points out that it was like that before. Presently, the board or the EÖJ group consists of many competent individuals that might not be challenged enough by the issues related to the development of the group, since much of the ‘action’ occurs at the firm level. A board member underlines that the important aspect is to secure individuals who have different roles, like family members, employed managers, external consultants, and board members, and contribute to the development of the firm. On what arena this occurs is less important:

The family firm has to decide if this particular person is a figurehead who is presentable or a person whose soul and heart and experiences, general or sector-specific, we want to collect. No one has said that the former prime minister has experience from investment banking, but he has tremendous experience and an outlook that is valuable in each forum in which he participates. The question is how this is used. The board work may be very rudimentary but if you use these people in other ways that can be good as well. (Board member/senior advisor)

There are different opinions regarding if some board members are mainly figureheads. Both brothers have good networks which gives rise to a “…continuous dialogue when they meet”, a board member says. A family member serving on the board adds that the external members of the EÖJ board “…keep track of the owners if they are too carried away in the visions of the future”. Tom acts as owner on the group board, even if he also represents Öhman, on whose board he mainly sees himself as CEO. One member, who has left the Öhman board, says that there is an awareness that the family decides even if they: “…don’t want to steamroller the board. The strategic issues grow over time into what they become. They listen to what we say but we all often think the same anyway.” Another board member says that the family dimension never emerges and that Tom and Claes limit their relations to a normal CEO/Chairman relationship.
Some board members argue that there is too little time devoted to the "strategic, forward-looking change agenda" during the board meeting: "I want time to really go through the strategic issues, stop talking about strategy, stop talking about threats and opportunities and why we’re doing this and why not that, instead of looking at the watch saying that we need to move on, lunch is soon". A former board member agrees:

Goals and objectives are interesting in the board work, but you don’t get that here. You only get the decisions and the owners have already made them before or, if not, they listen to the board and make them after that. I have never experienced that there has been a discussion and arguing back and forth. (Former board member)

The new board member has improved the ÖFK board’s role in the strategic work. He underlines that he tries to get the owners’ view on strategic issues explicitly stated during board meetings:

I often say, here we have different alternatives and what is the owners’ view? We have the benefit of having the owners at the board table. (…) If the owners do not support the strategy there is no point in implementing it since the money will eventually run out. (…) The owners must have a long-term belief in what we are doing. (Board member/senior advisor)

Especially, the new board member’s industry experience makes him a central actor in the board work:

There’s always a danger in a family firm where I’m CEO, my father and uncle are on the board, and a top manager working in the firm. We can settle issues without consulting. Now we cannot do this without presenting the ideas. I see the board more as an advisory forum and not used as much for reporting as before. Board work requires more nowadays. (…) The more competent the board is, the more competent they want me to be. They force me to act. It is the same thing with the top management team. I get disappointed if they don’t beat me in their areas considering that they are specialists. (…) Now we have someone that may dare to raise the issue that Tom is not the right person to run this firm. (Tom Dinkelspiel)

The Öhman board meeting in mid-December, contained a follow-up on the strategy work, budget talks, how to cut costs and talks about the new business area called customized solutions. Discussions are fruitful with good confidence:

Tom presented his thoughts that he has discussed earlier formally and informally with his own management and also often tested on Claes, me and the new board member. There is a discussion in the board and then it leans towards one or the other side. The conclusion was that some argued fairly clearly in favor of absolute return on investment, whereas others argued for a more nuanced view, which means not to go from one extreme to the other, and the discussion ended there. (Ulf Dinkelspiel)
The other external board members have not been so involved in the strategic work. It is argued that it is up to the single board members to show interest, seek interaction and be critical, active and ask questions. To involve them more in the strategic work it is decided to increase the number of board meetings. Especially since many valuable views from them are expressed during board meetings. The roles of the owners, the board, and the top management are relatively clear, a board member argues, adding that there is an option to channel more of the current informal discussions to the formal board work if that is preferred. In this way the two external board members (in addition to the senior advisor) of the Öhman board could be more involved. Another board member says that the demands of sticking to a certain format and being “quite many around the table” constrain the discussion on strategic issues at the board meetings. This renders the informal talks outside the meetings “very important”. Still, Tom is satisfied with the relation between the CEO and the board. He can influence the work considerably, but underlines that it is an iterative process: “Both I and the board have felt during this year that it’s extremely important to always keep an eye on what the market and the business cycle look like.” One of the other external board members has served on the board since the early 1980s. He talks regularly with Claes in between meetings:

“We have a good dialogue and we usually talk things through in simpler, informal situations. (…) He can test ideas, but he probably does that with other board members too. Perhaps not all of them, but with those that he feels that he understands…he values the answers based on how he puts the question. He understands the nuances better with some people than others.” (Board member)

‘The Family Business Problem’

The owners’ involvement has increased lately and they get more information about how the firm performs. Claes is very present in the daily work, the decision processes are quicker, and major decisions are implemented ‘over night’. In principle, it is sufficient that Claes and Tom agree. “They are father and son and then you agree – sooner or later. To some extent they have the same interests in the end; it’s just that Tom also is the head of the daily operations,” a top manager says. Tom is increasingly seen as the owner family’s representative:

“He is mostly the CEO and tries not to run around and exercise the ownership role. As I see it, Claes and Ulf are owner representatives and Tom is at the office mainly as CEO. I see very little of the other family members. (…) One reason why I’m here is that the family is active, long-term owners and that is very valuable. I have seen many different types of ownership in investment banks. I have realized that both partner-run and listed firms are managed with a short-term focus. A family with a long-term perspective can be a stabilizing factor. Dinkelspiel has been a stabilizing factor here.” (Board member/senior advisor)
Claes wants Tom to replace him as group CEO soon, but Tom is not yet interested in taking over. The content of the job must change first. He wants more operative involvement in the different companies within the group. Many interviewees talk about the owner family as a homogenous group, even if most of them only know and see Claes, Ulf, and Tom. Those who have worked with the firm for a longer time, however, tend to see differences between especially Claes and Ulf when it comes to some strategic issues. The two main owners are two different types of persons and their interests in the firm’s development differ. Currently, Claes thinks much about the future and how to address the kind of crisis that the firm is in:

There is a hint of an inflamed atmosphere at the board meetings. I know the brothers so well that I can sense this, but they are very diplomatic both of them. There is never any serious raising of voices during a board meeting but you can sometimes understand that there are significant differences. (...) But I don’t know about the long-term goal. (...) I think that they have a long-term goal to keep this as a family firm. What’s in the family's heads is rather how to solve the succession and that is where they have had some discussions. (...) I think the succession issues are discussed outside the board. I know the former chairman is a good advisor and mediator between the brothers in these issues. (Board member)

A third-generation family member agrees:

We have different views on some issues, where we discuss ours and they discuss theirs. There are no fundamental differences in what we want with the firm today, I can’t say that, but that is perhaps because no one knows what to do. I think dad, my uncle, and Tom think a lot about what we shall do. The rest of us are more like, well it just rolls on and that is good and then we are asked what we think about specific issues. (Family member)

It is still not clear to all actors what the owner family wants and what should guide the strategic work in a longer-term perspective. A board member sometimes asks if it is an “absolute sine qua non” that Öhman shall be in the family’s control as part of the vision:

They are not clear on this issue. I respect this and realize that some issues are difficult. (...) It is not until now that the real issue arises, perhaps it has not been necessary to formulate this long-term vision before. It is more important in the third generation with more people with perhaps different agendas and interests to formulate a vision. We’re in a difficult time now, both for the sector and for the family, where the second generation is preparing to hand over to the third. (Board member/senior advisor)

Interviewees from the third generation say that their mothers, i.e. the wives of Claes and Ulf are not much involved in strategic issues, since: “they don’t have that interest”. One family member says that strategic issues are a common topic
for discussion both at home during dinners in the family and between the cousins in the third generation. Another family member’s involvement in strategic issues has increased since joining the EOJ board, adding to a feeling of a closer relation to the firm than before. Before, the family member explains, it was easy to drift away from the firm, even if the father made a point of involving the children and they often talk over Sunday dinner or go out to lunch to discuss certain issues. A general feeling is, however, that it usually turns out the way the owner brothers want anyway. Differences of opinions also typically lead to compromise in the final outcome of a specific strategic issue. A family member says that it is sometimes frustrating not to get opinions through. But at the same time it is difficult to demand that the opinions should be followed when not working daily in the firm. One family member describes the change when being included in the board:

*Earlier I wanted to be informed informally. Now I’m on the board, but I feel that I’m one of the external board members. I notice that I’m not informed informally. Of course, it’s also up to me to seek the information. But there’s a lot of talk going on between my father, uncle and cousin that I don’t know about and neither do the others. This affects the balance in the board. I understand how the external board members feel.* (Family member)

Ulf’s children gradually become more involved in strategic issues, especially since they are interested in the development of the firm. Both he and his brother encourage their children’s interest in the firm and that they should meet and talk about future owner issues now. The third generation plans to have a cousin forum to replace the family council. The plan is that only the cousins will be present and discuss future issues. Tom supports the idea of a cousin forum, but is not actively involved in organizing it, since he feels that he already has the information he needs as CEO.

**February to May 2003**

*Integrating the Group*

The rather intensive strategic work during the last couple of years are giving results, even if conditions are still difficult and more changes will be made if the general situation in the financial sector does not change. At the group level, the focus on creating a *“down-right financial firm”* is shared by Claes, Tom, and Ulf and is a result of the different direction in which the former external group CEO took the firm. In March, the changed firm is getting into a ‘jog trot’ again, Claes says. He puts high priority on maintaining high liquidity, staying independent, be adaptable and reaching consensus between himself, his brother, and Tom. However, there are still problems with some firms, especially with getting the CEOs to work together in order to integrate the group. Claes wants
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to keep high liquidity to be able to act on opportunities and not have to go to the bank for money. In short, to be entrepreneurial:

With entrepreneurship I mean that there’s a clear leader that can make the decisions faster; perhaps they are less well worked out sometimes because I rely more on a feeling and intuition. I don’t have to secure support for the decisions in the same way as in an organization led by employees, where the board members in their turn must secure support in their respective owner group. We don’t need that in the same way (…). I’ve been CEO for 34 years. That’s a pretty long time and the result is of course that I’ve left my mark on the firm. If you haven’t done it by then, you’ll never do it. (Claes Dinkelspiel)

To facilitate the work of integrating the firms in the group, Claes has contacted an external consultant recommended by his brother. At the last board meeting, Claes said that he did not know how to solve the problem of getting the companies to collaborate better:

But then I have someone who told me what it was like to lead a coalition government; someone told me what it’s like to manage a company owned by three states, plus three private groups, i.e. SAS. Then, another told me how this is solved in the Swedish Trade Council and yet another how it works in American Express. It was a very vigorous discussion. (Claes Dinkelspiel)

The consultant can help to resolve deadlocks, dispel prejudices, and allay fears of speaking. In May, this work has resulted in better meetings with the executive committee. The CEOs also discuss various types of joint products. The aim is to continue to search for synergies between the firms. Tom, however, is not as enthusiastic as his father and uncle. He likes the idea of collaborating more, but does not want to merge the firms and thereby go back to a situation more similar to how the group was organized in 1998. He especially hesitates to integrate Öhman and Nordnet again. He says that the other owners and board members agree with him that they can cooperate more, but stay separated: “…but the main owner thinks that this is the only alternative and pushes for the idea, but I don’t. This will not happen with me as CEO. This can become dramatic.” At the same time, Claes pushes for his son to take over as group CEO. If taking over, Tom wants a group CEO with more operative involvement in the businesses, which would save money and make the group more efficient. One example is the double boards, which would not be as necessary. Tom will take over after his father in January 2004 at the earliest. Claes comments:

Continuity is crucial and the word around is that he’s good. I think so. I say think because I’m his father and therefore I want…it would have been easier to say it stronger if he hadn’t been my son. (…) I think it’s very fun, completely unreserved darn fun. (…) It’s nice to have someone that can take over. It’s fun to work together
with Tom. He sees how I work and that’s what he wanted to. It’s a rather special leadership style. (Claes Dinkelspiel)

In the spring, Tom is also appointed to the board of Asset Management as a step in integrating the firms and in strengthening his and the owner family’s involvement. One of his cousins has also been appointed to the board of a subsidiary. A family member says that Tom will take over after Claes soon and that the other owners have been informed and approve of this. Tom is seen as a person who can support different views in the owner family and search for consensus. But Ulf admits that he sometimes does not get his ideas through in the strategic work: “You put emphasis on different things and if the heart is not there there is no support and I must accept it.” He is satisfied with being a board member and not operative in the firm: “You have your principles that you believe in and others have other principles and the result is a combination of all these beliefs. I don’t know of any issue today where there is fundamental difference in terms of strategic orientation”.

The Work on Strategic Issues

The former chairman of the EOJ board argues that it is important that Claes, Ulf and Tom talk to each other and try to reach consensus on strategic issues before involving the board:

Claes can contact me and then the issue is presented to the board a first time when we have a thorough discussion with different board members saying what they think and then the plan for action is supplemented. Thereafter, there’s another round both informally and formally and then the board gets it again and we make a decision there. (…) Claes has a fantastic capacity to draw his pictures on the whiteboard. He draws and it is different each time. It’s a standing item that he draws different types of images of how to move entities within the firm and where the future is. It’s a pleasure to see him and much of what’s realized is created when he draws on the whiteboard. (Board member)

Claes comments on this way of developing strategies:

I have quite clear plans on where the group shall be in three years, and these plans are rather explicit. I’ve never worked with written strategic plans or written down ideas. The reason is that this often creates huge problems. You’re very constrained in a difficult situation. It’s like when you’re sailing and you need to say that we are here and we want to go there. If you lock the navigation instrument it’s pretty dangerous. It’s important to dare to solve problems and be adaptable. I’ve always worked like that. (Claes Dinkelspiel)

An external board member says more structure would be good in order for them to be more involved in strategic work. The firm is rather traditional and
Öhman still has problems with profitability and sales due to poor markets. Costs have been cut and some competitors have also disappeared, which together with internal reorganizing activities leads to an improvement of Öhman’s relative positioning. The firm is not profitable yet, but losses are smaller. It has also participated in talks on merging with another firm, but this resulted in nothing even if a structural deal is still an option. The work towards one firm and a better focus on R&D is prioritized in the strategic work. The strategic work still touches on issues like whether a firm like Öhman has a place on the market in the future and if they are ‘stuck in the middle’. The board member/senior advisor explains that they also discuss creating a new business area in the firm, of which he is project leader.

The deputy CEO argues in May that conditions are still bad for the firm, but “ten times better today compared with the last fall”. Then he was not sure that the firm would survive. Now “Öhman has not been as well positioned since the late 1980s. This is a result of the strategy laid out when Tom took over.” The owners are very active in the strategic work and Claes admits that he is more visible today in the daily operations than he was before: “I walk around and talk to people. I take action, I tell them how we think, how we look at it.” A top manager notices that the owners take a long-term strategic view:

As chairman of the group, Claes has perhaps an even longer horizon. The firm survives, but the question is how persistent the owners are and how strong their belief in the future is. Claes and Tom are rather transparent. They are the ones I work with. Ulf and the others in the family, and what they think, I still don’t know. (Top manager)

Top managers still have different views on the work to integrate the firm and increase collaboration between the different departments in line with the ‘one-firm’ concept. It was recently decided that the firm will move to new offices. Several top managers say this will be important symbolically to support “a new start” for the firm. The ideas of one firm will then also be visualized concretely since the three main departments will move together and face each other in a circle. However, this is a difficult process because they shall also share the profits and there is a great deal of history that “has to be broken down before we
can do this". The decision to move was taken in the top management team, but especially Tom and the head of finance pushed for the move, which signals to external actors that Öhman is "progressing and believes in itself again". A new bonus system is also part of the increased efforts to integrate the firm and the modified strategy discussed during the winter. This is, however, still not in place and some interviewees say that this may damage the firm since it does not create incentives for the key employees to stay. Family members and some board members say that the focus of the strategic work has been on more important things – surviving. However, the outcome of the strategic work is still not clear to all:

The owners’ perspective is filtered through the organization’s different levels and is interpreted differently by the employees. The strategy is not crystal clear in all details. A lot of what is presented is typical for the firm’s long-term thinking. They look at what comparative advantage we have in the long-run and take advantage of being patient and long term oriented. But there’s a short-term focus in certain details that can be irritating. (Employee)

Some top managers argue that shared ownership and a new partnership system is the only way to create incentives. But this will probably not happen:

The ‘one firm’ notion is the idea behind a shared bonus system, but I was more excited in the fall than now. It’s not easy, but I still think that it’s very much one firm. The barriers between the departments are quite low. This is better and Tom should have a lot of credit for this. It’s been good even if it’s possible to do more. I like this, when we do things together. The interaction at the office is better. (…) The daily work between the departments is working very well, but the top management team never meets and is not linked to the daily work and that can still be improved. (Top manager)

The former chairman of the EÖJ board does not want a new partner system. He prefers an appropriate bonus system instead. He calls the first partnership program a mistake that forced the family to buy out the external owners. He argues that it should be an absolute criterion for the family firm to never let external owners in. This is the main issue that he focuses on, in addition to "the friendship within the family".

In line with the modified strategy, the department of R&A has slightly changed its orientation. The R&A is prioritized by Tom and closely interrelated with the history as one of the firm’s major strengths. A board member says there was not much discussion about the modified strategy in the Öhman board:

Since everybody thought it was a good decision, there was not much discussion about investing in this (…) we are informed while we are implementing this and we continue with this and this is the result and so on. (…) Formally, the board thinks this is a good decision and we are 99 % prepared. We ask questions and try to make
things clear. We try to look more into details and then it takes them another month
to work on it. It’s not like we initiate a discussion with a white paper, or it’s not even
close to a white paper, and say that okay let’s really work with these issues. Instead,
it’s advanced before we enter. (Board member)

The role of the top management team in the strategic work is still unclear. The
informal top management team with Tom and the heads of the business areas
seems to be more important:

I don’t know how involved they are, it depends on the issue also, but it’s the three of
them; equities, fixed-income, and corporate finance plus Tom. That’s a top
management team and they make decisions that never appear in the top management
team. (…) It would be nice to know what group is involved in each issue but it
doesn’t work that way. You have to discover the constellation of the group. (…) We
also have the senior advisor who serves on the board and is available. He’s used
sometimes also. (…) I don’t know his role other than that he participates and gives
opinions sometimes. (Top manager)

Another top manager says the strategic work continues, but he does not feel
involved. Many employees are “strategically inclined” meaning that they talk a
great deal about the strategic development of the firm in the day-to-day work.
However, since September, there have been only three top management team
meetings. One top manager is informed about the progress on strategic issues,
but does not participate in any “structured dialogue”. Instead, the work is
“situation-specific and some people meet and talk about what to do”. He adds: “It
feels like had more of a momentum during the fall, with the sauna club. Now, we
have run out of steam and it feels like the leadership has disappeared to some
extent”. He suspects that the sauna club has been dissolved. He laments this
since it was “probably the best thing we have ever had”. The purpose of the sauna
club never was to have meetings often, because Tom wants to avoid narrowing
things down to small issues. Instead, it was meant to be a strategic forum:

I don’t want to discuss what companies we should monitor, what analyst to recruit or
what trading we shall start, in such a forum. It’s a big forum, nine members and if
we start to discuss this, people start marking their territories. I want a forum where
people raise their eyes. (…) The sauna club was more important when the strategy
was formulated than when it is maintained. The periodicity will increase during the
fall if we have to start questioning our strategy. (…) Some want to discuss it almost
on a daily basis, but then you get away from other issues and lose your focus on the
deal for the day. There’s an act of balance that one mustn’t lose. (Tom Dinkelspiel)

In late May, the unofficial executive committee have not met for a while, even
if they interact occasionally when smoking or having a coffee and talk about
strategic issues. “Perhaps not all are there, but someone has something to say and we
start talking,” one top manager says. Another top manager assumes that the
CEO still finds the top management important even if the issues treated are not
of a strategic nature: “Everything strategic is about continuity. (...) In that sense Tom is good as CEO because there’s no friction between the CEO and the owners”. The business plans were a way to involve the departments more in the strategic work. They put a great deal of work into this when Tom took over as CEO and this is still the overarching guideline. They have added some parts and ideas to the plans, but not reworked them. This is mainly because, as Tom points out, it takes several years to reorient the business and then several years until “people get a bit religious about it. Today, people are proud of working here. I notice it in small things like people wearing their small Öhman cuff links for work – they didn’t do that three years ago”.

The board member/senior advisor, previously there on a consultancy basis, is now formally employed in the firm. This means that his involvement in strategic issues has intensified:

“I’ve been here for a while and we know each other better and have found a form for the dialogue. There is also a semi-formal arena where I participate now and that’s the so-called ‘directors’ lunch’. It’s with Claes, the CEOs, and Ulf and we have a monthly run-through. (...) The focus is very much on what everybody is doing and to inform each other, but also to drive the group’s business development forward and exchange ideas. It’s a good forum for integrating these thoughts. (...) Claes always starts with describing the situation in the group, without explicitly referring to what has been said during board meetings. (Board member/senior advisor)

The involvement of key employees is still ensured by everyday, personal talks, rather than formal participation in various meetings:

“The people working here are smart people and they have the same basic education as I have. (...) Our Ericsson analysts should be able to question Ericsson’s strategy and then he or she should also be able to question the strategy of their own employer. I have to dare to take that discussion. (...) Apart from the Sauna Club, I have one-to-one meetings with our individual colleagues, analysts, and brokers so that they feel involved. This is also about planting my vision to some extent; I don’t do this only by banging people on the head. I need to listen to them and hear what they do and what they think. (Tom Dinkelspiel)

Some argue that that these colleagues have “a veto on the strategic orientation”. But this does not mean a democratic decision process, where everybody is involved, a board member says: “I’m not a supporter of a brutal management style, but my basic belief is that the owners decide and you don’t need to have a continuously running debate on exactly everything in the firm”. Still, both Claes and Tom interact with different people in daily conversations:

By seeing what kind of things Claes throws out, I understand how he thinks, with the history and what has come of from that. Based on the ideas he checks with me I know at least if he has set the cruiser or the spinnaker. (...) I’m rather informed, but I’m not 100% sure that Claes himself actually knows what things look like. He thinks in
different ways in order to be mentally prepared when the development comes to him. He goes through these scenarios with himself. He talks with me once a month and he probably sits down with some other people at the firm. He gets input from us, and then the picture gets clearer to him. With Tom it’s more day-to-day business in informal talks. This might be typical for a family firm, that there are other ways for information than only the strict, formal way. In a normal company, Tom would probably not have liked that I talk to the group CEO. But since I talk to his father it is okay. They have a shared goal. (Top manager)

Claes underlines that they try to give the same picture all the time in these conversations in order to make sure that people know that

...we are here and we want to go there. I know rather well, or we know rather well, where we’re going. It’s not definite that we’ll get all the way but we are definitely on the right way. (...) We are clearer now with what we want with the firm. (...) The question was: will we make it or not? Now I think, knock on wood, that we have probably made it, if we’re lucky and get this on a good footing. This makes it possible for me to take it a bit easier. Or more correctly: I’m not needed in the firm in the same way as before. (Claes Dinkelspiel)

A Wider Strategic Change Approaching?

Despite improved circumstances for the firm, Tom considers a wider strategic change if the conditions in the financial markets do not change:

When taking over I said ‘we’ll come back as a high-end supplier of smartness’, we shall have some guiding principles, we shall have an X factor, Öhman shall bring something unique to the table in each deal and transaction. We shall recapture our reputation for R&A that we once had and this is the course we have followed – in the expansion of 2000 and in the recession later – and we still follow it. But we have said that if it gets worse, we have to do something. Then we need to reevaluate our whole business model. I want the board do this in the fall. The summer will be bad, if nothing happens we need to look over the strategy completely and as a consequence of having pushed for one course rather strongly over three years, of course, making major deviations from this means that you find yourself in rather extensive strategic work. (Tom Dinkelspiel)

Since December, there have been more board meetings and more active board members:

I had lunch with Ulf today and that’s another example of how we keep the strategic discussions alive. It’s necessary for us to ask ourselves: Where will our business make money in 5-10 years? We can’t do this day-to-day. We’ve tried to create two forums. Partly to keep the discussion around the sauna club alive and thrash out the same issues, but also to keep it alive with Ulf and Claes and the senior advisor. The four of us meet and try to put these issues on the table. (...) I still have an almost religious belief that we are on the right track. [If we have to change] perhaps someone else
should steer. I’m not irreplaceable – of course. (...) There are a number of alternative roads, but each of them means a major change for our organization. (...) The major decisions are made by the board and after discussions in the board. But it’s the CEO that’s closest to the day-to-day business and to a large extent decides when the issues will be presented to the board. (Tom Dinkelspiel)

The external board members previously not so involved in strategic issues are now more so:

The board understands the business better today than before. I keep the board members quite well informed; I send material to them and get feedback in return. What has changed is that I suddenly walk into the corporate finance department to which a board member sent a deals list covering the companies that he thought we could do business with. This, I think, is the result of our endeavors to get the board more engaged on the micro level and not just discuss strategy and business plans but also work a bit more for the business. I will meet another board member today who will do business through our firm. The boards, generally, are much more involved in the business nowadays than before. (Tom Dinkelspiel)

The EÖJ board is also more involved in Öhman, especially due to the seriousness of the firm’s current situation. Tom has a standing item when he reports from Öhman, even if it is more ‘on an informative level’. The members of this board have many opinions and Tom gets feedback.

‘The Family Business Problem’

The board member/senior advisor argues that Tom’s ability to balance his roles as owner and CEO is related to his willingness to both promote the firm’s perspective and the owners’ perspective. This comes through when they talk about and analyze strategic issues. To be able to change between these two perspectives and “not promote one of them in an extreme way” is seen as an advantage: “He makes sure that the discussions in Öhman are directed towards what the owners want. But he also clearly forwards the top management team’s view to the board and to other forums”. Several interviewees also point at the advantage of having a family member as CEO, especially given the difficult times that the firm experiences: “You know that Tom is an owner, but no one really thinks about it”, one employee says. The owners also work with having a ‘spirit of Öhman’:

They want the employees to feel that this is their firm even if they don’t own it. You should feel as one with the firm and that is good in all ways. (...) You want to work in a firm that is fun and get fairly good remuneration. You should feel that you contribute with something depending on where you work and you should be able to say with pride that I work here and the firm has a nice reputation in the industry. Perhaps this is because it’s an old family firm, but it’s also well taken care of and isn’t seen in any scandals. (Employee)
A top manager agrees:

I’m fostered in a…what the heck, I’m proud of Öhman, I’m Öhman to many and it’s a part of me. I could have done better elsewhere, but I like this. (...) They see that as a person I fit in. I am what they think anyone should be. Otherwise, I wouldn’t have been here for so long and I wouldn’t have had informal channels to Claes or Tom, but you shouldn’t forget that it’s all about delivering a result. If I hadn’t done that, I wouldn’t have been here for long either. I give them and they give me back. They are generous, even if you also find defects and flaws with bonus and remuneration systems. (Top manager)

Some interviewees point out that Ulf is more of an “external owner”, while Claes and Tom are in the middle of the operations, and the ones directing the firm. Having both father and son in the daily operations affects the strategic work:

It’s complicated when Claes and Tom don’t have the same view, then it takes a few days before they have agreed between them and you live with uncertainty for a shorter period. (...) This means that if Claes thinks it’s important then he decides and if he thinks that Tom should decide, which he often thinks, it turns out as Tom wants. (...) Claes is pretty interested in talking strategies and exchanging ideas with people. Once a month we also have a somewhat longer talk. How often we talk depends on whether something special happens. (...) Those are not pre-booked meetings but sporadic ones. We had such a meeting this morning when we talked for half an hour about what will happen. (...) These are strategic issues, how the group should be organized and what we can see in the future, what parts shall be included and what we should focus on. (Top manager)

An employee suggests that Claes walks around in the organization when the firm is not profitable to show that he exists and to get people to sharpen up when seeing him. Tom confirms that his father is more involved in Öhman’s strategic issues. If they do not agree on a certain issue, they avoid taking the debate in an open forum:

We are prepared to treat the issues in the board to get input and see what other board members think, because we still have the same basic view that profitability must come before everything else. So even if we come from different points of departure and have different means to do things, we have a deep understanding for each other’s views. (Tom Dinkelspiel)

Despite differences among the owners, the ownership of the firm is a stabilizing factor. The firm does not have to pay so much attention to pressures and demands from the markets and other external actors. Ulf does not think that they have acted too conservatively, which he argues can be a risk with family ownership. He and his brother talk less informally today, mainly because they are no longer next-door neighbours:
I don’t say it is only for the worse. It can be good to keep family life and business apart and we tried to do that also in the past. Still we often contact each other over the phone and if there are sensitive issues we usually discuss them before they are brought to the board. At the same time we see the board as an important sounding board and that is why we often choose to bring difficult issues to the board. An issue like Tom becoming the group CEO is an issue that I also discuss with my family. Not because I think they have a different opinion, but they are shareholders. It’s a question of trust, and, indeed, they are wise. (Ulf Dinkelspiel)

There is still no clear vision of Öhman formulated from the owners to the board of the firm:

The vision of the firm I can see is ‘tradition and renewal’ within the traditional limits of a stock broker. There’s no explicit goal to be number 2, 3, or 1 in any market. It’s going at a crawl and we slowly move the positions. (Board member)

Some board members would like this to be more explicit, since they could then contribute more to the strategic work. At the top management level, the vision is still not formally communicated either:

It very much depends on the two leaders, Claes and Tom. Claes has the big visions and Tom his own ideas that he pushes for. (…) At every given point in time there’s a clear vision, but it changes constantly. I have no problems if they have this objective in May and things happen and they shift it. The important thing is that the direction doesn’t change completely but that there’s a thought and idea that lives on and takes on new shapes. (Top manager)

Another top manager adds:

As an employee regardless of what Claes says and thinks you feel, what about if they don’t think that this is worth investing in? They can do like this (snaps fingers) and it’s gone, because they will still have the money and they can move into shipping or whatever. (…) Öhman’s history is deeply rooted in this industry, but that’s not a guarantee. I meet two twelfths of the family. There are a lot of other children and they’ve started to have children and there are a lot of brothers and sisters that I don’t see. I have not talked to them about these things yet. (…) This is what the family knows, or at least the part of the family that works here. They have their history here and they have a brand name. They don’t have this pressure from external shareholders that you shall do something and go with the flow. (Top manager)

The owners put pride in being a family firm and combining tradition and renewal – the official motto:

A value is that they prefer to maintain a feeling of a traditional, old firm at the same time as they don’t want to stagnate or be apathetic. They want to generate new ideas all the time but they don’t want to lose the solid reputation the firm enjoys. This is a
value that also an outsider sees. Another value is the wish to be an independent player between different power blocks that exist in business life. (Board member)

Some values and interests are shared in the family, but there are also differences. The former chairman often mediates and is careful to make sure that the brothers talk with each other before entering the boardroom if there is a major strategic issue. “There is a strong family loyalty. (…) You should of course keep the family informed but you can’t have too many people involved…two is perhaps okay but not more…you get problems,” he says. A family member agrees that it is neither possible nor desirable to involve all family members in strategic issues: “There are also times when I’ve felt that I’m not in the mood to discuss this any more, but also that I just can’t say that. I can’t say that to my father if he wants to discuss it.” The cousins in the third generation also inform each other about what is topical and what they hear related to the development of the firm. The plan to organize a cousins’ forum has still not been realized. A family member explains the involvement in strategic issues:

With my father and my uncle I talk strategy, like when they say that we’re thinking about this now…With Tom I talk more about operative issues in Öhman; if something happens, like if there is a big deal planned. (…) My mother is not very interested in the discussions around the dinner table but fully respects that we find it fun. (…) It changes over time and now there’s such a bad market so it’s not that interesting. So, currently it’s not that intense, other times we discuss it more. (…) Claes and I often meet for coffee at the office. Tom participated quite a lot before, but he has a lot to do since a few months back. Earlier we went down to have a coffee. Tom and I meet almost once a day, Claes and I perhaps once a week, nowadays, but we don’t discuss strategy as much. (Family member)

Family members interested in strategic issues also “provide the basis for the survival of the firm”, Claes says. He wants to keep voting control of the firm also in the future within the family. It is too early for him to transfer his stake to the children. Partly because of this, Tom thinks it is too early for the third generation to talk about future ownership and their role in the firm. It is, however, important to involve Ulf’s children in the firm more:

It’s important that my cousins and siblings learn what it means to be an owner and a responsible owner in the boardroom, especially if they don’t work operatively. I’m not amused by having owner discussions in our generation considering that we aren’t owners. (…) If I stay on as CEO and my principals suddenly aren’t my father and my uncle but my five cousins and siblings, then I’m happy to take the owner discussion. (Tom Dinkelspiel)

The intention is too keep the firm within both families. They have talked about this in the EÖJ board and made clear that the point of departure is that the firm shall remain family-owned. But the intention not to sell it can change with
each generation. “This policy is not documented, except possibly in the minutes from a board meeting, but it’s well known,” Ulf says.

The Boards

A board member explains that there is a great deal of proposals coming to the board, that they have scenario discussions and “strategic discussions but perhaps not at all to the extent that you would expect”. Typically they react to Claes’s ideas and sometimes “fill out the frame that management provides us with”. The board seldom comes with creative ideas, they are to be found in the firm: “The CEO should be the engine and the board perhaps the brakes on the car that moves forward. The board is a sounding board for Claes and his creative ideas,” a board member says. Another adds:

Claes says that he would like to have our opinions about this, and we’re happily there to react. We become his asset, more than I’ve seen in other boards. (…) The controlling and monitoring is only to the extent that a limited company must have it. (…) When he brings up an issue, it’s an issue that he feels is challenging, difficult, and complex and he wants feedback. Mostly, they are difficult strategic issues like closing down something, removing something or dismissing a person, such as a CEO. In this situation it feels good to have something behind you when doing it. Most of the time I feel that he knows what he wants and has a clear idea, but he wants to check anyway and hopes that we’ll confirm, which we don’t always do. He doesn’t present it like ‘this is what I’m planning to do’, but he says that ‘this is the situation’. I can often say where he’s heading and he listens and changes. Everybody has spontaneous comments; that’s taken for granted. In other firms they would probably not accept this working style. They would demand a much more formal working method. (Board member)

Different board members have different roles and represent different interests, but the same board member says some can be unbiased towards the owner family:

The former chairman has a special role as the family’s doyen. He takes on this role very evidently, but he doesn’t talk about it. He has a long history with the family. He seems to be well informed about what the family has done over the years. It’s not that he sits and agrees all the time, rather the other way around. He can be the most active one and think they’re on the wrong way. I think he means a lot to the family. (…) The group’s board should be more oriented towards the family commitment and the greater visions. In the group we can discuss whether the family should go on with stock brokerage or sell the firm and make money. There are always these thoughts that are family-related and then we deal with these issues. (Board member)

The former chairman agrees that his role is special, but this is because the board is special:
The family’s interest is not the same as profit maximization. Maximum value for the family is not the same as if there were many anonymous shareholders. There are situations when you always have to look at the family’s interest first. When you make major strategic decisions you always have to keep in mind how much the family is willing to commit themselves without losing ownership control. You think in a different way and I think so in particular. I’m a family business owner myself. (…) What is best for the family should guide decisions. (The former chairman)

This means considering the family’s wants and to make ‘professional evaluations’:

If the family sees a value in keeping the firm’s family business character, we on the board have the duty to assist in this. I’m therefore very happy because they’re lucky to have Tom here. He can continue the family’s involvement in the firm if they want. (…) It would take a lot before I went in and… it’s like having the whole annual shareholders’ meeting around the table. (…) You can go against a certain decision and that is a good thing with this board because no one is afraid of saying anything. But at the end of the day, Claes can say, ‘I want it this way’. (Board member)

The former chairman has extensive contacts with both Claes and Ulf in between the board meetings. They meet on many occasions also socially, and talk about strategic issues related to the firm. The former chairman has most contacts with Claes: “Claes calls and says ‘now I must ask you what do you think about this?’ He has an idea about another part of his vision about the bank of the 21st century or something similar. The board work occurs somewhat on the side through informal contacts to a large extent”.

The work in the EÖJ and Öhman boards differs. A board member who has served on the Öhman board for many years argues that it is up to the owners’ interest and will to give the external board member room to be involved in strategic issues. This does not always occur:

There are seldom creative, deep strategic discussions if the board is not composed of people that have knowledge about the industry. (…) My contribution to certain strategic issues is to ask questions, think, make comments that make the management think again and reflect on what’s good. There is also an automatic sense of powerlessness. The owner family does not express this directly, but it’s an inherent mechanism. They could use my specific knowledge a bit more, but I can only say that I can help with this. (Board member)

He misses longer and deeper discussions about strategic issues:

Ideas are presented and we can react with views and opinions. We have tried a couple of times but never managed to really sit down for half a day or a full day and say, let’s really look at the strategic issues. I feel that most issues have been settled before. The new board member is much more involved in strategic work but mainly during non-board time. (…) It’s not as if all issues have been prepared and settled
beforehand, but he can also come with something that is completely contrary to what Tom says. From there I think it is further shaped in informal situations. (Board member)

The same board member says his mandate is not formally defined, but he feels he represents Claes, since he asked him to join the board. He knows that Tom might want to replace him with other board members that more directly represent him. Currently there is a feeling that the two external board members, apart from the new one, are more closely related to Claes, even if Tom makes a point of informing all board members:

If there is a big issue or decision, he contacts us to see if we have any opinions, but it’s rather seldom. I don’t have any contact with Claes or Ulf either. If they really wanted to involve the board more in the strategic work, they should strengthen the independent side. It would also be beneficial to have closer interaction between the management and the board and between board members outside the regular meetings. (Board member)

This situation makes him act more defensively and to not spend much time getting more involved in strategic issues. He knows that there are intentions to acquire other firms or merge, but such issues are not determined in the Öhman board:

If this happened, it’d be Claes calling to say, ‘well, we have had a lot of discussions with X, Y, and Z now and we think about…what you think? It would be quite far ahead before we would be involved in such a discussion. (...) I have asked a couple of times to have a freer strategic discussion once or twice a year where you skip all the presentations and just let the discussion flow. It would be good to go away, or sit down somewhere and say that the only thing we have on the agenda is a strategic discussion. (Board member)

A top manager, however, says that Tom rarely acts on strategic issues without saying that he has support from the board:

He uses the board as a concept in order to perhaps slow down the development. He can say ‘now we have to check with the board’. It works quite well, but it’s difficult to have an opinion of the external board members. Those that aren’t in the daily business I think are on the board because they’re in the industry and have good contacts. They shall generate business and be good and understanding people that can stop a certain madness that might occur, but their role is limited. (Top manager)

Another top manager argues for a board composed of people not related to or dependent on the firm or the owners, but who know the business:

The history in this firm is that those that have been questioning and critical have disappeared from the board, which has happened to coincide with them having other
6. Öhman Fondkommission

jobs that made it impossible for them to serve on the board. Issues that were unpleasant for the family and that they had talked about before they went to the board meeting, since the other board members were not involved in those discussions, they brought up in that forum. (Top manager)
7. Malmberg Water

Introduction

Malmberg Water AB (MW) is a firm in the water industry dating back to 1866, when Jöns Mattisson-Malmberg founded a smithy in the small village of Yngsjö in south Sweden. It soon specialized in drilling wells. MW is the origin and largest firm within the Malmberg Group, which in 2005 consists of five independent companies. The other companies are Malmberg Drilling working with drilling for water and energy, Malmberg Environment Services focused on slurry exhausting and vacuum pumping, Malmberg Original extracting and selling bottled mineral water, and Malmberg i Yngsjö, which invests capital on the financial markets. MW works with contracted projects for municipalities and industries in the areas of water treatment, energy and service. Water treatment is the largest part and is focused on waste water treatment and water purification. The business area Energy works with biogas treatment and heating/cooling pumps for both municipalities and private companies. The business area Service, which was created in early 2002, focuses on service and maintenance of existing water treatment plants. MW operates both nationally and internationally in the areas of water treatment and energy. The service business is mostly local. Main export markets are China and the Baltic States.

In 2003, the Malmberg Group employs 80 people, of who 53 work at MW, and the turnover for the whole group is 185 million SEK, with a profit of 10 million. The firm is owned in the fourth generation; the main owner is the group CEO Per Malmberg who controls 95% of the voting power through multiple-voting shares. The capital shares are divided among more family members. This includes Per’s two sisters and their families. Per’s wife, Birgitta is a shareholder and so are the children of the fifth generation. Per and Birgitta have two children, Sara and Erik. In the two other branches of the family there are three children.

When this study starts, in early 2002, Per and Birgitta Malmberg are active in the firm as group CEO and information/HR coordinator respectively. Per is member of the MW board, which is the only active board in the group. Birgitta is the secretary of the board with the right to speak. Erik Malmberg joins the board of MW as deputy member in the fall of 2002, and his sister Sara Malmberg joins the group’s board about a year later, when she also starts working as project leader in drilling. From the other branches of the family, Lars Möllerström, Per’s brother-in-law works as CEO of Malmberg Environment Services until the fall of 2003, when he is replaced by his son Johan Möllerström. Johan Möllerström also serves on the board of MW during
this study. Per Malmberg took over as CEO of the firm in 1973 and continued until 2001, when the group structure was created as part of a wider strategic and organizational change, and a non-family CEO, is recruited to MW. In the top management team of MW Birgitta is the only family member; four external board members serve on the MW board. The chairman is a management consultant with experience as CEO of larger firms; one board member is a retired CEO of a large multinational company, another is program director at a management institute and a management consultant and a third is a lawyer. Two employee representatives are on the board. In December 2004, one and a half years after the empirical study ended, Johan Möllerström replaced the external CEO as CEO of MW. This change is not considered in this description, or in the subsequent interpretations.

A Brief Description of the Development of the Firm

After its foundation, MW grew slowly but steadily until the 1940s and 50s when the oldest son in the third generation, Nils-Erik Malmberg, introduced a range of new methods and products. Local municipalities in Sweden began to invest heavily in water treatment processes during this period and MW’s products were positively welcomed. Malmberg’s motto was to ‘work with everything that has to do with water’. This triggered a growth period that would intensify during the 1970s and last until the early 80s. Nils-Erik died at the early age of 47 in 1960, and his wife Sonja took over the business. Their son, Per, was only 13 years old at the time of his father’s death, but Nils-Erik had already decided that Per should take over and told his son on his deathbed to carry on the legacy. Per went to university, studying engineering with a focus on water treatment. He returned to the family firm in 1973 at the age of 26. During the period 1958-1982, Sonja Malmberg was formally CEO, but in practice, the firm was led by a non-family member and administrative manager, Folke Hansson, and a group of department managers. All documents were signed by Sonja Malmberg and major decisions approved by her.

Returning to the family firm in the early 1970s, Per first worked closely with the employed managers that had taken care of the firm. In the late 1970s and early 1980s, Per formalized the board by introducing more active meetings and external board members. Two of the board members included then still serve on the board. Per also took some courses in management to add to his engineering skills. The firm did well during the 1970s and early 1980s, much thanks to the expansion of the Swedish municipalities. In 1982, Per took over as CEO of the firm when Folke Hansson is phased out.

The 1990s was an eventful decade for MW. The firm celebrates its 130th anniversary and sells several large water treatment projects to China. Financially, the years up to 1997 followed a cyclical pattern with both good and bad years. Increased competition and a slow business cycle for the firm’s main products and services meant challenges, and towards the end of the 1990s, there
were intensified talks about initiating a wider strategic analysis to better understand future threats and opportunities. In 1997, Per asks a former CEO of Pharmacia & Upjohn to join the board. He is retired and lives close to where MW is located. Much on this new board member’s initiative, in 1999, the board decides to contact a management consultant for the strategic analysis of the firm. Per also wants to leave as CEO when he turns 55 and recruit a new CEO. The globalization and increased competition for profitable projects on most of MW’s markets also call for both structural changes in the industry leading to mergers or acquisitions and an oversight of MW’s strategic orientation. Given these possible changes in MW, Per and the board members agree that a new, external should lead the new organization. The conclusion from this discussion is also that the main route to expansion is via water treatment and energy, with a focus on internationalization. The consultant is an old colleague and business contact of the new external board member. He explains that he and the other external board members wanted to “expand the firm and its qualities. At the time it was clearly dominated by the family and the family’s interests had perhaps a hampering effect on the development of the firm.”

The suggestions in the finalized strategic analysis are almost in detail followed by the board. The business idea and future strategic orientation of MW are made clearer. Content with the consultant’s work, Per asks him to join the board as chairman. The ‘New Malmberg Water’ becomes the working name for the renewed firm in early 2000. The recruitment of an external CEO also starts in early 2000. Per is to be the group CEO of the restructured Malmberg Group with particular involvement in Malmberg Drilling and Malmberg Original. The ambition is to find “a market-oriented CEO with an international orientation”, since a cornerstone in the new strategic direction is to expand internationally. The board members are involved in the recruitment together with Per, Birgitta and a consultant. Some efforts are also made to attract external investors to MW, but despite proposals written and contacts taken, no changes in ownership occur. The new CEO starts working in late August 2001. He comes from Tetra Pak with experience from ABB and Alfa Laval and without knowledge of the water business:

This was something completely new to me and it still is in some ways. I learn new things every day, or even every hour I would say. The crucial issue is the network, which is everything in all contexts. (…) The role itself is not new for me. I headed a unit that was double this size and that made a lot of money, but the way of managing is new. (…) You have to pay attention to the owners and their views, goals and visions here. There’s the board, there’s the top management team and I have to knit this together in a delicate little act of balancing. I saw it as a challenge. Suddenly, you realize that this is Per’s and Birgitta’s and their family’s money and that makes it more tangible. (External CEO)
7. Malmberg Water

Strategic Issues 1999-2003

In early 2002, when this study starts, the firm is in the middle of the largest change in its 136 years of history. The new organization and strategic orientation with new business areas and a new external CEO is less than one year old and the industry is experiencing a tough time with low profitability. The external CEO is still in his introductory phase and there is a generational shift at the top management level of the firm with newcomers as well as people with longer experience from the firm. This leads to increased strategic work where the main strategic issue (MSI) is to secure profitability through a clearer strategy. The sub-strategic issues (SSIs) include: 1) creating and organizing a new business area services, 2) developing an internationalization strategy, 3) initiating talks about a merger or acquisition, 4) securing sales of a number of major projects, 5) beginning internal organizing activities (e.g. business planning and generating core values), and 6) improving production and project management.

January to September 2002

Clarifying the Direction

The first months of 2002 are difficult for MW’s business areas with a slow inflow of orders and low profitability. The new business area called services is created in January with the purpose of meeting the increased demand for service contracts mainly from Swedish municipalities. The head of projects is moved against his will to become head of the new business area. The board has pushed for creating this business area for some time as a step in the intended expansion of the firm. At a board meeting, the new CEO even gets the task to investigate if the whole organization should reorient towards services. Later in the spring of 2002, overcapacity in the industry leads to fierce price competition, especially in MW’s traditional strong area, water treatment for municipalities. MW has much less experience from the increasingly important area of industrial projects for private companies. The external board members argue that they have several ideas on how to develop the firm further: “We have seen and worked in so many companies that we have a different outlook from what these local guys have”, says one. In this situation there are increased talks in the board about a merger with or acquisition of a competitor. The chairman of the board says that the new business plan originating in the strategic analysis made clearly states that they should be open to mergers. Some contacts with other companies have been made, but the process is slow:

There are several reasons for this, but one is that in such a deal, the history of the firm would really be challenged. Another is that profitability is poor. It’s possible to appoint an external chairman of the board, an external CEO and to talk proactively,
but to really get into a phase when you even give up the name, that’s difficult. (…) we have not talked…this is an interpretation of the discussions that we have had.
(The chairman)

After some months in his new job, the new CEO felt that the firm lacked a clear vision and strategic direction. He presented his view on how to develop MW at a board meeting in September 2001, but the unstable situation of the firm and the industry “taints the vision and strategies”, he argues. He works hard to restructure the organization, trying to make individuals and departments work more efficiently. He has merged some departments, created new teams and introduced new structures and routines. It takes some time for him to understand the organization, he says, especially pointing at all the internal issues he has to work with. As a result he has not been able to work as much externally and have visions for the future on the market. Several employees have told him it is better internally now with a better dialogue. One of his ideas is to involve the heads of departments and business areas more in the strategic work and create “openness for strategic issues”. He hopes to involve many and delegate as much as possible. But his position is not easy:

I feel pressure from the top management team that wants one thing and the board that wants another thing. Of course, they want to realize their visions and the owners have their visions and goals for the business and this I must, in some way, channel into the daily business and to Per in order for people to know where we’re heading. I see it as a challenge to make things comprehensible for everyone – where we’re going and what our strategy is in the future. (…) A shared vision is starting to emerge. I heard that there was a lack of continuity before. There was zigzag and no clear, straight line, but we are now establishing this. Previously there was uncertainty about the direction and a cautious attitude to changes. (External CEO)

The Work on Strategic Issues

The CEO and the top management team should work with strategic issues and forward them to the board when needed. This should be done within the frame that the board gives them, which officially corresponds to the consultant’s strategic report and the continuous directives from the board. The intention is that he should not, but Per is still involved in strategic issues related to MW outside the board meetings, especially if the issues have considerable financial consequences. “It’s still the owner that decides in the end, but it can also be that your idea isn’t always that good and then you might be weak when you present it. Sometimes it’s a mix of this,” a family member says. A top manager adds that the directives from the board are often clear, but there might not always be agreement between them and what the top management wants. An example is the new business area services, which is seen as “a thing coming from the board and the CEO”. A top manager explains the top management team’s current role in the strategic work as being a support to the CEO, where “we are no experts in
strategic changes”. This means, he argues, that the top management team is mostly engaged in the daily operations:

Probably we spend too little time on strategic ideas and on sitting down, really talking through and discussing what we shall do. Before, we had at least once a year something that we called strategic planning where the top management team went away from the firm to a pleasant place. We went skiing, or we went to France. We prepared material that we generated in the top management team. Each head of business area had ideas and we discussed those. We have not had such meetings during the last eighteen months and I miss that. (…) We cannot just go on as usual, especially if we have problems and things don’t work. The new CEO and Per represent different leadership styles. The new CEO prefers to run his own race. Per made sure he had support from those responsible in the organization. (Top manager)

There is a recently introduced strategic section of the agenda for the top management team meetings. The purpose is for the top management team to talk more about strategic issues, but there is not always time devoted to this section. The CEO shall get ideas and inputs from other top managers so that they agree on strategic issues before presenting them to the board. The aim of the new structure is that Per, as group CEO, should work with strategic ideas, mergers, and other strategic changes. Other issues related to marketing and changes in business areas should be dealt with bottom-up. The members of the top management team inform each other and some issues they discuss more deeply. A top manager calls their role an advisory function to the CEO: “The board might have certain ideas and we create material that we later present and discuss whether it’s a good strategy or not. We do participate in this. We are a sounding board”. However, some top managers do not agree. They miss the strategic and long-term thinking in the top management team. According to them, too much time is spent on daily issues.

Birgitta argues that “there is and should be a different perception of the top management team now,” since there is a new CEO. Sometimes top managers say that Per still decides and questions their role and the value of their involvement in strategic issues. There have also been confrontations within the team but the atmosphere is open. The members feel that the expectations of them have changed since the former CEO stepped down. He had more opinions of his own and argued for them:

Now, we discuss and it’s more of a group, even if we aren’t clear on this balance yet. (…) It’s a kind of game to sense where the new CEO is because we were a tightly knit top management team from the beginning. Previously, the owner directed the top management and there was more of the owner’s responsibility. Nowadays the same old team is left and we’ve argued and discussed over the years before reaching a decision. Today, it’s more formal and we must take our responsibility in another way. It’s about the new CEO. You don’t know what he is like. We have different opinions on issues. That is more significant. (Birgitta Malmberg)
There is some interaction on strategic issues also outside the formal meetings, but not that much. “I know what issues I have to discuss with the CEO and the rest I do myself. Our contacts are far from daily,” one top manager says. Several top managers still have informal contacts with Per, even if they admit it is wrong. Per sometimes comes into the offices of top managers, especially those that have worked in the firm for a long time, to talk about current, strategic issues. Formally, however, all top managers report to the CEO. This works as long as there are no tensions between the new and the old CEO and the top management team is not squeezed:

What should I do then? If the owner comes in and sits down in front of you and starts asking you for information and you have to say, I cannot tell you this, you have to talk to the CEO because this is his area. That’s difficult. (Top manager)

Birgitta and Per still talk about strategic issues in informal situations, but this is also changing. She has a new role since last fall, when she entered the top management team:

I can’t go home and discuss everything with him today and he knows this. But some issues we still talk about. (…) When I get annoyed, I finally tell him… because as owner I don’t think that I can…I can’t simply look at it if I think that this goes down the drain. (…) Some people think that this is the way it is. Many said, we know that you’ll go home and say the same thing anyway. I’m like… I sit there both for who I am and because I’m an owner. (Birgitta Malmberg)

Per gets information indirectly and can influence in that way. Otherwise, he mostly keeps away:

My office is in another building, but I come in here in the main building once a week or so. Sometimes it’s hard and when I think that the new CEO does something wrong, I can go to him and say that I would have done it this way. I say, ‘have you thought about this or that?’ I don’t think this has caused any problems, but he’s stressed now. I hope that I won’t be affected and get the problems back when the firm is doing poorly. I can wake up during the night and feel sorry for him and think – what should we do now? (Per Malmberg)

Among top managers, there are different views regarding Birgitta’s participation in the top management team. The CEO thinks it is positive “she is a channel to the kitchen table”. He is aware that some others find it negative and constraining. The CEO explains that she has many opinions and that it is "evident she represents the family when expressing her opinions and we sit down to make a decision, but we still make these decisions as a top management team”. He adds that this does not mean that he and the rest of the top management team endorse these opinions. Instead, he tries to see her as a regular member:
7. Malmberg Water

As a group we must make decisions on strategic issues that hopefully are wise enough to benefit the company as well as the owners’ interests. I also see it egoistically because it’s one burden less for me to not have to run to Per. It’s important to inform much and it’s not because I don’t dare to make a decision or need advice all the time, but it’s a small channel into the family. (External CEO)

A top manager expresses a different view:

She is in the top management team as a full member and you can hear how Per’s views come through via her. You can hear this very clearly. She is more than a secretary, since she’s active in the discussions. To hear Per’s voice through her can constrain the discussion. I know that what I say here the owner will know soon. In order to progress when working with strategic issues, you must look in different directions. This process must continue even if certain routes can be painful for the owner to listen to. If we discuss a side track or a deviation from the current strategic orientation that is hard for the owner, Birgitta enters and cuts off saying that ‘we cannot do like that’. Instead you realize that this is the direction and what we have to stick with. (Top manager)

In the spring of 2002, Per and the CEO talk a couple of times a week on strategic issues. The CEO informs Per when something happens and sometimes he asks him for advice. They want to use Per’s considerable industry experience:

Per comes in and talks sometimes, but it’s not at all with the same intensity as it used to be. He’s not here, he doesn’t ask every day. He gets reports every month where he sees the figures. He has handed over and he had to do that because otherwise I cannot see how I could act. It would be very strange, especially for the organization. (External CEO)

The chairman of the board says both Per and old employees can ‘mess things up’ by continuing to talk as before. Per adds:

I work on the board with strategic issues; it’s in that arena, or with the CEO and the others in the top management. I don’t attend the top management team meetings, but I meet top managers to talk about strategic issues. We had discussions about buying a firm in Denmark and they called me and I participated. (…) We also had an extra board meeting and phone meetings discussing this. The CEO participated presenting the case. (Per Malmberg)

Birgitta gives her view:

Per really believes that it should be like this, but if negative things occur and there are too many difficulties the owner must step in. The CEO has talked with Per since we have a difficult situation right now and this is good because he knows the industry, which the Chairman does not. The CEO must be allowed to talk to Per. (…) There are some contacts between them, but he first goes to the chairman, which
sometimes delays the process…Per has given the CEO a free role. It is always on his initiatives. Per has said that if you need me, call me. (Birgitta Malmberg)

The roles between different individuals and between the board, the new CEO, and the rest of the top management are not clear. The CEO carefully follows what is decided in the board meeting, which might create problems if a new issue emerges in between board meetings. Before, it was possible to go to Per and ask about the issue. He could give a quicker answer than the current CEO can. Most interviewees point out that it is wrong to go to Per, even if the new CEO often acts in a direction where Per would do something else:

Still, I know more or less how Per thinks and at the end of the day, Per is the group CEO, the board and the shareholders’ annual meeting. He dominates all these three through his ownership. If Per likes something it doesn’t really matter if two others on the board think something differently or two of the other owners. Per is the dominant owner and this has not changed since we recruited a new CEO. (…) We can discuss nuances and sometimes misunderstandings, but this is good for me. I know how Per thinks and I can act to influence things in the direction that is preferred. (Top manager)

Several of those involved in the strategic work pay attention to how Per would like them to act:

We are all imprinted by Per’s opinions and know more or less what he wants and wishes. This is mirrored in how we act. Per’s thoughts are…and the board’s thoughts go further via the CEO so there is no greater change there, it’s a policy that we follow. I cannot ask for every single detail, but I try to understand the owners’ and the top management’s intentions and then implement them. (…) This imprint will stay. We have the same opinions. If the CEO says something different to me, I know that he’ll have problems later on and I have to try to steer him right. This will probably stay on for a long time, regardless if Per is here. His spirit is here. It’s the family’s interests that we should…it’s our obligation to act according to that. (Top manager)

The business plans of the business areas shall be the link between the board and the top management, where the heads of business areas shall present the plans. It should be the document where the vision and the strategies are presented. It should also be the basis for new strategic ideas from the business areas. One top manager explains that the business plans are important since they force those involved to pull themselves together when presenting and act more decisively. The external board members add to the seriousness, since Per is, a top manager suggests “more like a friend. I think very similarly to Per. When I think of things, I have a feeling how Per will think and most often this turns out to be correct”.
The Board

The formal chain of command is via the chairman of the board and the new CEO. They have contact mostly when the CEO wants to discuss principal issues and larger bids. There is a formal delegation of responsibility according to which he has to contact the chairman before making certain decisions. The chairman also tries to break the contact between the former and the new CEO. The new CEO agrees, but says the chairman does not call him or check on him much. They have had some specific meetings to talk through some issues that they do not have time to talk about during the board meetings. “My boss is not Per, even if he’s the owner. Formally, the chairman is my boss and that’s how I see it,” the CEO explains. The chairman says this can change if the difficulties continue for the firm. Then it is likely that Per would take over, as would anyone “who has his life achievement and income at stake,” the chairman says.

Most external board members argue that the board is involved in the strategic work. This mainly occurs during board meetings. However, they add that they could be used more, since they are “the best strategic consultants – and free of charge”, one board member says. There are three external members on the board who have especially large networks in Sweden and internationally. This is, a board member points out, not normally the case in a family firm. The new chairman also structured the work and enhanced the competence of the board when he was included. This has lead to “an increase in quality in the strategic work”, where the board is more “strategically conscious and strategically competent about the industry”. The foundation of this is in the strategic analysis and report that the chairman wrote as a consultant.

Most top managers see the board as important in the strategic work. Issues like merging with or acquiring a firm are treated in the board and the owner family rather than in the top management. In this situation, the top management gets informed, even if the idea originated from there. The board thus gives different perspectives and adds competence to the firm:

I would not like to have a family board. It wouldn’t work here. We need some external members. The board is important, especially as a sounding board for Per. They have been his only advisors over the years and he would be very lonely without them. He has no mentor and he has no family that could assume that role. (…) The board can say certain things, but it’s the owner who is there and sells the idea and influences the decisions. It’s our will that determines. (Birgitta Malmberg)

Per also finds the board important. Without it, he says, the firm would not be in China:

I would have been too afraid to do this. They often tell me to go back and check things. The board means a lot strategically. It’s a very good sounding board. The board listens to me very carefully to see what I want. They seldom steamroller me and go against my will. (…) I’m not always clear to them about what I want …it’s
pretty difficult. You get this burden on your shoulders, the legacy of how it should be. Most board members feel they have a double role, but some mostly look at what’s best for the firm. The lawyer probably mostly serves the owner family. He has been on the board for a long time and knows me well. He both pushes me and slows me down. The others listen to me a lot also. If I believe in something, they get very enthusiastic as well. (Per Malmberg)

The chairman underlines that the board’s work is guided by the law and that the meetings are the main arena for working on strategic issues. This is where “the strategic discussion with the questioning and the opportunities occurs”. As an example he mentions the business area Service which emerged in that way. The board with external members was also important for the CEO to accept the job. He sees it as an intermediary between the owner family and the firm. Still, he experiences that the owners have the final say. This is “not possible to avoid”.

The external board members argue that they adapt to the smallness and family dimension of the board work where: “there is no doubt where the power and strength lies”. Per considers changes in the board. One board member, who is retired, might be replaced shortly, even if he has many “sound ideas and is a very good person”. Over time this board member’s network gets older, which to some extent also is the case with the chairman’s network. Per would like to recruit a younger and active executive from a smaller firm in a similar industry to the board. Most of the external board members have a background from large companies: “I don’t think that business is only big business,” Per says.

The board meetings are rather long. The chairman argues that one reason for this is that they want to be “tolerant, open and not too formal” when it comes to talking about strategy, competitors and the future orientation. The CEO finds the guidelines “relatively clear” and the board supportive:

Per is a regular board member, sometimes tough of course. He has a lot of opinions and asks a lot of questions. The owners surely have a vision but the actual business might be different and the board has only a fragmented picture. One can have a lot of visions, but in the end it is the reality that must be connected back to the board with views, observations and recommendations. It’s an interplay of what’s going on in the firm and between what I see, what the top management team sees, the board’s vision, demands and wishes, and the owners’ demands and desires. One has to link this together somehow. (External CEO)

The board is also used to motivating certain lines of action:

Per often says that the board has decided on a certain line of action when he presents an idea. At the same time he is represented there. The board becomes a concept he uses. The interplay between the board and the top management is not clear since they never meet. Previously, Per personified this link. (…) I often think of how much was the board and how much Per himself, because sometimes he says that it’s his own idea, even if he refers to it as the board’s opinion and decision. (Birgitta Malmberg)
The workshop with the Top Management Team

As a way to improve the relations between the top management and the board and lay the foundations for the work with the business plans, Per suggests to the CEO to organize a two-day workshop with the top management with a board member as facilitator. He is a director at a management institute and works as trainer and consultant to major Swedish firms. The intention is to talk through strategic issues where the top management, the CEO, and the board do not share the same view. The other board members also encourage the CEO to do this at the board meeting in June. The CEO sees the need to unite the top management team. They need to go away to get a shared view of several strategic issues, such as the new business area services and the relation between the board and the top management team. The CEO wants to elicit the thoughts that do not emerge the everyday work or in the regular interaction during formal meetings. After the workshop, the CEO reports that there is a better atmosphere and "a completely different dialogue" in the top management team. At the workshop, they made a SWOT analysis and looked at "strategic thinking in order for us to be able to start the process, especially with Service". They discussed the business plan of services, analyzed it and developed it. A conclusion from the workshop was to go away more often for similar activities. A strategic orientation was also the facilitator’s intention with the workshop. He wanted to help the top managers to set a strategic agenda, even if he also introduced some theoretical models. He and Per agreed that Per should not participate, since it "must happen on the CEO’s terms".

The workshop is a newly recruited marketing managers' first activity. After the workshop and with the new marketing manager for water treatment installed, the business areas water treatment and energy initiate the work on their business plans. The original idea is to present the business plans for water treatment and energy at the board meeting in September, but they are moved to the December meeting since they are not finished.

The Future Intentions of the Owner Family

One top manager explains that the family dimension gives a feeling of safety and a shorter way to the owners. This means that if someone wants feedback on a specific strategic issue, it is easy to get it: "It often happens that Per comes in and talks to me about what’s on and it feels good. You notice that Per cares about how the employees feel". The quick decision process and the possibility to have a personal relation with the owners are also positive aspects of family ownership, even if this can be a problem when "it feels like you’re a traitor if you want to change". Negative aspects are lack of financial resources, cautiousness and risk avoidance:
It can be just as correct to decide that okay, now we’ll be this size and we don’t have the ambitions as owners to grow more – take it or leave it. That is also a valid philosophy. We save the money instead, or we invest it on the stock exchange. In any case, one cannot have the philosophy that the firm should expand and in the strategic work include a huge plan on how we shall change and grow and then not be prepared to make the decisions. We have had very advanced strategic discussions, but when it’s time to take a stance the risks are too big. (Top manager)

Birgitta’s small ownership plays a role for her involvement in the strategic work:

My ownership feels important for my commitment. Today, I feel much for the firm and I care a lot. (…) I feel more involved, but Per still has the part that can influence and I’m not interested in that anyway. I represent the ownership and now when I work in the firm and Per is not there anymore, I feel I’m a part of the ownership. But I don’t express my opinions only as an owner but based on my own point of view and I might think differently from the others about certain issues. I feel more responsibility and commitment. I look more into the future also. (Birgitta Malmberg)

In the spring of 2002, the owner family does not have a formal arena where they address strategic issues, apart from the board. Family members are involved through informal interaction when needed, otherwise the main arena for information is the annual shareholders’ meetings. Here, Per gives information about the firm’s situation and if there are some ideas for the future, like selling parts of the firm. They sometimes also talk about other strategic issues, but “you have to work and be fairly well prepared in order to put forward something like that. It’s easy to just have an opinion,” a family member says. Per intends to involve the fifth generation more. They all have a university education in engineering or business administration and work in the management of other companies. He thinks it would be wrong not to use their competence, and having them on the board is one way of doing this, and at the same time they will get information:

They can be very good advisors, but I’m scared of having too many family members active in the daily work. It can be constraining. (…) We have not had a continuous dialogue with the children, but we should in the future. They want to go out and do other things first, but I’m convinced they want to take over. We are going to participate in a course in family business management organized by the Family Business Network at the Stockholm School of Economics in the fall in order to really see what they want. (Per Malmberg)

They participate in the Family Business Network (FBN) in order to meet people with similar experiences and to create relations within the family and between the participating families:
Our children have talked to other young people from family firms that say that the same discussion is going on in their homes as in ours. They talk about the firm and there’s an identification that’s important. When you go to the FBN meetings you see more what a family firm means and you didn’t see that before. It’s easy that the firm becomes a burden. At FBN you learn to see the strength in it. (Birgitta Malmberg)

The Board Meeting in September

One external board member does not attend the meeting, but for the first time Erik Malmberg attends as deputy member. The meeting is postponed until 10:00 since the chairman’s arrival from Stockholm is too late for the planned starting time, 9:00. The CEO picks him up at the airport. While waiting for the board meeting to start, Per says the workshop worked out very well and that the climate in the top management team is better: “The facilitator was very pushy and creative and forced the participants to think and reflect”. The CEO is expected to report to the board about the top management team’s recent activities.

At the beginning of the meeting, the CEO informs that the firm won some water treatment projects, but they still operate below budget, mainly because of a very poor early 2002. Per opines on how the financial results for the different business areas are presented and so does an external board member. The latter refers to his experience from serving on boards of listed companies. The CEO explains that despite the problematic situation it “feels good now, mentally. It was not fun at all in the spring. It feels much better today and that is very important”. He mentions the internal problems. Per asks if things are better after the workshop and the CEO admits that they are. The board meeting also reveals that Per is well informed about the activities and outcomes of the workshop. In interactional slice (IS) 1 when discussing the outcome of the workshop, he says he called Birgitta right after the workshop to see how it went:

**IS1**: BM1: Are you all standing behind this now?
CEO: Yes.
Birgitta: It was very good that we went away since we have had internal problems related to the differences between the leaders. However, this is fixed now and it feels much better.
BM1: Good, but now you must adopt this shared view of the situation.
Per: I called Birgitta after the workshop. She said this was the best thing that we have done.
Chairman: Good, the result from the workshop can be inputted in the business plan and increase collaboration in the top management team.
CEO: The facilitator also really made a great job during these two days.
Birgitta: Yes, and you got some knowledge of how to organize a workshop from Tetra Pak also.

Somewhat later, they start to talk about business plans and Per notes the work with them as important activities for the top management, and eventually for
the board when discussed there. BM1 refers several times to how things are done in large companies, and especially in pharmaceuticals, where he used to work. Several times later during the board meeting, Per shows his detailed knowledge about the strategic issues dealt with. He does not just comment and clarify when asked, but he also answers questions directed to the CEO. His focus and priority sometimes surfaces more clearly. For instance, he explains how the new marketing manager should work and the importance of profitability. After some discussion on exports, the CEO says that they expect for projects to flow in during the fall, among them one industrial project in Denmark. On this issue, Per says that another industrial project seems to have low profitability and that it is important to focus on industrial projects with higher profitability. The CEO says industrial projects are strategically important for the firm and Per agrees, but he underlines that they have to work on both fronts (municipal and industrial).

Later, an external board member asks how the competitors are doing. The CEO answers that they have not performed well, especially not the two main competitors. But some smaller, local firms have won several low-price orders and do better. This causes a price war, particularly on local markets, he explains. Per breaks in and asks if he can speak freely. He reports that several technology consultancy firms have merged and act more aggressively towards firms like MW to take some of their business. The external board member turns to the CEO and asks about next year, 2003. They will be more visible on the market, where more projects will come out.

After a lunch break, the next item on the agenda deals with organizational changes in the different business areas water treatment, energy and services. The CEO presents the changes by showing new organizational charts and explains that this means changes in the top management team. Per comments on the new organization: “It is important that the new marketing manager is not too much locked in at home with operative and administrative work. You must go out and work externally in the market.” Both the marketing manager, who has arrived to introduce himself, and the CEO nod their agreement. The board members ask the new marketing manager about his intentions.

During the board meeting, the CEO reports at least one strategic initiative of his own, a collaboration with a Swiss firm. When introducing the idea, he underlines that the firm is also a family firm. When presenting from the workshop, the CEO shows the program, which includes ‘internal challenges’ where profitability, core business, profile, and strategy are listed. He reports the SWOT analysis conducted by the top management team at the workshop. The board members react on the aspects identified in the analysis, for instance the profile. This leads the board to assign the CEO with the task to generate core values until the next board meeting:

**IS2:** BM1: Is the profile what is experienced by the customers? 
CEO: Yes.
BM1: In the context of branding, one usually talks about core values and core competence that must be established in both the employees and the customers’ consciousness.
CEO: Yes, that’s water treatment, service and energy.
BM1: No, that’s the business areas.
Per: You mean quality, competence and having fun while doing business.
Chairman: Yes, and you have had human technology also.
Birgitta: Yes, and environment.
Per: I think that we already have this.
BM1: Well, I think you should check this and think until the next meeting.

After this, the CEO presents the challenges. One weakness is the smallness of the firm. A board member asks what market share the firm has. The CEO is not sure and Per answers that it is around 10%. The board member says that being a small firm is not only a disadvantage. The CEO nods his agreement and says that smallness gives flexibility. Per points out that they are not that small in the industry. The CEO concludes with a list of priorities and the ‘strategic agenda’: the business, the organization, competence, and work methods. He also shows a PowerPoint presentation that was shown at a recent trade fair attended by Per, Birgitta and himself. After the presentation, Erik says that recurrent themes in the presentation were experience, knowledge and competence and suggests they are good as core values. No one replies to this suggestion.

At the end of the meeting, the chairman says: “Okay, then we can move on to the next board meeting, when business plans shall be ready.” He mentions that the CEO proposed to move the next board meeting from December to the mid-November in order to be able to discuss the business plans earlier. Per says it is unwise to rush the work on business plans. It is better to let it take the time it needed to do it well. The CEO points out that there is a business plan from 2000/2001 that will be the basis of the new one. Per suggests that the business plans can be sent out before the meeting and that they can have a phone meeting if that is necessary. Everybody must have thought through the business plans before the meeting. The chairman concludes: “We agree that until next meeting everybody shall form an individual opinion about the business plans and we’ll have the meeting as planned on December 13. I declare this meeting closed”.

October to December 2002

A Continuously Difficult Situation

During the fall and early winter, the difficult situation with poor profitability continues for the firm. They struggle to improve the result and secure new projects that can reverse the negative trend. This is seen as especially important for the new CEO to feel settled in. The firm has recently missed two larger
industrial projects – a major disappointment. Per participated in the bidding process, but did not want to be too much involved. After missing the project, he talked to the CEO and analyzed why they did not get it:

We actually talked Saturday morning, because I was thinking about this the whole night and I said that we have to check this. He felt the same way; we really needed to analyze what went wrong. I called him and we talked over the phone. I didn’t sleep well that night. (Per Malmberg)

Apart from improving the CEO’s network and to meet more customers, securing new projects and improving profitability are central strategic issues, together with organizing the new business area services and starting the business planning process. However, an external board member also argues for broader strategic work, since it is not clear “what kind of firm we are and with what firms we compete”. Perhaps the firm is ‘stuck in the middle’, the board member says and adds that the new CEO has a challenging task to get the organization in order. The board is clear in the directives given to the top management team:

The board whips the top management good. Given the small size of the firm the board members should be involved in the strategic work and leave the CEO and the top management to work with operative issues. (…) We have a new CEO, we are getting the top management team in shape, we have created a new business area services, but those have not been the type of dramatic changes that make the board and the owners nervous. The advantage of the family firm is that we can be long-term oriented. We don’t need to look at quarterly reports. The firm is persistent and financially strong. There’s no crisis, but there are no orders either and we have significant capacity. How long time can we wait until we cut down the capacity? That’s the issue we wrestle with now. (Board member)

Several board members think a merger or acquisition is motivated to improve the situation. But it is still difficult to carry through. Several interviews do not think the main owner is ready to “move from over 90% control and deciding everything”. The CEO can take initiatives for such deals, but it should not take too much time. He has also done so once but it was not considered a good deal after talking to Per. Instead, the current focus is on organic growth. A board member says the visions and business ideas are in line with this, but admits that the “strategies are perhaps not crystal clear”. He wants the CEO to work more with this. The business area services develops well, but there are still different views on its role; the board and and CEO support it, while parts of the top management team question it. One external board member explains that he pushed hard for creating and keeping the new business area and returns to this issue at almost every board meeting.
The Work on Strategic Issues

A present, the CEO argues that many employees wait for him to decide, even if he wants to involve them more in the strategic work. His leadership style is different from the former CEO’s when many thought it was no idea to get too much involved and to start arguing, according to the new CEO. It happens that employees contact him on issues that they should decide themselves:

> It seems like some people want to have a confirmation from me that this is okay, otherwise they feel uncertain and don’t dare to make the decision. (...) In the top management team we have talked about the fact that, I mean, I’m not Per, I’m not the family, I have a completely different frame of references. I prefer to delegate decisions. I’m a bit afraid because in family firms of this size a lot is governed by a small number of people and the rest perhaps just sit and wait and see and don’t dare to make their own decisions and this is what still permeates. (...) Per knows how things are. I don’t and I must trust my colleagues more. (External CEO)

Per tries to keep out of the everyday interaction as much as possible, but one board member says he is still involved in many issues:

> They are a couple of hundred meters apart. The CEO only works on Per’s conditions. Per and I have talked a lot about the fact that this demands that Per is disciplined and if he’s not it won’t work. It’s crucial that he does not cross the line and calls when he thinks that it’s necessary, but waits until 10 minutes after he thinks it’s necessary. He knows very well that it must not fail because of him. In that case they’ll never get hold of a new one. He really makes an effort to keep away, but he’s in a very difficult situation. The CEO must have the freest role possible with so strong owners. (Board member)

During the fall, there is work done on the business plans for the business areas water treatment and energy. They work in different groups and the CEO also looks more generally at the business idea and vision of the firm. The progress is discussed in the top management team, at extra meetings, and then forwarded to the board. The template for the business plan is from a management course where an external board member is course director. Several top managers, including Per, have taken the course. “We have a certain way of thinking and that’s important. It’s not on a conscious level. It’s a clear aim from the owners to give us this training”; one top manager explains. He adds that the business planning is important because it clarifies the situation: “We start out from that and rework it and look at the competitive situation and where we have the intention to change. It is important to go through these pieces”. Per is eager to see the finalized business plans:

> The business plans avoids an ad-hoc style of working and makes people know where the firm is going. Without a clear business plan it’s easy to say that we need to buy this and we need more staff for this. If we decide to invest in a certain direction, we
must allocate resources, but if we don’t see the economy in it, there is no reason to make the investment. With a business plan we can structure this. (Per Malmberg)

Writing the business plans is important, the CEO says, since it gives opportunity to reflect on what they want with the firm and puts pressure on the organization. People are forced to think through certain issues and “analyze where we stand compared with competitors, make a SWOT, look at competitors, the market, and so on”. The challenge is to follow the business plan once formulated at the same time as being able to act on opportunities that emerge: “The most important thing is to communicate the thoughts you have about the business area with the board and the CEO, to structure how we think in our business area,” a top manager explains.

There still are problems in the top management and with its role in the strategic work. There is a small group from the top management headed by the CEO that discusses the new organization with a “bit longer perspective and how it will look in the future”. The purpose is to give the CEO an input on how to organize. “The CEO has presented a new organizational chart, but some of us think it is impossible to work in that way in the long run,” a top manager explains. They have already put a lot of work into changing the organization so that it should be in line with directives from the board. The CEO starts to see the ‘big picture’, but he still needs more time to better understand the firm and its competitive situation. “I have a larger number of different facts and can create my opinion and evaluate opportunities better than I could before”, he says and adds that he would like to “work more strategically and think differently instead of only about daily issues”.

Even if the workshop did not solve all problems, some participants say it was good. There is a hope that the top management team will go away and meet like this more regularly and “really sit down and talk through strategic issues”, as one top manager puts it. The help from ‘someone outside’ as facilitator is important:

He was not there as a board member, but as a business developer. However, there was a link to the board anyway. (…) This was in certain issues where he referred to what opinion the board had on these issues. But he also made clear that he was not there in his capacity as a board member. We had a very open discussion about what the board has the right to expect from a top management team, or from a CEO. The information flow, demands, and expectations on the CEO that we have today are much more extensive compared to earlier and it tends to increase every time. After each board meeting there are new things to produce for the next meeting and we are scared to death to work too much internally. (Top manager)

The board member acting as facilitator says he was not there as a board member. That was a precondition for him to participate. His role was to bring his experiences and to help them in their strategic work. He underlines that the
link between the board and the top management always should be via the CEO: “If this doesn’t work, the whole system falls apart.”

The Board

In between the board meetings, the CEO contacts the chairman to inform. They also have developmental talks. He rarely has contacts with other board members, apart from Per and Birgitta, in between board meetings. Per has informal contact with some board members in between regular meetings. “We talk about strategic issues in all different kinds of situations, Per lives with the firm 100%”, a board member says. A family member serving on the board talks more about strategic issues during board meetings after the new CEO and chairman have been included. Some are more active during the board meetings.

A board member comments:

They come from practice and I come from a more theoretical side. This promotes a creative climate and we sometimes have very different views, but we are not afraid of taking position. We are good friends and it’s a good, cheery atmosphere in the board and the chairman works well. It’s perhaps a bit strange that Per is not the chairman since he is group CEO, but he is very comfortable with his role. The chairman lets the discussion continue and they never decide before the meetings. I would never accept that. I would resign immediately. (Board member)

The board members have never talked about what specific interests they represent. One says there is only one goal: the firm’s best. But he adds:

I pay great attention to what I think is the owners’ shared view, and no one has ever really expressed that they want to build a large company and lose control. I have interpreted this as a real family firm. At least I want us to have enough time so that the members of the new generation come in and say what they think. I like working in the board very much since I’m interested in corporate governance and defend the Swedish model, which means a clear separation of roles between owners, board and top management, and the CEO including respect for their different roles. In this board, I always try to protect these boundaries, but I also have respect for the wishes of the owner family and how they want this firm to develop. I have seen this firm as a mix between purely professional, rational firms and owning and managing with the heart. I can only speak for myself, but I think that this goes for the whole board. I’m very sensitive to the Malmberg family’s will which is not always easy to understand. I have really tried to get to know it and I have translated that they want the firm to be successful and profitable, but not growth at any cost. Per wants the firm to stay in the family for another generation. Rather a small and good firm than a large and bad one where he loses control, that’s how I have seen my mission. (Board member)

The board member sees his task to make sure that the agenda is ‘reasonably correct’, meaning a balance between operative and strategic issues. This means assigning tasks to the CEO and asking many questions “I decide what I want to
know; otherwise I cannot take the responsibility for the firm”. He often introduces new models and strategies at the meetings, since it is the board’s role to: “determine the strategic direction. I want our focus to be on discussing strategic issues, otherwise there’s no point in me being here and I don’t go”. The implementation of the strategic decisions made by the board is slow. This is due to the former CEO, who needs time to “mature in his decisions”. They could push harder for development, which might help the firm, but “choose not to do it”. The board members have high expectations on the new CEO to “deliver results in line with the decisions that we have made”. Another board member sees a risk that the dominant family member will steamroller board members. Then there is only one option left, to resign:

As a board member in a family firm, you really serve on the owners’ mandate. You don’t have your own mandate. (…) I feel strongly that I serve the firm, but your freedom of action is controlled by the owners. In certain issues, if you decouple the owners, the issues would be settled differently. There are issues where too much consideration is given to what the family feels. The board meetings are Per’s forum, even if some issues are settled beforehand. (Board member)

Another board member adds:

Some board members may have listened too much and perhaps over-interpreted Per’s wishes in certain strategic issues. We have enormous respect for the family and I don’t want to take the firm away from them, which I could easily do by pushing for growth strategies. I want the owners, and especially Per but also the chairman and some others every year to go over the board and conduct an evaluation and ask: do the board members contribute? Is this what we want? Is this the competence that we need? They have to do that. (Board member)

The CEO distributes information about the board work and goes over what the board has discussed rather carefully in the top management team. The board requires more formal reports from the CEO and the top management team on different issues. Several top managers see this as a way for Per to “steer through the board”. Before, he had more detailed information since he worked in the top management.

The Future Intentions of the Owner Family

Per is still visible in the firm. He visits some top managers’ offices regularly and talks briefly with them about strategic issues. “The owners’ involvement is tangible also in the day-to-day activities. I have never experienced that anyone really confronts Per”, one interviewee says. Another adds that “the owner still exists over the decisions”. Most difficult for the new CEO is to realize his own intentions, when there simultaneously is a demand from an owner: “The new CEO cannot always do and decide exactly as he wants.” Several top managers are also personal
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friends of the owners and often talk to them about the firm in private situations. After the introduction of the new CEO, however, this has changed:

We talk less about the firm when we meet now. We never talk about how we experience the situation nowadays compared to earlier or about the CEO’s role in the firm. Per never asks me and I never ask him. I would find it very difficult to talk to the owner, even if I know him well, if I was disappointed with the new CEO. It would be behind his back and this is why we don’t talk about the firm, even if not everything is good. I don’t say that it doesn’t work, or that it does work. We just don’t talk about this. I don’t bring issues up, because I don’t think I should. The information must go another way. (Top manager)

The CEO argues that most interaction still works as it should. This is important, he adds, since it would otherwise be “intolerable in the long run. I still struggle with the role and trying to get into a new firm and get things to happen”. He still keeps Per informed:

Two or three weeks might pass in between, but I can also call him every week, then of course, I know that Birgitta is a channel to Per (...). He is in the hallway, he talks on phone or in other ways I don’t know. Of course, he tries to stay informed via other channels and I’d be stupid if I didn’t see it. It’s also comprehensible. I enter an old family firm with a CEO who has had this position for many years. (External CEO)

The family member Johan Möllerström talks to Per about strategic issues mainly during the board meetings, but also informally over the phone or when they meet in various situations. Per involves other family members in the strategic issues, even if he is the “owner that needs to be considered, it is 100% Per,” as a board member says. Möllerström does not push specifically for the interests of his branch of the owner-family in the board:

It’s good that he participates as a representative of that part of the family. He sees what happens. He has a fairly low profile in the board and perhaps it’s not that easy to assert oneself with board members like us. (Board member)

The owner family’s future intentions for the firm are still not communicated to the board. A family member says there are two schools of thoughts:

One is the main owner’s if I have understood the situation correctly. The minority wants to focus on one part, or two, if we include the mineral water, which is a very small business. We want Malmberg Water and possibly Drilling besides. The rest should go and we should really make this clear. Doing this, we can create resources to build a larger firm in the long run. I am for this line of action, but we are in minority. (...) Per has not come far in his thoughts yet. I don’t think that they are clear on this strategy. I can influence him but at the end of the day he decides. (...) Per also has to wrestle with the issue of who should own what. That’s a strategic issue as well. (Family member)
He comments further:

_We care a lot about the firm and I hope Malmbergs will make decisions based on rational aspects. Their question is: Do we as owner-family want to run this further? If the answer is yes, the next question is: Should Erik or Sara be the head of the next generation? One of them must have the formal power to decide. They have to think about what they want the firm to be in 5 or 10 years. I’m already there in my thoughts and I hope that they’ll be there after the course. It would be good to have a meeting regarding this with all the owners, where each and everyone has prepared and can give their input. When we leave the room we should be in agreement about what we want and this shall go on to the board, which has to do something out of it. It is not clear to the board what the owners want today._ (Family member)

He contributes to the strategic work through a combination of professional background and financial and emotional bonds. “No one should underestimate the ownership because there is a wish from the minority owners, but hopefully also from the main owner to develop the firm into something that we can be proud of,” he says. Per adds that they will have an opportunity to talk about the future during the FBN course:

_It’s easier to discuss in that environment than at home. We have not had many discussions about this before and they have perhaps mostly seen the negative parts. I might have said, ‘if you don’t do that, I’ll sell the rubbish’. This is about training and interest. If they are not interested, there is no reason to go on and we can just as well sell it._ (Per Malmberg)

A major part of the course is to develop an owners’ vision and the owner family’s core values. This relates to what business they want to concentrate on in the future. Including Erik in the board was a way for him to learn more about the firm and the strategic work. Per would like to see his children working in the firm. He believes one individual should have the majority ownership and the ultimate control if the firm stays in the family. If they merge with another firm, he is prepared to reduce the family’s ownership, although he prefers to be majority owner: “The goal is that if someone shall be majority owner, it should be the Malmberg family”. A board member says Per must lead this discussion in the family but he can seek help: “We can push for this and make sure that there is a solution. We have also helped by working out the new group structure, where we have opened up for opportunities to have changes or buy-outs”.

_The Board Meeting in December_

Several strategic issues are discussed at the board meeting in December. The atmosphere of the meeting is characterized by the firm’s difficult situation. During the meeting, the CEO’s initiative to collaborate with a Swiss firm is discussed and it is mentioned that Per participated in a meeting with that firm’s
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representatives. The collaboration with this firm would give MW access to new technology and knowledge, and an external board member wonders if the Swiss firm is open for competitors. In the letter of intent the Swiss firm says they only want to work with MW. The CEO underlines again, as at the previous board meeting, that the Swiss firm is a family firm of the same size as MW. Per thinks the opportunity is very interesting, especially to test the market. They agree that they will talk more about the project when presenting the business plans later in the meeting. Somewhat later in the meeting, a possible merger or acquisition is discussed:

**IS3:** Per: Well, it’s a very unstructured industry and something can be done.
BM2: Are you thinking in that direction I mean, to structure the industry?
Per: Yes, I am.
BM2: Okay, even if it is really not our job to bother about that here in Malmberg Water.
Per: Yes, but we have to do something in Water also as the strategic report showed so well. We should be able to do something; I mean there is a need to do something structural in the industry.
BM2: Yes, and we know that business area services is doing well.
Per: You know we went to the FBN course a couple of weeks ago and what we found out there was that it’s with simple things that you make money. One of the other companies participating in the course manufactures tubes, a very simple product but they make a lot of money.
BM2: I have asked the question many times and you know that we have to restructure the industry in order to make money. Can we be leading in this?
Per: No.

A later IS shows how the board treats the issue of the business area services. They are satisfied with its good performance and the issue of acquisition surfaces again:

**IS4:** BM2: Compared with last year it is 18 to 9 – that’s fantastic.
CEO: Sure.
BM2: This is very pleasant. There are some of us here who have pushed for this with services and now we can expand even more.
CEO: Yes, this is the future.
BM2: How does it feel mentally, do you want to expand? How would you like to go about this? There’s a chance now. Do you think we should buy companies?
CEO: We must think about the staff. The key manager quits. We cannot lose momentum here.
BM2: Do the competitors see the same thing? Can the window of opportunity disappear?
CEO: Of course.
Per: No, no they don’t see it. And it’s not all to do with staff. We can always buy a company.
Later in the meeting they discuss various ways to improve profitability. The top management wants to expand sales, but Per does not believe in this and questions the CEO’s suggestions. An external board member defends the CEO and refers to the fact that the board has told the top management to do this. The chairman tries to stop this discussion, explaining that strategic issues shall be discussed in the strategic part of the meeting. After this, the business plans are presented to the board members and there is a lengthy and sometimes heated discussion about them. The heads of the business areas present the business plans and the CEO is passive when they do so. It is pointed out that the work with the business plan for business area water treatment was a way for the new top managers to learn and get into the business. The CEO also praises the workshop, pointing out that especially the SWOT helped them.

In the interaction around the business plan Per refers to profitability several times, and especially he and one external board member seem to question the viability of the business plan presented. Another external board member suggests that the business plan is a ‘text book in strategy’, but contains little about what they actually want in the future. He refers to several theoretical models and goes up to the whiteboard to illustrate what he means. After some discussion on the appropriate target for customer satisfaction, where Per and the CEO differ in their views, an external board member criticizes the top management for “going on as usual and taking for granted that profitability will increase”. The new marketing manager has difficulties to respond to this, but argues that the key to better profitability is to improve project management. The chairman breaks in saying that he thinks that Per has a different view of this. Per nods and explains that the problem lies in sales, rather than in more efficient project management. The marketing manager admits that sales can be made in many ways, while the chairman suggests that they should focus on a specific size of the projects and then focus on service. When the marketing manager tries to end the discussion saying that “it’ll work out eventually”, Per argues that they have to “sit down and check it carefully” and “draw up plans for how you want to have it in the future”. Saying this, he also points out “Don’t fool yourselves, there is no money coming from heaven”. The chairman breaks in suggesting that they perhaps must make a decision about the orientation of the firm. He interprets the business plan as saying that the top management wants more structure, more measurability and clearer processes, but with little said about the costs. Per is also hesitant to the top management’s suggestion to have all activities in-house. The CEO comments:

IS5: CEO: We shall be good at buying externally and not have everything internally.
Per: We try to do both.
CEO: We have done as you say...
Per: We have an opportunity to change now in accordance with how we want it.
CEO: That’s what we’re going to do now. We shall be clearer with figures.
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Per: We have always separated out exports, I did that too. You must dare to put the figures down.
CEOs: 15 million from industrial projects, we must get that.
BM2: Per, with all your experience from the industry, can I ask you openly and honestly, you don’t believe in this business plan?
Per: I’m afraid that if they don’t do anything now...We have not sold anything during the fall. Perhaps we have too big a cost structure, but we don’t sell anything at home. We must go out.
CEO: We can do that with the proposal that we have here.
Marketing manager: It’s true that we haven’t sold anything and it’s also possible to defend why we have missed projects. There haven’t been any that suits MW.
Per: The problem is that you calculate the profitability on each project wrongly.

Eventually, the board approves the business plan, but the CEO and the top managers at water treatment are asked to clarify certain points. During the meeting, the participants also treat issues regarding that certain top managers do not like the new business area services and the problems with project management. There is also a growing feeling that a broader strategic work is needed, and one suggestion from an external board member is to change the organizational structure and put more emphasis on project leaders. The view on the role of the project leaders and project management is, however, not shared. Per seems to believe that the top management puts too much blame for low profitability on poor project management. He knows that some of the top managers want to change the business area services and points out that he is afraid of this. The CEO promises not to let this happen. The Chairman moves on to summarize the discussion so far and concludes that they are in agreement on some central points:

IS6: Chairman: The board stands behind this now. We assume that you really have gone through will not change if you meet resistance.
CEO: I will not approve anything else than this.
Chairman: 2003 will be a year of consolidation, we have China, and we shall reorient towards a more focused strategy. We must measure high and low margin projects and distinguish between these.
Per: Yes, we have to have this so we can see the difference between projects.
Chairman: We must live like the text book says in projects, and we must have a new strategy abroad. We cannot lead, we must have partners.
BM1: I agree with what you’re saying. The analysis is clear. The board must get a clearer indication of the target from top management. Then action is what counts. We must get this going, otherwise we’ll die.
Chairman: (humorously): You use so few words to describe the same thing.
BM2: Are we expected to decide that we have approved the business plan?
Chairman: Yes, there are some rules we have to follow and do some things first.
Birgitta: We must try to avoid more organizational changes now. It’s not been easy for the CEO in the top management team. It’s not an easy group to handle. Now, we may easily introduce more changes and then there’ll be a divide between what we decide here and the view of the top management team. It’s
also difficult for me as owner to participate there, because I’m also connected to
that power. It’s very hard and the CEO gets squeezed in also. The top
management team thinks, here comes the CEO with new demands from the
board. There is no shared view, even if the workshop made it a bit better.
CEO: Thanks for those words, Birgitta. We’ll try to get the top management
team going again.
Birgitta: It’s not easy for you.
Per: You can never hesitate. You must act on your intuition and exit the
meetings only if something has been decided and go for your line decisively.
Birgitta: It’s difficult. There’s a gap between what we say here and the top
management team.
BM1: But the board can never confront the top management team.
Birgitta: This is difficult.
Chairman: One has to find friends in the system. If I interpret what we have
seen and heard this morning, it doesn’t seem as if what we discussed was alien to
them (referring to the top managers who presented the business plan).
CEO: Sure, that’s the case.
Chairman: If I have learned something from this board, it is that it is patient
and that it doesn’t demand results right away. This means that we will probably
wait for some time with patience.
BM2: If the board is clear in decisions, the CEO is. (…)
Per: You have a too big top management team from water treatment. This is a
dilemma. There should be less emphasis there, because otherwise their influence
is too great.
CEO: I have thought about this, to change the composition of the top
management team.
Chairman: Yes, it’s the CEO’s business to do that (he tries to close the discussion).
BM2: You can tell the top management team that we share the view that next
year is critical for the firm. Does the top management team see our board
minutes?
CEO: No.

During the lunch break, the seriousness of the situation is discussed and Birgitta
questions if the firm should go on with the traditional core business – water
treatment. The CEO does not reply. Before sitting down at the table, Per tells
the CEO that the business plan is very good, especially the history part. The
CEO replies that that there are many new employees who want to show that
they’re competent and that it’s been a way for them to create a shared view of
the situation when going through all this. After the break, it is the head of
business area energy’s turn to present the business plan. He talks at some length
and knows the people attending the board meeting well. For the business area,
he gives two alternative lines of future action: a) go on as today, which would
mean that nothing happens, and b) strengthen the market pressure and employ
more people. The CEO does not participate in this interaction. It is especially
Per, BM2 and the chairman who are active in the discussion. BM2 focuses
more on theoretical thinking and asks the head of the business area to explain
what the main concepts used in the business plan actually mean. The latter has
some problems to define this, and especially the relations between vision, strategy and objectives. BM2 stands at the whiteboard and draws a conceptual model and starts an interrogation about how these relate to each other. The head of the business area is not clear on to whose vision he refers in the business plan, if it is his own, or the owners’. BM2 explains what the vision means theoretically and what strategy means: a long-term plan to reach the vision. The reason why BM2 brings this up is because he doesn’t see in the business plan what the head of business area wants with the business area in the future. The chairman asks whether the firm is too unfocused. The head of the business area argues that his area is not, but there might be other areas that are. The chairman then asks Per what he thinks. He replies that if they broaden the market, and the consumer market explodes, there is potential. But they will have difficulties to keep up with the competitors in that market. After a shorter break, the board meeting ends with a follow up of the work to define the top management’s core values. The core values are related to those prioritized by the owners and other board members:

**IS7:** CEO: This is based on a discussion that we had in the top management team at the last meeting. Of those values that came up, we have selected three. The next thing is to distribute these among the staff. Perhaps they should even be involved in generating them, actually.
Per: But it says that they were here.
CEO: Well, yes, indirectly they were included. These are the core values *(he presents a slide).*
BM2: This is the result of a process that you have had and you stand behind this. I cannot refrain from poking my nose into it a bit. I suggest that profitability be replaced with businessmindedness. Imagine spreading this, real businessmindedness throughout the organization. It it’s a broad concept also. I think that the long-term focus shall be there. You are not subject to short-termism because you have the owners that you have. This is a large and important part of the firm that we shall put forward. Well, that’s my small contribution.
Per: I think this with ethics should be there also.
CEO: We can of course talk about really soft values also.
Per: I guess I can tell you from the family that we will also define our values, which we now learn how to do from FBN at this course. These are the family values that have been around historically over the generations and there’ll also be others. I think for instance that this with stinginess shall be kept. That when we fly, we fly economy class. Kinnarps and Ikea have it; I think that we also shall have it.
BM2: Good, good, that’s very good!
Chairman: It’s good to call stingy by its real name.
BM2: And then we have your concept human technology, that’s a very, very good thing. But above all, you should get credit for getting it down on a paper.
BM1: Volvo’s core values are environment, security, and quality. Here, you all except environment. Perhaps you should have that also.
Per: Very good. It’s included in human technology.
BM1: You must be able to stand up for this also now.
CEO: Yes, precisely, it must be made known in the organization. We'll have a
meeting and inform.
Birgitta: It's important that it won't just become words.
BM1: You really deserve credit for doing this, very good, really.

January to March 2003

Clarifying the Direction

The firm continues to suffer from low order inflow and weak profitability. The
situation seems worse for every month and this paralyzes parts of the
organization. This gives the firm a weak position when negotiating with other
firms about a merger or acquisition. Therefore no such attempts are currently
made. First, profitability must be improved. Per says to all groups he meets that
only those investments and parts of the organization that are profitable get
resources to expand. Several top managers still see no clear direction and
observe a lack of action. A need to question the orientation of the whole firm
and initiate a broader strategic change seems to emerge. The core values of the
top management team are adjusted according to the feedback at the board
meeting. However, there is little confidence that this kind of strategic work is
the solution:

>*It doesn’t matter what twenty-seven or three things we put down as flummery on
paper if we can’t handle the harsh reality. We have a vision, but no action. (...) I
miss a time when the vision and action went hand in hand. (...) We used to go
through the plans carefully together... of course a lot was in Per’s head, but he
informed, he talked with people and listened. He made decisions that could be very
slovenly, but you still noticed that what you said planted an idea in his head and he
could return a couple of days later and say that you were right there and perhaps we
should do it that way instead. Now I don’t feel involved in the strategic work. (Top
manager)*

There are some positive signals from the market with more projects available to
bid for. Thus, the currently low prices may rise and hopefully also the firm’s
profitability. It is important that the “new guys get a kick” and win some
projects. If nothing changes soon, Per’s instruction to the CEO is that they
should adjust the cost structure to the level they operate at. This involves
dismissing people who are not productive and buying more services instead of
having them all in-house.

A top manager says there is currently an enormous anxiety in the firm.
People do not feel well and worry about what will happen:

>*What do we really do? What action plans are taken by the highest level of
management? What focus should we have? We need to make a vigorous effort. I feel*
that it’s too much fluttering here and there. (...) The difference between what reality looks like and what we believe in and wish is too big. There’s no clear thought on what we believe in and what’s possible and reasonable. There is too much babbling; there’s one directive one month, another a second month, and a third one the third month. The focus of the business seems to shift every week. (Top manager)

**The Work on Strategic Issues**

The lack of direction is linked to the problems in the top management team over the last year. The participants have drawn different conclusions from the meeting at the workshop in August and there is a feeling that what was said did not lead anywhere and is not followed up:

> Different people have interpreted what we said in different ways. The discussion was not as unprejudiced as I thought. We should have had external help to support us and give the guidelines purely unprejudiced, but a board member came in who already had his opinion and ideas clear. Those were not our thoughts, it was not us, it was more or less the extended arm of the board indicating how it should be and hammering in certain ideas. (Top manager)

Another top manager does not agree. The focus was to discuss the new business area services and that was done. The discussion became broader since this issue was not enough for two days away:

> It was very good, super, but it led to no change in the sense of working differently. The exercise was also good in the sense that we had some new people and it was a good way to get them involved also. It was a kind of kick-off. (Top manager)

There are still different opinions in the top management with regard to the business area services and this creates some tensions. There are also several new people in the top management. The main problem is that it is difficult to reach consensus. Many are used to having someone saying clearly in what direction to go. The current CEO acts differently compared to the former, who ruled and took care of things more decisively. “Perhaps it didn’t matter that much what opinions the others had, it was the owner who determined. The owner was still around and had a strong opinion,” one interviewee explains. Moreover, the new CEO cannot always act as he wants. He works and has a responsibility to the board. He must follow the guidelines from the board. This can be a problem, a top manager argues, since the firm needs someone in the frontline saying “this is what we should do; now we should sell, you should go there and I should go here,” and acts with a long-term focus. There is a lack of clearer directions and information about what the firm stands for and where it is heading in the future. The guidelines from the owners and the board passed through the CEO to the rest of the organization are also unclear to some people. Strategic issues are treated in different situations in the daily work:
We have top management team meetings once a month. We have planning meetings every second week where sales people, the head of production and the project leaders meet. (...) If needed, we also have discussions about certain issues and if there is a top management team meeting right before there is more discussion in this slightly larger group of people. The discussion really lives and it lives during coffee breaks and it lives in the talk among different top managers. It lives all the time and it's not as if the situation that we're in is unknown. (Top manager)

Birgitta’s role in the top management team has not changed. Some interviewees say it is good to have her there because she listens and is easy to talk to. Some see her as a channel to the owners and many are aware that she is in a difficult situation as part top management team member, part employee and part representing the ownership:

Sometimes we push her and say, but you who are…it's an ownership question Birgitta, you have to decide this and that'. 'Yes, but I'm not an owner now and here,' she says. I don't feel that some people refrain from saying something because they know that this will go straight home to the kitchen table and then Per comes the next day and you know when seeing him that she has told him something. I don't feel that there is a channel to the owners and that's good because it would not have worked. (Top manager)

Birgitta says her situation in the top management team has improved:

Before, I felt it was difficult to be in the top management team as owner, because sometimes people can’t separate between my private opinion and my opinion as owner. It feels better for me now and I have no problem with the CEO. I rather share his views. We don’t have difficulties communicating and we never end up in conflict. I know I can become an echo of Per and sometimes they want to be spared that and that is when they have forgotten profitability and why we exist at all. After the top management team meetings, there’s steady traffic to my office. Someone came in after a meeting in the fall and continued to express what was not said in the actual meeting. I listen easily. I mustn’t use what I hear probably because they have to be strong enough to enter the top management team and say what they want by themselves. Otherwise, it’s very easy for them to come in here and talk to me instead. (...) We are open and this is one of those core values when I talk to people. (Birgitta Malmberg)

Per and Birgitta still try to avoid talking about current issues in private situations:

Birgitta might come home and be upset when there’s been an incident, but she does not run around gossiping. She talks if there’s something that she thinks has turned out wrongly. I think Birgitta supports the CEO very much …well, she can also think that he vacillates…but she gets most unpleasantly affected when someone attacks her as owner. When they tell her ‘here you think from the point of view of the owners’, but Birgitta says that she does not think from the owners’ perspective, but from a
7. Malmberg Water

financial perspective. I don’t think that there is a difference, really between the owners’ perspective and a strict financial one. (Per Malmberg)

A New Arena

The chairman has not been very available to the CEO outside the formal board meetings since he entered the board, but he now wants to intensify his involvement in the strategic work. Because of the difficult situation for the firm, Per takes the initiative in February to create a new meeting in between the board meetings where he, the CEO and the chairman meet once a month to discuss the strategic issues. The meeting is partly to support the CEO, and his ideas and partly to “sound each other out and exchange ideas”. At the meeting in February they talk about cutting costs in order to improve profitability and about organizing a new workshop with the top management. Per also tells the CEO and the chairman that they should not have all resources internally, but focus more on creating a ‘slimmer organization’:

I think the CEO thinks the same and the chairman is completely into this. It’s very good that we have a shared view of these issues; it’s not easy for the CEO. I’m not sure that all in the top management team realize this and understand how it is. We should do it now and, for instance, move people to business area services. (…) His top management team must dare to make decisions together and go in the same direction as him; otherwise they shouldn’t be in the top management team. It doesn’t seem like they go in the same direction. (…) We try to support him to influence this and tell him to go for it; do like this, right or wrong. (Per Malmberg)

In addition to this extra meeting, Per does not meet the CEO very often, but admits that he sometimes walks into the CEOs office to say hello. Together with the chairman they have decided that the CEO is welcome to contact Per, as long as he makes an appointment: “I don’t want him to come here unexpectedly, because I might think about something else and he won’t get the right answer from me.” The new meetings with the CEO and the chairman are a good addition:

I tell the CEO to follow his own intuition and what he thinks is right. If he hesitates, he can check with me, because if his intuition is the same as mine, we should go for it and not wait. I tell him that he can never wait until he has the whole top management team behind him. (…) If he wants I can participate in a top management team meeting and tell them what I would have done. I could give a show about how I think they should solve it. But he must come and say that he wants my help. (…) I say he should benchmark and look at how our competitors are doing. We should not copy them; we should see what is good with them. (Per Malmberg)

It is not easy for Per to stay away from being involved in the daily life when the firm performs poorly. Money is at stake if it continues for long: “As owners we
must look if we should go in,” Birgitta says. However, Per thinks he has done his job in MW. “He cannot do more, his resources are not enough and if we have chosen to have an external CEO we must let it be so,” Birgitta adds. The board meetings are still the main arena for Per’s involvement in strategic issues, but he thinks about the strategic issues almost constantly:

I do wake up in the night and I can sleep badly for a while around four and five, but then I try to relax again. (...) I try to push the CEO to be more out in the market, and perhaps not work as much with ISO and similar internal things. Sometimes people contact me, but in this situation, I support the CEO. He has no easy role. (Per Malmberg)

The Future Intentions of the Owner Family

The owners’ main focus is on profitability since “that’s what creates the future”. Birgitta argues that this is a way of thinking more people ought to have. The CEO has this focus, she admits, but that is not enough. Profitability is also a core value and all should stand behind it. The reason some employees forget profitability might be that they are used to it being good. The situation is different now and there is no one who “pours in money or supports you”, Birgitta says. Instead, it is everyone’s responsibility to show profitability.

In February, Per’s and Birgitta’s family has taken the first two modules of the family business course. Their children now say they are interested in taking over the firm. There are some expectations of their son returning to the family firm. Their daughter is interested in the firm and is more active as a result of the course. She took care of creating the owner family’s core values and to set up a family council, which they were advised to do during the course. Per says his daughter previously thought the firm was predestined for Erik, since the tradition in the family has been that sisters were bought out. He adds it would be nice to have the children working for the firm and "a big strength to have the commitment around, since I’m not prepared to work that much today by myself". The family council will meet two or three times a year with Per’s and Birgitta’s family. They should meet and discuss their relation to the firm ‘under structured circumstances’. The plan is to have one formal meeting during the summer and one formal meeting at Christmas, in addition to ‘informal spontaneous discussions’. They will discuss their roles, but also how they want to develop the firm in the future.

The shareholders’ annual meeting is followed by a board meeting in the Malmberg Group. At the former meeting they have an extended family council with the two owner families’ younger generation. This family council shall discuss issues like board composition and dividends, as they were advised during the course. After the course, Per has more contact with some of the fifth-generation family members in the two other owner families. The course also dealt with how to separate between ownership and management and act as
‘active owners’ without working daily in the firm. The core values should show what the ‘active ownership’ is based on:

At the last board meeting, the CEO presented the top management team’s core values and we looked at core values after them. We tried to look at the core values from our perspective. It turned out that we are fairly close in this. (…) We’ll talk about it in the family council first and look at the family’s core values and Sara will record this. Everybody shall know them and it’s important that we stand for them. We cannot say long-term focus and act short-term. (Per Malmberg)

The children’s increased interest in being involved in the firm’s development after the course makes him and Birgitta happy. He refers to the three-circle model, which was introduced during the course. They talked about the differences in the circles, because at MW they mix them, and the worse the firm performs the more they blend:

We have the majority of shares. In the end it’s our family that has to take the owner responsibility. In the future, the ownership must be similar, but it’s good with class A and class B shares, then one can have control. My father said that one has to have control. That’s deeply rooted in me. The most committed should have the control and if one only wants to be an owner, it is okay with differently weighted shares. There are both pros and cons, but if the firm doesn’t grow I don’t believe in many shareholders. I believe in family firms, but they should be split and split. (Per Malmberg)

He stresses the competence of the other (minority) owners and the importance of the legacy they have. These owners are valuable in the strategic work since they have the tradition and do not just look at financial values. Instead, they want to take part and contribute with what they think is good and with their knowledge, but at the same time they can be very critical.

The Top Management Team Meeting in February

At the beginning of the meeting, the CEO refers to the meeting he had with Per and the chairman. He points at the chair where Per sat the day before. Early in the meeting, he also refers to what was said during that meeting about a potential collaboration with a main competitor as a consequence of the difficult situation. He does not seem to have any problem with this tighter interaction with the main owner and the chairman in relation to the other top managers. Instead, he uses it to make a point about possible development in a new direction (e.g. potential joint ventures and collaboration agreements). The CEO has also met with the CEO of the main competitor. Before starting, the CEO asks if there are items to add to the agenda. Birgitta replies that she wants to add something. It is about a follow-up of the top management team meeting directly after the meeting. The idea is to talk over how they have experienced
the meeting. The idea to do this was suggested by Per to Birgitta the evening before. The CEO notes it down, but the suggestion is not taken seriously and is not introduced. The marketing manager says that they have meetings too often with the top management team – once a month. He suggests that they merge some meetings and have "one real, good meeting where we really go to the bottom with the difficult situation". The CEO has thought about this as well, that they should redo the workshop held in August. Before moving on, he adds the core values to the agenda. They were presented at a staff meeting last Friday and shall be published on the intranet. He also mentions that they should talk about how to cut costs by 15-20%, an assignment to the departments handed out at the previous top management team meeting. Later in the meeting, they discuss an opportunity to collaborate with a competitor. The CEO says this is an open issue. He recently met their CEO.

**IS8:** CEO: They have their strategies and we have ours, but this can be the embryo of something. It can be a piece of strategic collaboration.

**TM1:** We are the ones moving in on their territory, not the other way around.

**CEO:** The CEO and I have a lot in common. He's a good guy. This is something that we shall discuss together; we must arrive at a strategy together.

**TM2:** How is the market developing? We must know this and then formulate a strategy after that. I think that we shall sit down some of us and really look at how the market is developing. From this we can then create strategies and thereafter decide how we shall organize.

**CEO:** I think that we shall have a two days workshop. It's exactly this and about the collaboration that I would like to talk about. We should book a meeting. It would be nice to have it in the spring.

**TM3:** We should go away over a weekend and combine it with an activity.

**Birgitta:** It feels difficult to do this when we don’t make money. It's difficult to go away then.

**CEO:** Yes, I must say that I feel like that as well.

**TM4:** But it doesn’t have to be that expensive. At least we can calculate it.

**CEO:** Week 14 at the beginning of April, for instance April 3-4 and we can perhaps take it in connection with a weekend and combine it with an activity (he laughs).

**TM5:** Magnus and I want to register our dissent in the minutes (he jokes).

**CEO:** It’s important that everybody participates.

**Birgitta:** We must think about the worst case. We can’t sit and wait; it mustn’t take too much time.

This interaction about going away to ’create strategies’ is only a couple of months after the business plan has been approved by the board. Birgitta’s focus on profitability is visible during the meeting. For instance, she wants to know if an investment in a new document management system really will lead to cost savings. The CEO explains that SEK 250 000 have been spent up until now on this investment and Birgitta sighs “that’s a lot of money” and asks if the system really generates efficiency so that they save money and generate profitability. This document management system is the only item in the strategic section of
the agenda. Other more overarching strategic issues are discussed later during the meeting, for instance, in IS 9 when they talk about how to cut costs by 15-20%. Only two managers did what they were asked to do, i.e. suggest how their departments can save. The marketing manager says it is as if they "step on the gas and the brake at the same time". Several others agree with him and one points out that the budget approved in December is "at an all-time high". This means that they are "at a crossroad, either we believe in the budget or we have more realistic goals. It's also a question of how well we run the projects". Another wants to bring up the issue of whether they should close the mechanical workshop. This is a strategic decision, because as it is now it only costs money, since they work below capacity.

**IS9**: CEO: That was the reason why I was in Lund to talk with the competitor.
TM: We shall not earn money on the workshop.
CEO: We should break even. It is strategically important what we do with the mechanical workshop.
TM4: It's up to the CEO to decide whether we shall act on the suggestion. There must be fourteen people in the workshop to get a competitive price; otherwise we close it. Today, there are ten people. When you walk through the workshop, you don't get the feeling that there is any momentum.
CEO: In the workshop we have both welding and engineering. Should we have both or close the engineering shop? Do we have better solutions?
TM2: If it's cheaper to outsource I'd do that, clearly.
TM4: It's difficult to have everything in-house, but you say that we should not underestimate the value of having it in-house.
TM1: We try to be so much, there's nostalgia in this.
TM4: Maybe we'd better close the workshop.
TM5: We should have a discussion about whether this is why we have poor competitiveness. I want it added to the minutes that I don't say we should close down the workshop. I only raise the issue that we might start thinking along those lines.
Birgitta: I feel a bit that I'm the bad person behind the suggestions of cost savings as owner and I shall also contribute with what I can.
CEO: Yes, Birgitta, but you'll speak later. I have also thought about you.
Birgitta: Yes, okay, good.

Another top manager explains how he has addressed the cost cuts. He says it feels like cutting off one of his legs. The CEO admits that they might have to invest more in his department, rather than less. But before doing that they need to know what they do best. Next to report how to cut costs is the financial and administrative manager:

**IS10**: TM5: The owners have to decide about the board, the top management team, and Birgitta's position. If there's less information and marketing, Birgitta gets less to do and she serves on the top management team as secretary.
CEO: Okay, Birgitta what do you say?
Birgitta: Well, it’s marketing and especially the web page. A certain presence externally is necessary, but the annual customer meeting here is no end in itself and I can consider looking over that. But it has been very popular over the years. We have already questioned the golf and Per has done that, too. Then we as a family have appreciated having a nice profile and even if it’s difficult to say what happens with that, I think that it has given goodwill over the years. I think much is dependent on the projects. We have lost a lot of money in the projects. It’s more about how the projects are run, perhaps we have to cut away some there. We think that we are market leaders, but perhaps this is not true. Maybe we have to look at new strategies and at what we are really good. We must change and especially change our thinking, I believe.

TM5: I think we can dispense with the annual report. If we have a historically poor result, it is perhaps questionable to pay to tell about it.

Birgitta: I know that Per wants an annual report, but he wants it as owner. I’m not involved in this, but I know that he wants it.

CEO: Yes, I have also thought about that and talked with Per about it.

Birgitta: We must think more long-term.

The CEO concludes from the discussion that they have difficulties finding costs to cut. He thinks this means that “it’s difficult for us to let go of the tradition”. Given the situation the firm is in, however, he underlines that they are in big troubles if they do not get new projects soon. He has talked to Per about the annual report, but “I want to skip the annual report. We must probably start talking people and positions also, who, where and when. There’s no change without this”. After this, the discussion turns into how to cut down on employees. The CEO underlines that it is important to “ask ourselves what we are good at. Manufacturing, is that what we should work with?” A top manager points out that they have to make sure that they do not get rid of the core competencies: “We need to sit down and talk about this. Are we good at managing work and personnel issues? Should we divest parts of the firm? For design, how much resource should we allocate? In sales, how many people should we have?” A third manager suggests that they are currently “stuck in the middle”. The CEO sighs and concludes that they have some tough decisions in front of them. They must think more about what core competences they have and where they want to be in three to five years. This includes thinking about collaborative partners and where to put focus in marketing. The CEO says:

*It’s like Birgitta says, what image do we have of ourselves? Does it have to change? Someone told me about the picture where there’s a small, thin guy that look at himself in the mirror and sees the Hulk. This is of course dangerous. Is that what we do today? Aren’t we as good as we think? We must focus and be leaner. It’s run wild today. Something must be done and we must make a decision soon.*
April to June 2003

The difficult situation for the firm continues and cost cuts finally lead to eight employees being made redundant. The difficulties getting projects continue and the low profitability triggers calls for a total overhaul of the business idea and strategic orientation of the firm where the traditional and historical focus and relations are questioned. The CEO has created an action plan on commission from the board, but it is not supported by all members in the top management team. The task includes looking over all parts of the firm, also the size of the board and Birgitta’s role. “I see this firm as any firm and Per and the family must have understanding for this. We need to question everything in this situation,” the CEO explains. This situation also means increasing talks about changing the firm to “become a completely different type of firm with a different focus”. Moreover, the head of business area services hands in his resignation in April. He does not participate in the workshop “around our strategic issues” with the top management team on April 7-8. The board member participates again as facilitator. The purpose of the workshop is to create a future action plan that all can endorse. After the workshop, there is a board meeting.

The Board Meeting in April

One external board member is absent from the board meeting. One item on the agenda is, "Malmberg Water – future orientation", when the possibly changed orientation will be discussed. In his recent report, the CEO writes that the poor sales have continued, but the outlook is somewhat more positive with calls for tenders for several major projects. Early in the meeting, the CEO reports on the work with core values. Per points out that they have synchronized these core values with the owner family’s core values. The CEO says that they agreed at the last board meeting to change some values and this has been done now. They have added businessmindedness to the core values and distributed them via intranet and the in-house magazine. Per adds that they have tried to do this jointly between the owners and the family and the top management: “We want to communicate the same as the top management”.

The CEO being relatively new to the firm and his lack of success in making the firm profitable is notable in the meeting. One illustration is IS 11, where the CEO says he can call for two top managers with more years in the organization to explain the situation of invoicing, if the board does not trust his judgement. Per asks for the chairman’s permission to address the CEO:

IS11: Per: Have you really included everything here? For me when you show me this…if I have a board, I say that I’m hunting every job that there is. I get afraid when I see this, and that you don’t realize that this is about survival. You’re putting an end to this business. And you’re not getting any more money. CEO: I have said that of course invoicing is the most important.
Per: But then, this becomes even more important. There must be more things out there. I get afraid when I see it. I don’t believe that there is nothing more to invoice.

CEO: We can’t do more, Per. I can bring in XX also. It doesn’t work.

Per: But you’ve got to be able to do more.

CEO: No, we can’t.

Per: You could add the invoicing for April and generate material for that, it’s easy to do that.

CEO: Yes, but there’s not much more there. (He goes to the intercom and calls the administrative manager to come over with the sales and invoicing for April). I keep nagging about invoicing all the time, but we’re talking about adults. I can’t do more (irritated). I’ll bring in XX later, and he can explain.

Somewhat later, a comment from a family member results a demand from the board for more continuous information about how the different projects are going. The chairman clarifies how they can support and “give principles and guidelines and happy cheering” to the CEO. They move on to talk about the problems with project management, which has been addressed as a major reason for the poor profitability. A board member points out that the board can support the CEO in order to increase the pressure on the project leaders. Per questions one of the CEO’s recent initiatives and what to focus the activities on. The CEO explains that Per recently asked him to describe the projects he works in and how he divides his time. If the situation is not improved shortly, they will have an “extra strategic board meeting” to discuss what measure should be taken to turnaround. The chairman says that the board might have to be more active during the summer if this does not succeed. The next item is about cutting costs and the experiences from the last workshop:

**IS12:** CEO: A lot depends on the orders that we get in. I have thought about what we shall do if we don’t get the orders and I think we’re talking about a completely different firm in that case. This is our shared view in the top management team after the workshop earlier this month.

**BM1:** You have done this well. It’s a leaner, stronger organization with higher competence.

CEO: Yes, that’s what we’ll get in the long run.

Chairman: Shall you present the exercise at the workshop?

CEO: What we did was that we went back to look at the SWOT analysis. The facilitator asked about opportunities, customers, and the identification of ways for development. My view of the organization is now more in line with the rest of the top management team. This is a change process that included increased focus and safety as well as trust. We said that we are good on the municipal markets. We looked at the core business and talked about the changes we should make during the first six months. We concentrated on service, the organizational structure, market orientation, and increased efficiency in the organization. The marketing manager takes care of the market and we continue discussions about service. It was two intensive days and we did not completely finish. We will implement this more during the fall. The two days were good for us.
BM1/facilitator: There was a lot of energy, everybody was there and we got a shared and clear view of agendas in the short and long term. We went home satisfied.

Chairman: Okay, the board gives a silent approval that the organizational changes are okay.

After some discussion on the closing of accounts, the chairman introduces the next paragraph, which deals with "Malmberg Water and its future orientation". The CEO says that if they do not get new projects soon, they'll have to look over the organization again and make five or six more people redundant. They have handed in a tender for a major project in a Swedish municipality and in the discussion it increasingly seems like the fate of the firm is dependent on this one project.

IS13 CEO: Yes, it's about Vimmerby now. There's of course a problem with decreasing our level of competence also. We'll be another firm and we can forget what Erik said about large projects.

BM1: We can become a service firm.

CEO: Yes.

Birgitta: Then exports will disappear?

CEO: Yes, and we'll lose the critical mass.

Per: What is long term? We lose profitability from China also.

Birgitta: What do you think yourself? Where do we find volume, Per?

Per: Then we shall reorient towards the long-term volume in Sweden already in the fall. The Swedish part must reorient and organize for the volume believed in.

Erik: In that case the firm will shrink and become a stagnant company, which is sad. Especially, since we call ourselves a growth firm. This is not true any longer.

Per: The case is, Erik, water treatment is a stagnant market at the municipal side.

A board member says that it is clear how they think. There are two growth areas, energy and service, but the rest is uncertain. He adds that the new marketing manager makes the firm "act more trustworthy on the market". Still, the uncertainty makes him ask if they should "do something about the industry structure". Few competitors make money, but no one seems to take the lead for a merger or acquisition. The board member concludes: "The issue is open. We look forward to a new strategy meeting with the board this fall." The chairman replies that they probably need to have the meeting even earlier in June. Birgitta asks if the competitors also consider changing focus as they do and Per replies that there has been a debate in the trade journal that the industry might disappear in the future. The CEO then asks:

IS14: CEO: Shall we have a strategy to endure till the end of the year and then do something or can the owners be resistant and take another year of losses?

Per: We have China also. We must make a profit there or we should leave. It must be possible to earn money there.
Chairman: I think that you’re talking at cross-purposes. You are talking about the same thing. If we don’t get new projects we must take a new approach in June or July. We simply have to work more for our money for serving on the board. We have the meeting on June 13 and if we get Vimmerby we get some space to breathe. We would also like a short list of the projects.

BM1: When will this project be decided?
CEO: It’s a matter of hours or, at most, days.
BM1: The question is what we shall do in the short term. In our workshop we talked about a lot of good things. It’s up to the CEO and then we have business area services…
Birgitta: We are where we’ve been so many times before with problems and then there’s a China project and we’ve calmed down. We need to look at this situation from the right perspective.
Chairman: We are in agreement about the current platform. Step 2 will mean larger changes and we’ll lose competence and perhaps we’re forced to rethink our business idea. I think we are in agreement about this.

They agree to have a discussion on this in mid-June and the chairman asks if they have the time to wait with the changes in the organization. “If we shall change the company’s business idea from scratch we must meet in the board and deal with this. We can also assign the CEO with the task to run step two of the program,” the chairman says. Per replies that they have time to wait if the CEO is “prepared and clear on what to do then”. A board member suggests an alternative way:

**IS15:** BM1: We can ask the CEO to think through what the firm shall be like as a 50 million firm focusing on service, energy and cooling/heating. And where is our competitive edge in water treatment? You can think through what is needed absolutely – all the rest will be the object of discussion. Then you also present a 100 million alternative and what is crucial for that. You don’t have to calculate in depth, only a sketch of your ideas on this. It’s important that you think through what the core competence is, what is the core? They shall be minimalist in that sense, the proposals.
Per: I think we should avoid using him too much internally.
Chairman: We only want a sketch with the two alternatives. You can present it simply on the whiteboard. I would say that the situation is getting clearer. We have two scenarios: a) the projects go our way and we can meet June 13 and discuss under those circumstances, b) it has all gone down the drain and the customers are hesitating. In this last scenario, we must have a strategic discussion about the two alternatives. The last alternative would mean different operations and a different focus. You do this, but please keep it short and sketchy at this point.
Per: I think that he and the administrative manager can work with this and not involve others.
CEO: I won’t involve others.
BM1: I agree with you Per. We don’t need to repeat the bad situation any more. We reserve June 14 also if we need prolong the strategic discussion.
Chairman: Have we made any wise decisions now?
7. Malmberg Water

Per: Yes, I want you to really preach about the cash-flow and to work hard on invoicing.
BM1: How do you feel? A lot is put on your shoulders here.
CEO: It’s a challenge, it’s exciting. We’ll make it!!
BM1: But do you think that too much is put on your shoulders?
CEO: No, it has to be done.
Chairman: We support you in a difficult time.

Shortly after the board meeting is over, the firm is granted the major project and a minor project. The situation looks much brighter. One top manager says, “At least we get some space to breathe”. This means that the extra board meeting is not necessary.

An Improved Situation and Continued Calls for Clearer Direction

The two secured projects mean a more positive atmosphere. The profitability is, however, still low in the projects and the chairman says there is much more to work with before the firm is in a better position. He argues that many competitors are better at changing their organizations and strategies according to customers’ new demands. MW still operates with a larger cost structure and less flexibility. Traditionally, MW searches for complete projects including cost estimates, design, and production. Currently many customers already have the design and only need the production. Some interviewees say Per is back to the traditional focus and thus a kind of retention force when trying to change. The CEO, on the other hand, sees the need for change. A structural deal is still a “deliberate route” in the strategic work and Per believes in this, but a top manager says he is often not prepared when it’s time: “No, because then the burden of the family firm enters the picture. He becomes the one making Malmberg Water disappear from the family. I’m not sure he manages this”. The chairman argues that next step must be to “look at synergies with other companies”, rather than further internal changes:

This would be a large step for Per, you can see how the clouds pile up in front of his eyes when some kind of closure gets close. Per must be emotionally ready and he must think ‘okay, what the heck, I’ll give up the name’, or whatever it is. It’s a bit indicative what was written in the in-house magazine that Per has compiled and that was published recently. It includes regular news like how things are and so on. The CEO…well, Per writes a bit about all the companies in the group, but this time it also included a historical retrospect with a photo of his grandfather, great grandfather or whoever it was. I got this ahah reaction that Per must defend the family’s name in some way. It’s a difficult issue that one has to respect. (…) Per has this discussion with himself. (The chairman)

The CEO works with securing more projects, expanding the business area services, adjusting the cost structure and improving project management. The
reorientation of the firm is less topical in the somewhat improved situation for the firm. Still, he works a great deal with internally and is in a difficult situation that “in certain moments is so destructive”. The organization lacks stability which can give a feeling of security. A top manager agrees and says the last six months have been the toughest for many years, and the uncertainty makes many people unsafe and bitter.

The business area services remains a strategic issue in the firm and many interviewees lament that its head recently left the firm. The board wants the business area to grow, but there is a feeling among top managers that they do not allocate enough resources. The former head of the business area says he presented his ideas at a board meeting about a year ago. Since then, they have discussed the issue extensively in the top management team:

Yes, and then Per gets to know what we have said and he comes into my office and says that we shall calm down a bit. (…) The development proceeds slowly without exciting strategies. There’s been talk about investing in expanding services, but what has been done in reality? Well, it’s not that much. I’ve been placed here, but I didn’t want to move here in the first place. (Top manager)

Another top manager argues that the difficulties over the last year have lead to increased reflections on the strengths and weaknesses of the firm when they have “diverted from a false vision during the last two years”. Now they are more humble and realize they are not the big actor in the market they thought they were. He adds that the lack of clear direction, explicit vision and action plans hampers the strategic work: “There is no long-term oriented strategic planning or thinking, nor has there been for a while”. Some interviewees have even thought of leaving the firm, because of the lack of a clear direction. One top manager says his loyalty is with Per as a person and not with the firm. Another top manager, however, points out that the new projects lead to the organization starting to believe in itself again and getting self-confidence.

The Work on Strategic Issues

A top manager explains he is currently mostly involved in strategic issues in informal situations:

Mostly because we have not been able to wait for the top management team meetings and the CEO has been out in the organization and discussed different issues. But we have tried to make the decisions at the regular meetings. Informal meetings between certain people may occur when there’s a need, but this is nothing that is fixed. Most of the strategic discussion is held at the top management team meetings or at other decided, official and planned meetings. Then there are, of course, some informal discussions, but relatively few. I imagine there is much more of this in other companies. Of course, we can discuss an issue and for me it’s most natural to have a dialogue with those who have worked here for long. (Top manager)
This is different from when Per was CEO:

Per wanted to have a feeling for what people thought about his ideas, so he discussed them a lot. When Per has an idea, he finds it very hard to let it go and he pushes for it very hard. He tries to lobby for it in different places and situations until he and others are convinced. Sometimes he walks around thinking and talking and the next day he might have changed his mind and lobby for something different. When he finally really has decided, he pushes hard for that line. (Top manager)

Another top manager agrees that strategic issues are treated at specific meetings, but underlines that they “are very, very present in daily life”. He says management should not be too ambitious in the strategic work, since there is no time to follow up and implement. Therefore, it is better to have this discussion continuously, but also to concentrate on some issues and have specific meetings or workshops regularly for these issues. After less than a year at the firm, he compares with his previous job and how they worked with strategic issues there:

Here everyone has opinions and many have very strong opinions and even if the CEO says that this is how it shall be, the issue must be dwelt on for long. I don’t know why this is so. Perhaps because of an uncertainty from the CEO; this uncertainty is due to either lack of knowledge or insecurity in his role. It’s a lot due to tradition; it’s in the walls here. Many are used to Per in the end determining how it will be and what to do and then suddenly there is a new situation where everybody gets to say what they think and what they want. I’m new and I don’t feel the shadow of the Malmberg family hanging over me. I don’t identify the firm with the Malmberg family. Per still has a strong position, but he is surprisingly invisible. Perhaps his spirit is present in the room for others, but not for me He doesn’t do it in the hallway. (Top manager)

A top manager describes that there is a dialogue about strategic issues both in the top management team and outside:

The CEO talks quite a lot with me and I know that’s because I’m the only one in the top management team that he has employed himself. We have a very good dialogue, I talk a lot with him and he comes to me and we have regular talks once a week. (...) The board must think through how they steer their CEO, because sometimes I get the impression that he has a dialogue with some people in the board about certain issues that the top management team perhaps should be involved in. I delivered this criticism recently and said that ‘this has already been decided’; at the same time I hope that it is as a board member says that the board tells the CEO to deliver a result with a good profit. I hope it’s not that the board says that you have to lay off ten people. That should be decided in a dialogue with the top management team. Sometimes I get the feeling that it is the board deciding this. (Top manager)
In April Per, the CEO and the chairman has another meeting to discuss strategic issues. The CEO is satisfied with this meeting. Previously, he has not had the support from the board that expected:

> It’s been very rare, or I can say that it’s never happened that they have called; instead I have always called them. I don’t want to be unfair, but I don’t think that there’s been any call where someone has asked how I’m doing. Well, I have used Per as well as a sounding board. All opinions are important, no matter where they originate. (External CEO)

The chairman gives his view on the extra meetings:

> We felt that…or I felt that we need to make use of Per’s knowledge in a regular and structured way and I guess this was the start for the changes and cost cuts that are being implemented. It was important for me to be in decent agreement, but also that we seized the opportunities. We’ve had two such meetings, the last time when we formulated…or the CEO formulated the guidelines for what later became the now on-going informal negotiations and the discussion. At this level the strategy, the owner strategy, has worked out well so far. We can reflect on whether this has been right and good and on the timing, but in terms of process this is done in very controlled forms. (The chairman)

Also other board members are more active in the strategic work:

> They have a better image of the reality than what they had before. I don’t think Per told them as much about what happens behind the scenes as I have done. They’ve got a biased image and I have been perhaps too clear. The board has now a significantly better picture of the reality than before. I heard at the beginning when I came here from the top management team that the board doesn’t know at all what we are working with. This has changed. The board is now more active in the discussion, the decisions, and in the operations. (External CEO)

A board member’s participation in the two workshops also means that parts of the board are better informed about and involved in the strategic work. A top manager comments that more people in the organization should be involved in the strategic work, and not just the board and the top management. One example is the work with the business plans, where a top manager admits that too few people were involved and that they now suffer from this. The workshops are generally seen as important for the strategic work and leading to a more shared view. But it can be difficult to work afterwards with the identified strategic issues:

> There’s a problem with the continuous work. We have a period with this kind of strategic planning and then you keep it in the head, but you don’t continue to work in line with it. You don’t return to it in practise, even if it’s in the head. We have not formally followed up or worked with the strategic issues we defined, but you still work with the issues in your mind and in the daily work. It’s not like you do strategic
Another top manager argues that much information is filtered when passed up and down the chain of command. Therefore, a meeting between the board and the top management to create a ‘shared acceptance for strategic decisions’, would be beneficial, he says. This idea was also discussed at the latest workshop.

Several interviewees say that the CEO has strengthened his position in the firm over the last months. But there are also voices saying that he acts “too much on his own” or with “the support from the board”, without involving other people enough in the settlement of strategic issues. For instance, when working with the cost cuts, one top manager says that it emerged that the CEO was more or less assigned by the board to cut down by a certain figure and only had to fulfill the mission. Another explains:

The issues initiated by someone in the top management team always trigger a lot of discussion, whereas the instructions the CEO gets from the board to implement are more like ‘we will do like this, end of story’. When this happens, discussion is never asked for, but arises anyway, because one wants to know the reason behind acting in a certain way. During Per’s time we spent quite a lot of time reporting and informing. Now we have reversed the agenda and start with strategic issues. On the other hand, out of ten meetings seven or eight have not had any items on the strategy part. Instead we have started to discuss other things and, eventually, strategic issues have emerged, but through the back door, so to speak. (Top manager)

Many individuals have worked in the firm for a long time and old behaviors are ‘in the walls’, the CEO says. He thinks confidence in him has grown:

This is perhaps because I’ve been around here for a while; I have formed my own opinions, earlier much was related to only what I had heard. Now I have my own picture of the business, the reality and the industry as it is. This means that I stand on an entirely different footing and I feel much more comfortable in different discussions compared with what I did before. (…) We are closer to each other now. I felt at the beginning that I was expected to decide everything. ‘You point and we might do as you say.’ There was no participation in the discussion, instead they simply waited. This is linked to the tradition ‘in the walls’, which was very much that Per decided everything, ‘let’s do like this’ and people did it. (External CEO)

The workshop in April was important for changing the former atmosphere in the strategic work:

For instance, having an open discussion at the top management team meetings and having an item on the agenda where we sum up in the end, asking if we really feel that this is what we have decided and that every one is allowed to have opinions in the top management team. It feels as if we progress, but we’ll see. (Top manager)
Several top managers have worked in the firm for a long time and are not easy to change:

We've been used to trying to pass on the intentions. I have had many discussions with Per where I have provoked him pretty hard in order to hear what his real intention and priority is so I can focus on that. I'm wearing his shirt. We all are quite strong in that way of working. We have felt a security in understanding what Per wanted. This is built into the walls here. (…) Per uses different means to get his will through. Either by influencing us directly or by being friends with the board and getting security from board decisions that he can influence us with, which I really don't think is necessary.

During the last year not much else has happened except that we are perhaps more unified regarding what we have to do. Especially compared to earlier and when each one of us had his or her own discussion with Per. Now we have to stand united to influence the CEO so that he takes that discussion. There's one middleman more and I don't think he says 'well, now we do like this and I'll take it with the board later'. It's more like he says that he wants to check and discuss with the board first. (…) The flow of information, guidelines, goals, and controls is too bad for telling us what we shall do. Instead, we make an interpretation and we go for that. The CEO also filters the information he gets from Per. (Top manager)

There is also a loss of formal contact with the owner. A top manager says that if the owner is CEO of the firm, there is "no reason to discuss issues in any form at all". This takes time to change: "There's a lot of time before you start dealing with the strategic issues. The employees are passive during this time and it takes some time before the new CEO gets into it." In order to change this, both the chairman and Per believe that the CEO should change the composition of the top management team. At present it is too big and does not work efficiently with poor attendance at the top management team meetings. Birgitta's situation is still similar what it was before. Sometimes she is seen as a lackey:

Sometimes you feel that Per and Birgitta talk through the issues on the agenda the evening before. They have discussed what opinion they shall have. I don't say this is how it is, but I experience it that way. (…) We saw it at the workshop. Birgitta has a very clear orientation towards profitability. This is the main focus and it should be, but perhaps in the short term it's not always the most important thing. (…) We recognize the owners' interest in profitability very clearly. To be cynical, it is their wallet we're talking about. This is nothing personal, but it's the role that she has. She represents continuity. (Top manager)

Another top manager argues this can be an advantage if she forwards opinions from the owners directly. It speeds things up and makes it less likely that decisions are changed. Moreover, it is not just Per who can influence Birgitta to act in a certain way, but she can also influence Per through their 'talk at the breakfast table' or through the work in the board to go in the same direction as the top management team.
Most top managers note the board’s greater involvement in strategic issues:

Per sometimes complains that ‘the board has said that I have to do it this way’, but I guess this rather means that Per tells himself that he has to do like this. (…) Strategies regarding what we should work with in five years’ time are not as clear. We have rather said we shall grow and increase the turnover. We did a pretty solid job with a consultant two years ago. If you read that and compare with where we are today, we have not come that far. The idea was not to grow strongly, but instead we have shrunk. (Top manager)

The chairman has had little time for his commission in the past year and says he has not been able to speak for a long time on the phone when the CEO wanted to. He has tried to repair this during the first months of this year by visiting the firm when having the extra meetings with the CEO. There might be changes in the composition of the board if Per wants to strengthen the family’s involvement and, for instance, make Erik a regular board member. Two other external board members have a similar background to the chairman and he admits that the board might be too homogenously composed of people from large companies.

Some top managers say there is a feeling that the board member who also works as facilitator ‘sits on two chairs’ and that his experience makes him able to “steer us in the direction he wants and push to give us this way of thinking that in turns leads to one line of action”. The CEO does not mind the participation of the board member/facilitator in the workshops. The chairman is more skeptical:

A disadvantage is if the top management team feels that he is a spy who is not just consultant but sent from the board. I have not felt bypassed, but felt that we have a professional force who also knows the firm’s history, relationships and circumstances well and who is also very committed to the firm. The reason why we asked him to participate in step two was the assembled picture after the first workshop which I got from him and the top managers that participated. They were very positive. I did not experience that the actual team felt that it was unpleasant or wrong to have him there, but they might have kept that to themselves. (The chairman)

The CEO argues that it is important to keep Per updated also through informal contacts:

Per is well informed, even if he sometimes goes his own ways when he contacts people in the firm. He contacts me, but not that often. This is partly linked to the fact that I have a clearer picture of the business. I’ve begun to find my feet and know more about the industry. I have established my own contacts and perhaps he feels a bit calmer than what he did in the beginning. He was more involved in the daily
activities before. It's not like he has let go of this completely. I inform him about most things. He gets all information as CC when I send e-mail. He sees the minutes from the top management team meetings…but he's taken a step back. (External CEO)

A top manager argues that Per should be more involved in the everyday work so that they can use his knowledge and experience. But this might be because he is new:

Perhaps Per’s spirit is present in the room to others, but not to me. I see Per as a person, as an important person, perhaps the most important and the most influential in the board. In this way he can affect the orientation of Malmberg Water. He is not alone in the board. My impression is that the CEO runs the daily administrative work and also works with strategic issues and makes decisions on those issues, of course with the board’s approval. The CEO tells me this when I ask him. He says ‘I’m the one running this firm and making the decisions’. This is also my impression. (Top manager)

Per tries to stick to the regular meetings with the board or with the chairman for his contacts with the CEO: “We give him support to do the right thing…to dare to make a decision.” Some top managers notice that sometimes the top management team agrees on an issue and this is suddenly changed by the CEO. This suggests activity behind the scene:

The town is not big and we run into each other sometimes and have a cup of coffee together. Per tells me a bit about what he thinks and wants to do, in confidence. Thereafter, it takes some time and there are signals that something is about to happen. Then the CEO comes and says that he has thought about doing this and that change, but it still feels as if Per is behind the changes. However, according to all the official documents and all that is said it is not Per that has said that we’ll act like this. Well, last time we heard that the board said that we should make the changes. As CEO, Per was almost like a gossipmonger. He walked around and talked to several people. It was his way of securing support for issues and when the issue emerged at the top management meeting everybody knew what the discussion would be about. Everybody had an idea from before. There is less informal talk now. (Top manager)

Another top manager underlines that Per knows ‘what he wants’, and when there is a general change in the organization, he still has opinions. Apart from this he works more and more through the board. This also means that the chairman has a special role:

When the owner works as CEO, the chairman doesn’t have that much to do. If a CEO says one thing and the board says another thing, the owners may enter and if they want to change the board they’ll do it. There’s no practical effect, you can just present opinions in the board, but it’s not the same control or ruling as when the owner is in the management. This is a change and I understand that the CEO and
The CEO keeps a: “very businesslike and strict relationship” with the owners. This is different compared to some other managers:

They are more like friends. I have no relation to the owners in the sense that my family spends time with them and that you are forced to do certain things. More people say that this has changed and that Per is not as often in the hallway and it is experienced that we are moving to some extent from a family firm to a firm managed by non-family members. It’s becoming more like a normal limited company, but with somewhat different owners. (External CEO)

Several interviewees note an increased involvement of the younger generation, making the family character more tangible again after their course. The chairman hopes that the course has given the family members new perspectives implying that owning the firm is one future option, but not the only one. The annual shareholders’ meeting is held in May and all shareholders participate. At they discuss the composition of the board. Among other things they decide at the meeting to keep the lawyer as a board member in both MW and the group, but move one external board member to the group’s board. Per says he wants the lawyer “to have the full picture”. He still thinks of including an active top manager from another firm in the MW board, but that does not come up at this meeting. Per has always had good contact with his children’s cousins and at the meeting the idea to have one cousin serving on the board in each company was implemented:

They feel they that learn and they can make business plans for the companies on whose boards they serve. They are enormously active and alert when we have a meeting. I have more contacts with them in between the meetings. I tell them how we think and what we are going to do. Sometimes I call them. (…) They give at least as much input as an external board member. They have not lived the full history but they are interested in it and in all the material that exists. They have it in their hearts, they get dividends when we do well and that's their motivation. I see the benefits of having them in the boards. They're incredibly good sounding boards. (…) They are very competent. (Per Malmberg)

Per and his family also present the core values and the account of the firm’s history they are working on as a result of the course at FBN. They focused a great deal on Per’s great grandfather – the founder of the company, rather than his father, which created some discussion in the owner group.
Reorganizing the Group

In late May, Per works with ideas on how to reorganize the group. He has renewed interest in a merger or a sale of MW. The chairman helps him, both by visiting the firm and through e-mail and phone contacts. The basic idea is to focus harder on certain business areas. They work on a PowerPoint presentation they can show to other firms in water treatment interested in merging with or buying that part of MW. Per wants to keep the business area energy and focus even more on Malmberg Drilling. Only two people in MW’s top management know about the new plans for the group, and they only know it vaguely:

I have not gone through it in detail with anyone, but only mentioned it. I said I have plans to do like this. We discuss more in the family, about what we should focus on. We want to keep the mineral water. We want to sell Malmberg Environment Services even if we perhaps first may buy a competitor to increase its value. Malmberg Original needs more investments and the same goes for Malmberg Water where the intention is to be part owner. We can also imagine selling it all, it depends. (Per Malmberg)

There is especially one firm with which they talked about a merger already two and a half years ago that could be interested. Per stopped it then, but considers approaching them again. He emphasizes that the chairman is "very, very good in the work with this strategic thinking" and together with another board member a great support in this strategic work. The intention is for the new organization to be implemented within two years, even if it’s possible that nothing will happen. The reason for starting thinking about these new changes was the FBN course, when the children said they want to be active in the firm in the future:

Earlier, I was not sure about the next generation, but I also thought that the timing to do this was wrong. It was difficult to merge. (…) After the last board meeting we had an owners’ meeting. This was initiated by the family. I told the chairman and we informed the CEO straight after. Present at the owners’ meeting were Johan Möllerström, Erik, Birgitta, the chairman, the lawyer board member, another external board member and myself. We said that we must see if this is possible. There is really no reason to… it feels like banging your head against the wall without anything happening. We had a discussion first about this in the family. Historically, we have kept everything alive, we have toned up or toned down, but this is a very mature industry. Perhaps it is better if we build up something from the beginning. (…) I think the board members see the same thing. The CEO thinks it’s necessary and a good step. He gets complete information, but we did not find it appropriate that he participated in the discussion. The discussion is at a group level and in the circle of owners. (Per Malmberg)

Per works with developing Drilling together with his nephew Johan Möllerström, who recently quit his job at the local savings bank. They are both more active in the strategic work and they have investigated the industry and
made a strategic analysis in order to find a firm that is best to buy. Drilling is the origin of the firm, but this does not matter, Per says, even if he admits that he would like to keep and develop it for some of his children. Sara is interested in working with sales at Drilling and Per says it would be ‘very fun’, if she did that. In the fall of 2003, she starts working as project leader in this firm and Johan Möllerström takes over after his father as CEO of Malmberg Environment Services.

The Top Management Team Meeting in May

Few people attend the meeting and this influences the outcome, since they need another meeting to settle some issues. The first item for discussion in the decision/strategy part of the agenda is: "Securing resources and competence in the long run in design and project management". The CEO points out that without the two secured projects, they would probably have had to cut more costs and prepare a broader strategic change. Now, new people might have to be employed. The board wants them to focus on business area services and therefore they must secure good people there, Birgitta points out. Suddenly during this discussion, Per comes in and waves hello happily and everybody around the table says hello. There is a short pause in the discussion and when it starts again, the CEO wants to move back to the issue of improving project management. He feels that it is a problem that so many members are absent from the meeting. The new head of business area services is, for instance, absent and this is a problem since they need to talk about the development of that area. A top manager suggests that the reason why they are so few at the meeting is because everybody has a lot to do. Another, however, underlines how important the issue is strategically and personally and that they have to call for a new meeting. The CEO replies that he wants to postpone the issue and call for a meeting where everybody participates, perhaps even during an evening. He does that after 40 minutes discussion.

During the coffee break, Per comes down to have coffee. His office is on the second floor in the house where the top management team meeting is held. While pouring coffee he explains that he is irritated because some people at water treatment have asked him to sign an offer. They went to him instead of the CEO, which they should have done, he says. They claimed they were in a hurry. Per says this is the ‘wrong way’ for these matters to go. They should have waited and talked to the CEO instead, he explains: "There are not two of us, he is running this". He signed the offer in the end but only as an exception: "It shouldn’t go the wrong way, not from a formal point of view and besides it might send out the wrong signals". Per is also irritated that not all people are at the top management team meeting. He says that when there is a meeting, nothing else should come in between "not even a business call". The CEO recently handed in a large bid for a project for close to 150 million SEK. This should have gone via the board, since the CEO does not have the authority to sign such large
projects. "If he wants something, he should come to me and ask me. I should not go to him and others should not come to me," Per concludes.

Returning to the top management team meeting, the heads of the business areas are to present the financial position. One person responsible has arrived for this item only. After some time, they start talking about a missed project in a municipality where challenge may be lodged against partiality. Birgitta says it is important to "take a stance, but not to engage too much in things that take a lot of energy, especially not when we have a lack of resources". She then leaves the room in order to welcome a guest. There are only five people left in the meeting at this point. Birgitta comes back to the meeting, but another person leaves. The CEO asks the person responsible to describe the situation in exports. Suddenly, Per opens the door and asks the CEO "can I have a word with you?" The CEO replies 'okay', leaves and comes back after a while saying "I will do it", at the same time as he closes the door. Meanwhile, the others are talking about collaboration with a competitor. After this discussion, which seems to end without a decision, there is a break for lunch. During the break, the CEO asks the marketing manager if a contract for an industrial project has arrived. The manager is aware of the issue since "Per has already talked to me".

After lunch, the CEO reports from the previous board meeting about the task of creating the two future scenarios of the firm. They have discussed the problems with project management and that they need to "look over it in a long-term perspective and see what happens". He says the situation looks better now in general since they did not know about the new projects. He has also talked with the head of the mechanical workshop and asked him to make a plan to close it down. Suddenly, a top manager's phone rings and he leaves the room. Birgitta, a top manager, and the CEO discuss the situation at the business area services, mentioning that it lacks stability. Several people have moved in and out from the business area. They agree that stability is important and that they should try not to change. After some discussion about marketing, the meeting is almost over. A top manager, however, points out that they have one item left, which they decided to bring up at the workshop. When Birgitta asks what it is, the top manager replies that it is about the issue that she brought up at the meeting in February - to talk about how they have experienced the meeting. They start reflecting on this and Birgitta emphasizes that they have to respect the dates for the meetings. The CEO says he does not understand why some do not and that he agrees with her. The problem is, a top manager says, that they push problems into the future when people are missing. Organizing new meetings takes time. The CEO mentions that perhaps a smaller group would be better given that not all show up. No one replies.

Birgitta wants to be discreet in communicating what they have decided today. A top manager agrees, pointing out that "there’s a lot of talk in the hallway. I hear that people are not sure that the redundancies will be implemented since we have won several projects". The CEO says the layoffs are still in effect, but they do not have to have an extra meeting that was decided at the workshop in April.
7. Malmberg Water

Regarding the workshop, Birgitta asks if anyone has read the notes on the intranet. No one seems to have. A top manager says that they must have some kind of follow-up of that meeting. Another top manager adds, “It’s difficult to really do that when we have all the daily work. We need to find time to sit down and reflect. It’s easy to get too busy with everyday things.” A third replies, “Yes, it’s difficult to talk to oneself, meetings are needed. The chores must not dominate over the long-term tasks.” The CEO says they will follow up the workshop with a new one in the fall. The meeting ends and the CEO explains that he has read a book during the summer with “a lot of good truths in it”. He will distribute the book to all members of the top management team for summer reading. Before closing, they also agree that the atmosphere at the top management team meeting is better now than it used to be. They are more open, even if someone notes that they still have problems in reaching decisions.
8. Actors and Arenas in the Strategic Work of Three Family Firms

The purpose of this dissertation is to contribute to the understanding of strategizing, with a particular focus on the role of ownership in this process in family firms. In this chapter, the intention is to discuss the actors and arenas involved in the everyday strategic work and how this changes over time in the three firms. This is done by conducting both within-case interpretations and cross-case interpretations with concentration on the process and character of the strategic work in terms of actors and arenas. The content side of the strategic work, i.e., the specific strategic issues on which the work in the empirical cases are centered, is not directly discussed. However, these strategic issues should still be seen as forming the background to what the actors actually work on in the different arenas. In this way, this chapter essentially aims to capture the character of strategizing in terms of actors and arenas involved in this process in the three family firms.

The discussion in this chapter represents a first phase of empirical interpretations that lays the foundations of subsequent phases of theoretical interpretations in Chapter nine, where more specific attention is paid to interpreting the role of ownership in strategizing and how ownership is channeled in this process in family firms.

Actors in the Strategic Work

The actors discussed in this section are the individuals who play a crucial role in some part of the work around strategic issues (Ericson et al., 2001). The empirical material and the literature review suggest that the actors involved in the everyday strategic work can be divided into family actors and non-family actors. Moreover, one can group both family and non-family actors according to whether they are internal to the firm (i.e. working daily in the firm) and those external to the firm (i.e. not working daily in the firm). It should be noted that the same actor can have more than one role and thus belong to different categories. Figure 3 is a categorization of different actors involved in strategic work based on the literature review and the first level of interpretation. Examples of actors noted in the study so far are illustrated in the different squares in the model. Below, these different actors are elaborated on in the context of the studied family firms in a comparative manner. First, discuss family actors are discussed.
Family Actors

In 1999, the strategic work in Väderstad is dominated by family actors. Five out of six members of the first and second generation are still active in the firm, as CEO, top managers, or employees at lower levels. Moreover, the sixth, the founder, is seen daily at the firm and contacted in strategic issues. He is also a board member, like the other five family actors who, in addition to working actively in the firm, also are owners and board members. This means that there is a considerable overlap of different roles in this firm in 1999. In general, they do not find any major reasons to separate these roles and prefer to emphasize their roles as operatively active in the firm. The fact that there are many family actors involved in the strategic work means that the ownership is naturally present and visible. However, over time it is possible to trace a growing dissatisfaction with the moving between responsibilities that the overlap of different roles implies. During the period 1999-2002, the dominance of family actors decreases somewhat when some family actors begin to take a step back. For instance, in the new vision work there is only one family actor, the CEO, present. Still, however, the other family actors approve the final outcome of this work in the board. During this period, there is also increasing talk about trying to separate the different overlapping roles more. Later, during 2002-2003, some family actors are less involved in the everyday strategic work and try to act more from the board. This is mainly a result of the growing size of the firm, but also,

![Figure 3. A categorization of actors involved in strategic work](image-url)
in the case of the two founders, a consequence of age and ill health. One founder also stops working operatively in the firm, even if she is still visible as illustrated by her presence during the vision meeting. Nevertheless, family actors continue to be heavily involved in the strategic work during this period. Especially towards the end of the study, when growth is slowing down, there are increasing calls for the CEO to intensify his work on certain strategic issues (such as product and market development). Two other family actors also keep two of the most central functions for the firm, production and sales in Scandinavia. The continued presence and activity among family actors does not mean that they always agree on strategic issues. Quite the opposite, there are several indications that there are different values and interests among some family actors, with regard to, for instance, targeted growth rate, plans for expansion, and reasons behind the growth. The dominant actor getting his will through seems to be the CEO. This is also a reason why there are more calls among family actors to distinguish between their operative roles and roles as board members and owners. In sum, over the four years of the study, family actors are continuously involved in strategic issues as main actors, even if their dominance is somewhat less in 2003 than in 1999 with more non-family actors participating.

Compared with Väderstad, there are fewer family actors active in Öhman, at least on an everyday basis in 1999. The two main owners and brothers of the second generation are the central family actors involved in strategic issues. One is the group CEO and the chairman of the board and the other is a member of both boards. Both have a notable formal presence, and they are involved in strategic issues both at the group and the Öhman level, even if less so in the everyday operations in Öhman. The group CEO is visible in the everyday activities of the organization, since he still works operatively in the firm. He is close by and ready to work on strategic issues as they emerge, whereas his brother acts more at a distance even if he also sometimes is visible in the firm and well-known among employees. He wants to be accessible and available if someone, whether family actor or non-family actor wants to contact him. The third family actor in the firm is the son of the group CEO and the oldest child of the third generation. Returning to the firm with the eventual purpose of becoming the CEO of Öhman, he is increasingly involved in strategic issues. He takes over as the first family CEO for the main company in the group since the early 1980s, meaning that the owner-family presence is intensified. Being a family actor is seen as a part of the competence, indicating that more ownership involvement in strategic issues is prioritized and seen as positive for the future. He wants to formalize the process of the strategic work and to involve more people than what has previously been the case. He also wants to the future intention of the owner-family, indicating that this has not been clear before despite the two other family actors’ close involvement. Regarding family actors not active in the firm there are a number of spouses and children who are owners but not systematically involved in strategic issues. They are rather,
especially the children of the third generation, contacted when the two main owners deem it relevant. An attempt to systematize their involvement did not work out, especially due to confusion of their roles in strategic work compared to those active in the firm, both family actors and non-family actors.

The period 1999-2002 shows changes in terms of the involvement of family actors in the strategic work. The new family CEO increases his role and works out the new strategic direction for Öhman less together with the new group CEO and more together with a group of top managers and in dialogue with his father and uncle. The intention is for the main owner and former group CEO to be less involved and leave more room for the new group CEO and act more as a conventional chairman and owner. However, after being less involved for some time, he replaces the non-family actor that after a brief period as group CEO leaves. The reason for his departure mainly seems to relate to his wish to take the firm in a direction that was not supported by the owners. This means that his values and interests in the strategic work did not correspond to the dominant ones. The main owner returning as group CEO while staying on as chairman of both boards, means two notable things for the strategic work. First, the firm is more owner-family dominated than ever with his son as CEO of the largest company in the group and his brother still on both boards. Second, it means he embarks on a strategic work to ‘tidy up’ after the non-family group CEO’s diversification and expansion strategy and return to a more traditional focus of the group in line with his values and interests. This is similar to what the new family CEO does at Öhman during this period. He, too, changes the strategic direction and returns to a more traditional focus on the traditional core businesses – a line the firm had left under the previous non-family CEO. This means that the increased dominance of family actors on all levels of the firm during this period has a considerable impact in the strategic work. Comparing this firm’s development with that of Väderstad shows that while the former moves towards being more owner-family dominated during this period, the latter becomes more non-family, or externally, dominated.

In 2002-2003 the family CEO of Öhman has settled in and works intensively with implementing and realizing the strategy formed after he took over from the non-family CEO. The group CEO and the chairman of the boards still take the lead in the strategic work with changing the orientation of the group. In dialogue with his brother and son he is also involved at the Öhman level in the work around strategic issues. Towards the end of the study, his involvement is somewhat decreased and he wants to hand over also as group CEO to his son, while staying on as main owner and chairman of the board. The son is increasingly seen as a representative of the owner family in the everyday strategic work. One family actor, a representative from the third generation of the family branch holding minority ownership, also moves from being non-active in the firm and only involved as minority owner when asked, to become active in the firm as board member of EÖJ. This further strengthens the formal visibility of the ownership in the strategic work, especially the
branch of the owner family that she represents. During this period some family actors continue to hold several posts in the firm, like in Väderstad. But this is seen as less of a problem than, for instance, in 1999. Instead, the advantage of having an owner as CEO and of increasing the family character of the firm is emphasized. There is, however, still a lack of a clear expression of what the owners want with the firm in the future. It might be known within the group of family actors involved, but it is not widely communicated to non-family actors of various types. The two brothers of the second generation are continuously present and visible in the organization. The involvement of family actors from the third generation not active in the firm is conditioned by family actors active in the firm asking for their opinions on certain strategic issues.

Malmberg Water (MW) is followed for just one and a half year. It is not possible to observe the same longitudinal changes as in Väderstad and Öhman. During this period, however, it is possible to interpret the involvement of two family actors in strategic issues. First, the group CEO and main owner who holds the majority ownership and has been the CEO of the firm for a long time is involved strategic work both in informal interaction with other family and non-family actors, and as board member during the board meetings. Formally he is only active in the firm as board member. He should not have direct contact with the new non-family CEO, but he still talks to him on strategic issues when needed, even if less so towards the end of the study. His wife and minority owner is also involved in strategic issues. She is active in the firm and serves on the top management team, formally as secretary. She is widely interpreted as a representative of and a channel to the owners. In the board, where she is secretary, she has the right to express opinions. Moreover, their son starts as deputy board member when the study begins, increasing the number of family actors involved in strategic issues. He is not so active in the beginning of the study, but contributes increasingly with opinions on strategic issues towards the end of the study. His sister also becomes increasingly involved, first informally, then as deputy board member and finally working actively. In addition to these family actors from the main owner family, one of the two minority owner families is represented formally by one board member from the fifth generation. He has some informal contacts with the main owner, but acts mainly as board member with his viewpoints on strategic issues. Later he also strengthens his relation and impact at the group level by replacing his father as CEO for one of the smaller firms in the group. Towards the end of the study, two other family actors of the fifth generation are also invited by the main owner to be more involved. The development towards more family actors being involved in the strategic work, at least formally, is also what was observed in Öhman.
Non-Family Actors

In 1999 there are few non-family actors involved in strategic issues in Väderstad. There is no external board member, for instance, and the family actors, such as the CEO, do not have a wider social network that they use systematically. Some consultants are occasionally involved in specific issues, but they do not have any notable influence on the outcome of the issues. The external board member serving on the board a few years earlier never played an important role and was soon excluded from the board, mainly because of different priorities. The non-family actors involved in strategic work in 1999 are certain top managers who contribute when they are asked to do so by family actors, especially the CEO. That few non-family actors are involved does not mean that there is an intention to ‘keep it in the family’ forever. Quite the opposite, as early as in 1999 there is an expressed desire to involve non-family actors more in strategic issues in the future.

During the period 1999-2002, the involvement of non-family actors increases. The consultant and previous top manager at a large, multinational corporation joins the firm in order to give a course in strategy and introduce a method for vision work. The consultant, who can be defined as a non-family actor external to the firm, gets involved in the strategic work at least in the sense that he introduces new practices and methods on how to work. This means that he is important for how the work unfolds, but perhaps less so for its actual content and outcome, where family actors still dominate. A result of the practice introduced by the consultant is also a more systematic involvement of a set of non-family top managers. These have previously been involved occasionally, but work now more regularly and formally on strategic issues. Eventually, during this period, the consultant is also more closely linked to the firm in his role as board member. This means that he is formally more involved in strategic issues, with potentially more external influence than before.

The increased involvement of non-family actors in the strategic work continues during the period 2002-2003. The growing size of the firm and the intensified formalization of the organization are the main reasons. The new head of administration and finance, for instance, is intentionally assigned a role in the strategic work, even if his inclusion is also related to a desire to free more time for the family CEO to focus more on specific strategic issues. The head of administration and finance is still a newcomer and he does not know the routines and ways of doing things in the organization yet. This, for instance, surfaces during the observed meeting with the vision group. However, he has the right background and will eventually be socialized into the organization, which in turn is likely to strengthen his role in strategic work, both formally and informally. Other top managers are also more involved in strategic activities, such as vision planning and product development. This means that there are non-family actors (mainly top managers) who together with those family actors who are also top managers constitute a core of actors in the strategic work. Apart from the top managers, who also act much according to
what they think the owner family and especially the CEO want, the consultant/board member is increasingly involved in the strategic work. He is still involved as mediator and facilitator when the group of managers works with the vision. His somewhat different opinions and experience from a large firm together with a lack of sufficient knowledge of the firm and its industry means that his involvement is still limited to practices. This is, for instance, manifested during the meeting with the vision group where his comments sometimes clash with especially opinions of the family actors.

Regarding non-family actors in Öhman, the situation in 1999 is quite different from that in Väderstad and MW. In Öhman there is an outspoken desire to appear as if it is not a family firm. This does not exist in Väderstad and MW. This is a reason why there are more non-family actors formally involved in the strategic work in Öhman than especially in Väderstad. Öhman had external board members serving on both boards for many years. These board members are deliberately selected and the intention is that they should be involved in the strategic work, even if their impact on the outcome of strategic issues is limited. The two main owners seem to be linked to most external board members through friendship and several say they represent the interests of the owners. The family dominance in the strategic work is smaller in Öhman than in Väderstad, since the CEO of Öhman is a non-family actor. Indeed, that firm has a long tradition of non-family actors as CEO. The current CEO has an independent role, even if he also has close contact with especially the main owner. This eventually leads to a strategic plan that differs considerably from the values and interests of the owner family. The family actor taking over as CEO intends to involve other non-family actors (both top managers and board members) more in the strategic work. He also intends to include new non-family actors in the board. In addition to these non-family actors, some employees are formally involved in their role as partners in the firm. The competition for skilled labour in the industry in which Öhman operates also means a need to involve certain employees in the strategic work.

During the period 1999-2002, the intentions to change the composition of the boards and include new non-family actors are realized with two new board members in the EÖJ board and one in the Öhman board. The two former join the board through personal contact with one of the main owners, and the latter through the non-family group CEO. In general, the non-family board members’ role is limited to reacting to rather than pushing for strategic issues. They mainly ask questions and give feedback. This is similar to the role of the external board member in Väderstad. The new board members in Öhman also seem to see themselves as acting on behalf of the owners. In this way the owner family might strengthen its role even more, even if through non-family actors this time. The family actors’ impact is also illustrated by the departure of the non-family group CEO during this period. The increased dominance of family actors squeezed him in a father and a son, and his role as non-family actor was never clearly defined.
During the period 2002-2003, there are no formal changes. There are no new non-family actors recruited to the firm as board members or top managers, or similar, as in Väderstad. However, during this period the non-family actors most involved in the continuous strategic work are those belonging to a core set of actors working closely together with either the family CEO of Öhman or the family group CEO, or both of them. These family actors are gate keepers determining what non-family actors shall be involved. The set of actors is composed by both top managers and board members and in some cases other employees. Typically, these are non-family actors that have had a relation to the firm and the family actors for a long time and thus know both them and the firm well. There are exceptions, however, such as the new board member in Öhman and senior advisor, who gets involved in both formal and informal situations. His previous experience from the industry and progressively closer connection to the firm, from temporary consultant and board member, to permanent employee, is the reason behind his early involvement in strategic issues. The new family CEO also needed a sounding board that was not his father or his uncle and not an actor closely related to them. This non-family actor came in handy for such a role. The emergence of a core of actors, both family and non-family, is also similar to the development in Väderstad over the years studied. The other board members are still mainly involved occasionally in strategic issues and then mostly during the formal meetings. Towards the end of this period, however, they are more regularly contacted and involved, especially the board members of ÖFK, who the family CEO deliberately wants to involve more. And even if they act more as sounding boards and react to strategic ideas, the board members of both boards, especially the board of EÖJ, act by signalling legitimacy to external stakeholders and internal employees not completely trusting the family ownership character of the firm. Despite the poor development of the firm financially, certain employees also have a position in the firm where they need to be considered before strategic issues are settled. Some of them want to be partners with a formal ownership stake in order to be motivated in the strategic work, but the owner family has no such intention and seeks other ways to motivate them.

In MW there are more non-family actors involved in strategic issues than in Väderstad. The situation is more similar to that in Öhman, even if some non-family actors in MW play a greater role for the content of the strategic issues dealt with. The non-family board members push for and are involved in the settlement of strategic issues to a greater extent than in Öhman and Väderstad. There have been non-family actors serving on the board in the firm for a long time, mainly because the main owner and former CEO was alone and had no greater set of family actors to turn to for support and advices. In terms of their involvement in strategic issues, it is possible to interpret that the contribution varies between different board members. This is also the case in Öhman. Like the board member in Väderstad, several of the board members in MW have experience from large firms and little knowledge of the industry in which the
firm operates. The current chairman of the board, like one board member in Öhman and the board member in Väderstad, comes in first as consultant, thus being a non-family actor external to the firm, before he is more tightly connected to the firm as board member. There are also other non-family actors with multiple roles in MW. Most notable so is the board member who also acts as consultant and facilitator for top managers. Similarly to the other two family firms, these board members posit that they act primarily according to the interests of the owners. Like in Öhman, there is also a non-family board member with a background as lawyer, who more explicitly than others stands behind the owners. In addition to being friends with the main owner, some board members are also friends with each other.

The new non-family CEO has problems to finding his role in the strategic work. Especially the close involvement of several of the non-family board members and two family actors limits his independence. Compared with, for instance, the non-family CEO in Öhman, his room for action in the strategic work is more restricted. Several non-family top managers in MW also have difficulties to find their new roles in the strategic work after the departure of the previous CEO. Excessive involvement of family actors in everyday strategic work should officially be avoided, but there is still informal interaction between top managers and the previous and the current CEO and this is intensified during the study with extra meetings.

Arenas in the Strategic Work

Regarding the type of arena, i.e. where and when the everyday strategic work takes place, the empirical material and the literature suggest a categorization according to whether they emerge in the context of the firm or in the context of the family. The context of the firm does not mean that the arena emerges only on the firm’s premises. An arena in the context of the firm can also emerge outside the formal boundaries of the organization, such as in a lunch restaurant or a car (Ericson et al., 2000; Sjöstrand and Tyrstrup, 2001). The point is, however, that it emerges with not only family actors present in the arena. If so, the arena emerges in the context of the family. Further, a categorization can be made according to whether the arena is formal or informal. Figure 4 is a categorization of different types of arenas in the strategic work identified in the literature review and the empirical cases.
The formal arenas provided by the annual shareholders’ meeting and the board are placed both in the context of the firm and in the context of the family. The reason is that the annual shareholders’ meeting is officially linked to the firm, but in many family firms they mostly take place with only family actors present. In the following, these different arenas are discussed with a focus on their respective role in the everyday strategic work in the three family firms studied.

**Figure 4. A categorization of types of arenas in strategic work**

<table>
<thead>
<tr>
<th>Arena</th>
<th>Informal</th>
<th>Formal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family-context</td>
<td>Home, ad-hoc, family meetings, casual conversations, etc.</td>
<td>Family council, annual shareholders’ meeting, formal family meetings, etc.</td>
</tr>
<tr>
<td>Firm-context</td>
<td>Ad-hoc meetings, causal conversations, etc.</td>
<td>Board meeting, advisory board meeting, TMT meetings, other organized meetings, shareholders meeting, etc.</td>
</tr>
</tbody>
</table>

Arenas in the Context of the Firm

In Väderstad in 1999, the recently created top management team is quickly assigned a role as an arena for strategic issues, especially since it is the first and only formal arena in the firm. There are several family actors present on this arena, even if the forms of the top management team meetings have not yet settled. This means that interaction on different types of informal arenas still dominates the strategic work. These arenas emerge both in the interaction between family actors, and between family actors and non-family actors. They can be either quickly summoned ad-hoc meetings or spontaneous encounters between certain actors. In 1999, the board meetings are no formal arenas for strategic issues, but rather used as a concept to refer to the owners as group. ‘The board’ mainly refers to an informal arena emerging when the family actors meet to talk about certain strategic issues. The many family actors present in
different types of arenas create an overlap of arenas where there is an unclear relationship between them and their respective roles in the strategic work.

During 1999-2002, the increased formalization mainly as a result of growth means that new formal arenas emerge within the firm. The intention is for board meetings to be a main arena for the owners' involvement in the strategic work in an attempt to structure this relationship. The inclusion of an external board member also means that this is an arena more related to the firm than to the owner family. Another example is the arena linked to the vision work, where especially non-family actors are more systematically and formally involved in strategic issues. In this new formal arena there is only one family actor participating, indicating that the ownership is not as present. However, the status of the family actor in question, the CEO and owner, means that the owner family’s involvement is considerable on this arena. The result of the strategic work in this arena is also sent to the newly activated board where the other family actors will either approve or dismiss it. Thus, there is awareness that a wider set of family actors present in another arena will influence the final outcome of their work. The CEO’s participation in both arenas also leads to an overlap of these arenas and it is plausible to interpret that informal arenas emerging in an interaction between family actors and non-family actors continue to be dominant in the strategic work.

In 2002-2003, the formalization continues and this results in a somewhat increased role of formal arenas in Väderstad. A manifestation of this is that a new arena is created when there is a demand to channel certain issues that do not already have a 'natural place'. The top management team meetings are less important as formal arenas for strategic work, whereas other arenas related to the top management become more important. One such example is the product council. Another is the vision group, whose strategic work is to formulate how the firm should reach the goal set by the owners. There is still much interaction in arenas outside the formal meetings. Family actors are still present in these arenas, even if somewhat less so compared with 1999. Towards the end of the study, the role of the informal arenas is further intensified as a result of the slower growth. Then especially the family CEO acts in these arenas with other actors with the aim to improve the firm’s situation. This is similar to Öhman, but different from MW, where they lean more on interaction in formal arenas to improve the troublesome situation. This means an increasing overlap of arenas and largely the same actors interacting in the new formal arenas and the traditional informal arenas. The board meetings increasingly become the main arena for gathering strategic issues and for family actors to talk in a more formal and periodic way to define their ‘read thread’ and intentions with the firm and to communicate them to the firm.

Compared with Väderstad, there is a more evident expression in Öhman that corporate law and the firm’s formal chain of command should guide how the firm is organized in terms of arenas for the strategic work. This means that there are more formal arenas than in Väderstad. The meetings of the two
boards, for instance, are depicted as main formal arenas for the strategic work. The board meetings shall be characterized by a climate where the owners are not too dominant and an arena where non-family actors such as the CEO and external board members can contribute in strategic issues. There are also certain issues that have to be treated in this arena according to law and industry-specific regulations. Thus, the board meetings are arenas that legitimize the actions taken on strategic issues to a greater extent than what is needed in Väderstad and MW. Despite the official image dominated by the interaction of actors in formal arenas, much of the strategic work takes place outside the board meetings in informal arenas, such as ad-hoc meetings and occasional conversations. The interaction in informal arenas between, for instance, family actors and the non-family CEO, or family actors and non-family board members, is supported by the close ties.

Similar to Väderstad in 1999, the role in the strategic work of the top management team in Öhman is unclear, but differently from Väderstad there has not for a long time been a family actor present in this arena. Thus, the ownership has not been as evident in the formal arena of the top management as in Väderstad. The non-family CEO has an informal dialogue with the main owners on strategic issues. The family CEO taking over means that the owner family becomes more present on the arenas related to top management. His intention is also to open up the arenas where strategic issues are treated for other top managers and increase the role of the top management.

During 1999-2002 both the board at group level and the board at the firm level are changed in order to increase their role as formal arenas in the strategic work. The meetings of the Öhman board are also increasingly a formal arena for strategic issues after the inclusion of a board member with wide industry experience. The new board member is also involved outside the formal meetings and informal arenas related to the board continue to be important in the strategic work. Still, the departure of the non-family group CEO and the involvement of the other main owner in both informal and formal arenas make the owner family more dominant than ever in the strategic work. Perhaps this is the reason why the board meetings are arenas mostly characterized by the actors reacting to ideas rather than generating them.

The owner family's dominance in the arenas where strategic work occurs continues in 2002-2003 and is even intensified. This means a considerable overlap between arenas, which is not only seen as positive among other actors participating in the arenas. The poor performance of the firm means that the family CEO deliberately tries to increase the extent to which strategic issues are treated at the board meetings. Still, however, different types of informal arenas dominate in Öhman and perhaps more so than in Väderstad and MW during the same period. The tasks of the formal arena provided by the board meetings are still mainly to support and officially settle strategic issues that already have been treated in informal arenas.
At the top management level in Öhman, the family CEO has strengthened his position and formed a small core of actors with whom he interacts on strategic issues. This group mainly meets in informal arenas provided by ad-hoc meetings and occasional conversations. The top management team meetings are less important as a formal arena. The small group of actors interacting in informal arenas is instead an unofficial, informal top management team formed around the family CEO and replacing the official one. This arena is sometimes supported by a semi-formal arena (the sauna-club) to which a wider set of non-family actors are invited to work under specific circumstances. This ‘retreat’ is similar to the workshops in MW and is seen as an important arena for the strategic work during certain periods at Öhman. Another informal arena increases its importance and even becomes a dominant one. This is an ad-hoc group consisting of the family CEO, the family group CEO, his brother, and the board member/senior advisor. They meet with increasing regularity over the year studied. Most strategic issues are treated here before being sent to a formal arena. The other two non-family board members are rarely invited into the informal arenas in between the meetings, even if somewhat more so towards the end of the study. The continued importance of informal arenas in between the formal meetings is also manifested by the separate dialogues which the family CEO of Öhman and his father have with certain non-family actors at different levels. This is different from Väderstad where increased formalization and more involvement of non-family actors mean a somewhat lesser dominance of the owner family over the course of the study.

Moving on to MW, a somewhat different pattern emerges compared with Väderstad and Öhman. Regarding the formal arenas, the board meetings are the dominant arenas for the strategic work in 2002-2003 with both non-family actors and family actors present. The owner family’s involvement in strategic issues is different from that in Väderstad and Öhman, where more family actors are regular board members and also more active in between the board meetings in informal arenas. The interaction during the board meetings shows that the board is involved at a detailed level in strategic issues and directing much of the work of the top management. The role of the board meetings as an arena is also strengthened by the inclusion of the new non-family chairman and by the intention that the former and the current CEO should not interact in informal arenas regarding strategic issues. Instead, they should interact according to the formal chain of command where the board is an intermediary between the current and the former CEO and the chairman an intermediate link. This is different from Öhman, where strategic issues are regularly treated by the non-family CEO and the family group CEO on informal arenas in 1999. In MW, some interaction on informal arenas, like ad-hoc meetings and smalltalk in the hallway, occurs between the non-family CEO and the family group CEO, but this should happen as seldom as possible. Apart from these occasional meetings, informal arenas are not as central in MW as in Väderstad and Öhman.
The board gives rather detailed directives to the new non-family CEO in MW and this restricts his room for action in the strategic work. However, he also uses the board’s directives as a rationale for certain lines of action in relation to the top management, thus supporting his involvement. In the board arena, several strategic issues emerge and are passed on to the top management (e.g. the business area services), even if the official process is the other way around, i.e. that the board should be an arena where the participating actors can react and give feedback on ideas originating from the top management. For the main owner, the board is a formal arena which mainly facilitates his actions on strategic issues, even if he also needs to consider the opinions of non-family actors before acting, thus constraining his room for action. The main owner, much like the CEO of Väderstad, acts in the board meetings with long knowledge and experience from the firm and his involvement is considerable in this arena. His interests and values surface repeatedly during the interaction on the board, such as when referring to the importance of profitability as a guiding star. The formal arena provided by the board meetings is also characterized by sensitivity among the board members to the owner family’s values and interests.

In MW many top managers are still used to informal interaction outside regular top management team meetings, much like in Väderstad, and this is one reason why the role of the top management team meetings as a formal arena in the strategic work is not clear. Another reason is the different leadership style of the new CEO compared with that of the former CEO, leading to confusion with regard to the role of this formal arena. Having a new non-family CEO also implies increased formalization, but the respective roles of the different formal and informal arenas in the strategic work are not clarified. The problems of finding the role for the top management team mean that most strategic work takes place in other arenas, mainly the board meetings and ad-hoc meetings between the new and the former CEO. The confusion regarding the role of the different arenas leads to the creation of a new meeting with the top management team – the workshop. Similar to the sauna-club in Öhman the aim is to address specific strategic issues in that arena. The owners are present in this arena through the participation of the minority owner and wife of the CEO. The board is also present through the non-family board member who acts as facilitator. Consequently, the owners are still present in the arenas of the top management team. Several of the statements of the main owner’s wife and minority owner during meetings with the top management team also indicate that she forwards and guards the interests of the owners in the strategic work (e.g. emphasis on profitability). This means that the only arena for strategic issues where an owner is not present, apart from occasional conversations between top managers, is the work on the business plans. In MW, the owners may react to the business plans in the arenas of the board.

Towards the end of the study, the worsening situation for the firm leads to some more involvement of the main owner in informal arenas in between the board meetings. He interacts with the non-family CEO in ad-hoc meetings, but
also with other top managers. It seems like the CEO and other top managers take for granted that the main owner is well informed. It is likely that this affects how they, consciously or unconsciously act on strategic issues. The difference from Väderstad and Öhman is that in those, there is no formal intention for family actors to keep away from being involved in informal arenas. The chairman of the MW board is also increasingly involved in informal arenas later in the study. He has more contact in strategic issues with both the non-family CEO and the main owner either face-to-face or over the phone. A new arena emerges through the meetings between the non-family CEO, the chairman, and the main owner. It was, for instance, in this arena the issue of cutting costs first emerged. This arena seems to limit the room of action on other arenas for the non-family CEO, but also to support and facilitate his action in relation to the top management team. Still, however, the new arena means more rather than less involvement of the owner family in the everyday strategic work.

The unclear role of the top management team is illustrated by the last top management team meeting where the actors participating prefer to postpone certain strategic issues and form a new arena for these. By expressing their strong belief in another workshop, they simultaneously express distrust in the current top management team meetings as an arena for strategic work. They seem to know that strategic issues in any case are settled somewhere else, in another arena. The changed agenda for the top management team’s meetings is an attempt to increase the role of the meetings in the strategic work, but it does not seem to occur. The main owner has detailed comments on how to develop the top management team in order to involve it more. This indicates his knowledge of and involvement in the everyday strategic work. The problem for the top management team of finding its role as a formal arena is common across the three family firms. This seems to be linked to the overlap of arenas and considerable involvement of family actors on different levels and, especially, in different informal arenas. In other words, the role of the formal arena provided by the top management team meetings is undermined by the family actors’ simultaneous involvement at several other levels and situations across time and space. This seems to confuse actors and lead to problems in the strategic work.

**Arenas in the Context of the Family**

In 1999, the interaction between family actors on strategic issues in Väderstad mainly occurs on informal arenas, such as at home or in spontaneous meetings at the firm. All family actors live close to the firm and close to each other and this facilitate the interaction in informal arenas. The informal arena emerging at home is also important for involving the older generation, especially since the board is not used as a formal arena for strategic issues. The board meetings are ‘a family affair’ and informal, in the sense that they are held officially, but do not provide an arena where the family actors interact on strategic issues. There
There is no other formal arena with the owner family, and an attempt to create a 'semi-formal' arena is abandoned after some meetings since it does not find its place in relation to other arenas. This means that in 1999, the dominant arena in the context of the family is ad-hoc meetings, or small talk, either at home or on the firm's premises.

In 1999-2002, the board meetings are changed from being held more within the owner-family and at home to become an arena more within the firm context. The board meetings role as an arena for strategic issues also increases as a result of this formalization and the inclusion of an external board member. However, family actors continue to meet in informal arenas outside the boardroom. During 2002-2003, the board is the main arena for strategic issues in the owner family, but it is now more in the context of the firm. The board is seen a central arena to reach consensus among family members where disagreements might exist that are difficult to settle in informal arenas and without a mediating non-family actor. This means that different values and interests among the owners characterize the interaction in this arena. In addition to board meetings, informal arenas emerging in spontaneous meetings at the firm or at home still play a role for family actors when addressing strategic issues, but less so now than in 1999. At least one family actor moving away from the village where the firm is located also means that there is less interaction after working hours between all family actors.

In Öhman, in 1999, the main arenas for strategic work in the owner family are informal. Especially the two main owners meet and interact informally when they need to address certain strategic issues. There is little reason to formalize this interaction, even if the group of family actors in this arena is increasing. The extent to which the home is an arena for strategic issues differs between the two nuclear families that have different relations to the firm – one mainly as owner and one both as owners and active workers in the firm. This complicates the owner family's involvement in the strategic work; in which consensus is prioritized between the two branches even if there sometimes are disagreements on strategic issues. Typically, these disagreements are settled within the family in informal arenas, before entering a formal arena in the context of the firm. The home is assigned more importance as an arena for strategic issues in the family of the chairman and group CEO. The attempt to formalize the owner family's relation to the firm through a family council failed, mainly because its role in relation to other formal arenas was never well defined, but also because of different values and interests among family actors, originating in their different relations to the firm. During the period 1999-2002, the family actors continue to talk about strategic issues among themselves in informal arenas.

In 2002-2003, arenas where all or at least several members from both branches are present emerge less often in the family. Strategic issues are treated occasionally, but always in smaller groups. The interaction between the family CEO and the group CEO in informal arenas increase, mainly due to the poor
performance of the firm and the somewhat diverging opinions on how to improve the situation. The family CEO has also created some regularity in his interaction with his uncle in order to involve him more in the strategic work. This continuous interaction in informal arenas is important especially for reaching agreement on strategic issues where different opinions between the family actors exist. No further attempts have been made to formalize the arena for the family either, apart from some breakfast meetings. However, the third generation’s idea to form a cousin council can be seen as a need to create more regularity in the owner family’s interaction on important issues for the future. The situation is somewhat different in Öhman from that in Väderstad and MW, since the next generation is older.

In MW, the small number of family actors involved in the daily operations has impact on the dominant family arena. Another difference between the firms is the different legal ownership structure. MW has one clearly dominant owner with almost complete voting power. The main owner’s family has traditionally talked in informal arenas within the boundaries of their nuclear family. The two minority families have been invited into the formal arena provided by the annual shareholders’ meetings, where information is given. This gives them a better possibility to react on strategic issues. This arena is populated only with family actors, which distinguishes it from Öhman where non-family board members also participate. After the FBN course, family actors from the next generation are more involved in both informal and formal family arenas and there is a successively clearer view on the future ownership of the firm.

In MW, the uncertain future of the firm and relation of the next generation to the firm have constrained family talks on strategic issues. But this changes during the study. As part of wider changes in firm, the main owner family clarifies their current and future relation to the firm and what impact this will have for the strategic direction. This is why the main owner’s family participates in the family business management course similarly to the owner family did in Öhman. The course provides an arena for addressing issues in the context of the family. As in Öhman, the participation in the course results in both increased interaction in informal arenas between family actors and the creation of a formal arena through a family council. The participation in the course also means greater emphasis on the history and other ownership-related aspects in not just family arenas, but also in arenas in the context of the firm. One illustration of this is the synchronization of the core values between the owner family and the top management team, where he former guides the outcome more than the latter. The home constitutes an arena in the strategic work in so far as the main owner and his wife interact on specific issues. In this way, the main owner obtains information that can be used in other arenas. He also passes on opinions that later emerge in arenas in the context of the firm. Across the cases non-family actors seem to expect, or even take for granted that owners interact on strategic issues at informal arenas in the owner family context, and that this plays a role for how the strategic work unfolds on other arenas.
The Dynamics of Actors and Arenas in the Strategic Work of Family Firms

The Relation between Family and Non-Family Actors

It is a common pattern across the three cases that family actors are heavily involved in the work on strategic issues\(^\text{17}\). This is in line with earlier studies that have underlined the owner family’s impact on strategic decisions (e.g. Mintzberg and Waters, 1982; Sharma et al., 1997; Hall, 2003). Gersick et al. (1997) suggest that family actors’ involvement in strategic issues is linked to what development stage in its life cycle a particular family firm belongs. As argued in Chapter three, the model suggested by Gersick et al. (1997) is static and based on a sequential scale. In this study, the strategic work illustrates the difficulties to use the model, mainly because there are owners from different generations involved. The extent to which family actors are involved in strategic issues also differs between the studied cases, mainly as a result of how many family actors exist, i.e. the size of the owner families. Having a family actor as CEO, like in Väderstad, and for some periods also in Öhman and MW, directly indicates the owners’ involvement in the daily work on strategic issues (Melin and Nordqvist, 2000). However, as seen in the cases, family actors can also be involved in strategic issues in other roles than being the CEO. They can, for instance, be board members, top managers and employees, but also more loosely linked to the firm and contacted when needed.

Actors involved in strategic work may come from different hierarchical levels of the firm, as well as from outside the firm (Ericson et al. 2000; Regnér, 2003; Achtenhagen et al., 2003). The involvement of non-family actors, and thus influences and perspectives from outside the owner family, differs between the firms and so do the reasons for including them in the first place. Even if family actors play crucial roles, non-family actors, such as board members, top managers, consultants, and contacts in social networks are also involved. The board members seem to play different roles, where some act more as advisors in strategic issues, others in family ‘conflicts in interests’ and yet others mostly to gain legitimacy towards external observers. The legitimacy role is perhaps clearest in Öhman, where industry regulations and laws more or less demand non-family presence in the board, certain reports to be written, and specific decisions to be made during formal board meetings. However, the external board members can also be interpreted as acting as monitors to a larger degree than what earlier literature (e.g. Dyer, 1986) has depicted. This is especially the case when there is a non-family CEO, but also when an owner has the highest

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\(^\text{17}\) As pointed out in Chapter three, it is important to make a distinction between family members who are owners and family member who are not owners. In the three cases studied, all adult family members are also owners; consequently all those actors referred to above and henceforth as family actors are also owners.
executive office. In the boards of EÖJ and Öhman, for instance, the external board members are seen as playing a role ‘to stop madness’ if strategic ideas are too far-fetched. In Väderstad, the new external board member provides a greater ability for the other family actors to monitor and control the family CEO’s strategic actions. As in non-family firms (see e.g. Zahra and Pearce, 1989; Hung, 1998; Huse, 2000), external board members in family firms can make the board play different roles with impact on strategic work in, such as for instance service (evaluating strategic ideas), monitoring (controlling the interests of the owners in the strategic development of the firm), resource dependence (providing a bridge to scarce resources, such as for instance knowledge and legitimacy), and maintenance (answering to institutional pressures). Thus, in family firms, the primary role of the board in the strategic work can change over time and different board members play different roles.

The interplay between family actors and non-family actors in the everyday strategic work is interesting. Quite naturally, family actors represent the ownership in this work, directly or indirectly, and this becomes especially evident when family actors have overlapping simultaneous roles as top managers (including CEOs) and owners. As expected from the literature review, the empirical interpretations show that values and interests of family actors play a role when these actors are involved in strategic work. However, the interpretations also show in line with, for instance, Hoy and Verser (1994) and Schulze et al. (2003a) that values and interests are not always shared among family actors. There are also several non-family actors, top managers, board members, and even consultants, who argue that they in the strategic work act in line with what the owners want. This seems to be the case, even if the interpretations also show how the owners’ intentions with and visions of the firm are not outspoken or explicit, meaning that it is difficult for many non-family actors.

The role of ‘Simmelian Strangers’

Harris et al (1994) suggest that non-family actors are more likely than family actors to introduce new strategic ideas, initiatives and practices. There are some indications of this in this study as well. To give some examples, in two of the firms there is a non-family actor, a consultant/board member in Väderstad and a consultant/chairman in MW, who joins the firm during the study, first on a temporary basis as a consultant, but stays on permanently and deepens the involvement in the strategic work. The consultant in Väderstad introduces the vision work method, which obtains an important role to structure some of the strategic work. Later, in his new role as board member, he also changes the work routine in that arena. In MW, the consultant writes a strategic report that is used as a base for re-organizing the firm, but also to clarify the strategic direction of the firm. As a new chairman, he changes the board meetings in order to strengthen their role as an arena in the strategic work. Similarly, in
Öhman, the new board member/senior advisor enters and rather quickly strengthens his relation to the firm and intensifies his involvement in the strategic work. He has ideas for how to involve top managers more in the strategic work of the board, but also tangible proposals for strategic changes.

All these three non-family actors become involved in strategic work fairly quickly which gives them a rather particular position in the firm compared with family actors or non-family actors with many years in the firm. Following Ericson et al. (2000), their ability to gain quick access to central arenas where strategic work occurs can be interpreted as related to the possession of knowledge that is valued but previously lacking in the strategic work. This knowledge can be both about practices of strategic work and about ideas and suggestions on future strategic direction of the firm.

The role of these particular actors can be further understood by seeing them as Simmelian strangers in the social interaction that constitutes the everyday strategic work (Simmel, 1908/1995). The stranger refers to an actor who is neither too close to nor too far from the other actors with whom he or she interacts. This combination of closeness and distance means that the specific distance of a stranger from other actors involved in strategic work allows him or her to interact in a different way from how the others interact. This means, for instance, that the stranger can be more objective in his/her relationships with the other actors. The other actors typically find it easier to express confidence and exchange sensitive information with a stranger (Simmel, 1908/1995). In the cases, this is a plausible interpretation of why certain non-family actors quickly enter into the strategic work. However, over time, there is a possibility that these actors, or strangers, become closer to the owner family and more involved in the firm, thus reducing the degree of ‘strangeness’. Losing their ‘strangeness’ may simultaneously mean that the closer social relation to the owner family may grant them continued access to important arenas in the strategic work, even if the content of their involvement changes. For instance, it may be more difficult to provide outside perspectives in the strategic work if these perspectives includes sensitive information and major questioning of the overall strategic direction.

The Relation between Informal and Formal Arenas

The empirical interpretations of the three cases show that an arena can emerge in several possible situations. Following Ericson et al. (2000) an arena in the strategic work emerges where and when actors are involved in strategic activities such as recognizing and elaborating on strategic issues as well as possible strategic solutions and actions. Both informal and formal types of arenas can play a role in the strategic work (Melin, 1998) and in this study, to what extent formal and informal arenas play a role, is determined by how and why strategic issues are treated in these arenas at particular points in time.
Giddens (1984) suggests that individuals, in the course of their daily activities, encounter each other in ‘situated contexts of interaction’. An arena in the strategic work can be seen as emerging in such encounters between individuals interacting on strategic issues. Following this line of reasoning, a formal arena emerges when these encounters take place in a more formalized context, or social occasions:

Social occasions are gatherings which involve a plurality of individuals. They are typically rather clearly bounded in time and space and often employ special forms of fixed equipment – formalized arrangements of tables and chairs and so on. A social occasion provides the ‘structuring social context’ (Goffman’s term) in which many gatherings are likely to form, dissolve and re-form, while a pattern of conduct tends to be recognized as the appropriate and (often) official or intended one. (Giddens, 1984: 71)

A formal arena viewed through this lens can be seen as a scheduled, typically regular, meeting with a set of established norms guiding the actors populating the arena. An informal arena can be seen as emerging in what Giddens (1984) refers to as ‘gatherings’, or “assemblages of people comprising two or more persons in contexts of co-presence” (p. 71). Gatherings, and thus the informal arenas in the strategic work using this terminology, often have rather loose and transitory forms, such as the occasional conversations and small talk observed in the case interpretations. This means that informal arenas can emerge regularly in different contexts of co-presences of one or more individuals, but eventually fade away when the actors populating the arena disappear.

As Sjöstrand and Tyrstrup (2001:12-13) argue, these arenas embrace “places that have no spontaneous connotation connecting them with work or systematic problem-solving, decision-making and similar activities” but are “genuinely important to the strategic functioning of organizations as well”. Two reasons why informal arenas are important are that they have subtle boundaries that let in some people while excluding others, and that the emergence of these arenas is beyond the control of single individuals, even if it is actively encouraged or hampered by specific actors (Sjöstrand and Tyrstrup, 2001). This is in line with Melin’s (1998) reasoning on open or closed arenas, where a closed arena typically is controlled by a firm’s ‘power center’, i.e. dominant coalition (Cyert and March, 1963), and an open arena typically means more democratic and heterogenous strategic work in terms of the actors present in the dominant arena. Moreover, informal arenas, such as small talk or ad-hoc meetings at the firm or outside (Ericson et al. 2000) or occasional conversations at home (Karlsson Stider, 2000) are relevant in this reasoning. These informal arenas are typically characterized by a more relaxed, spontaneous, and less constrained atmosphere. Perhaps this is also a reason why they maintain such an important role in the strategic work in the family firms. In all three family firms, informal arenas of this kind play either a dominant or a supporting role in the strategic work even when and where there are clear intentions to channel more
interaction on and settlement of strategic issues to formal arenas. However, informal arenas are also less easy to control, giving them great creative, but also great disruptive potential, in relation to the strategic issues treated in a particular arena, as suggested by Hendry and Seidl (2003).

Another aspect is that a formal structure, such as the board or a top management team offers a potential formal arena for the strategic work (e.g. the board meetings or the top management team meetings), but also informal arenas. As seen in the cases, the board is broader than only the board meetings. The actors of the board also work on strategic issues in informal arenas. And even if activities in these arenas primarily concern those who are present there and then, the result of these activities is often circulated beyond this immediate context and can notably impact outcomes at the organizational level (Sjöstrand and Tyrstrup, 2001).

The interplay between the different arenas in the strategic work means that what is, for instance, talked about in one arena (e.g. the home) can be directly followed up or otherwise understood by the actors during a board or a top management team meeting a few weeks later. The informal arenas emerging outside the regular meetings are important in all three cases. The overlap between the formal and informal arenas observed in the cases is sometimes difficult for actors to handle when it is not clear how the arenas are, or should, be related to each other. This can create ‘arena confusion’ and is related to the fact that the same actors can act in different arenas at different points in time, without making clear their respective roles. As observed in the cases, this can play a considerable role for how the strategic work unfolds, both in the family and in the firm. Examples of this are the family council’s role in relation to the board in Öhman and the top management team’s role in relation to the board in MW. This is also related to the extent to which a particular arena is closed or open for different actors (Melin, 1998). Most arenas with impact on the strategic work in the three cases are rather closed with a family actor as gatekeeper, selecting the actors that are invited into a particular arena in the strategic work.

In both Öhman and MW, a new formal arena for the owner family to interact in (the family council) is introduced as a result of participation in a course in family firm management and ownership. The idea of the benefits of a family council is introduced during this course. And while it does not work in Öhman because it adds to the arena confusion, it works better in MW. In this firm, the owner family’s participation in the course means greater interest from and more dialogue with the younger generation. This, in turn, means a changed direction in the strategic work, where new development routes are tried out in order to accommodate the greater involvement of future ownership.

Following Meyer and Rowan (1977) the empirical interpretations further suggest that a formal structure, such as the board or a family council may be adopted ceremonially and become a symbol rather than representing a real change in actual strategic work. Instead, informal rules can continue to prevail.
over new more formal rules and procedures, and thereby dominate the strategic work even after a structural change (Ocasio, 1999). In Väderstad, for instance, there is an intention to change the board from mainly a paper board towards more of an advisory board (Dyer, 1986) through the inclusion of an external board member. However, this does not mean that the board meetings become a dominant arena for strategic issues, even if this is an ambition among the owners. Similarly, in MW, the introduction of the non-family CEO and the declared ambition to work with strategic issues more in formal arenas, do not mean that the interaction in informal arenas disappears completely. Moreover, in Öhman the board meetings mainly seem to exist for legitimacy purposes. This interpretation is further supported by the intention of the family CEO to possibly merge this board with the group board, which in effect means to take it away and perhaps move the most involved external board member. Across the three cases, family actors are present in these informal arenas. They are used to this and find it easier to act informally and sometimes also see it as a strength since it can facilitate quick and flexible processes.

The Role of ‘Hybrid Arenas’

In addition to the informal and formal distinction between arenas, there is a range of what could be called ‘semi-formal’ or hybrid arenas, such as the workshops in MW, the sauna-club in Öhman and the arenas provided by the course in family business management taken by the owner families in both these firms. An interesting observation in relation to these arenas, and what makes them a hybrid form of arena, is that they often emerge as a result of an attempt to go away from the daily routines and break free from the constraints of these. Sometimes they are also created to leave the formalities and the structure surrounding the regular board and top management team meetings. Hendry and Seidl (2003) observe that an off-site meeting, like a workshop or an awayday, might symbolize a switch to a different context of communication and the suspension of established rules of behavior to minimize the relevance of normal differences between the actors on the arena.

The ambition is thus to be less formal, even if the creation of such an arena also can be seen as a part of wider formalization, such as in MW, where the relation between the board and the top management team shall be clarified together with the rationale of new strategic ideas introduced by the board. In Öhman, the sauna club is mainly an attempt to among key-actors create a new view on the strategy, where important parts are to focus the firm on the core business, to unite the firm and support different departments to work more closely together. The fact that they meet to take a sauna and have some drinks can be seen as a way to ‘wash off’ the other more regular and formal meetings their formalities, ingrained routines and other constrains. The sauna club arena shall support a new, clean start and a more open, honest and participative work on specific strategic issues. The aim of the workshop in MW is to discuss the
new situation after the owner stepped out from the daily management. And even if the ambition is to create a climate that supports the work of the top management team on strategic issues after the owner has left as CEO, owners is still present both indirectly and directly in this arena through for instance the minority owner and wife of the main owner. As Mintzberg (1994) points out, this type of strategy retreats formalizes the time when the work on strategic issues should take place, as well as the participants, but leaves a great deal of openness to work apart from this. The ‘hybrid arena’ thus refers to a type of arena in the strategic work that is a complex mix of formal and informal elements.

A Conceptual Model of Actors and Arenas of Strategizing

To integrate the empirical and theoretical interpretations above, a conceptual model can be generated. Throughout the study, the concepts of actors and arenas have been used to describe and understand how the everyday strategic work unfolds in the family firms. Adopting the definition of strategizing proposed by Johnson et al. (2003:14), the focus on different actors and arenas is a way to conceptualize and capture the process and character of strategizing in the three family firms. Two major distinctions and dichotomies have been used so far to do this, namely informal/formal and family/non-family. As the interpretive work has progressed it has become increasingly clear that it is not as much a question of dichotomies as different ends of a continuum ranging from informal to formal and family to non-family. The interpretations, for instance, show complex interplays between the informal and the formal arenas in the strategic work, where ‘hybrid arenas’ may emerge, and between family and non-family actors where, under certain circumstances, certain non-family actors can be characterized as ‘Simmelian strangers’ and/or draw on the values and interests of family actors in the strategic work. Moreover, some family actors may see themselves more as non-family actors in the strategic work.

At a common level, the case interpretations show that the set of actors, or dominant coalition (Cyert and March, 1963) or power center (Melin, 1998), involved in strategizing varies over time where the dominance of family actors can be extensive during periods and be succeeded by periods with less owner-family dominance and more involvement from non-family actors. Similarly, in terms of arenas, the studied cases indicate how periods of strategizing mainly in formal arenas may be gradually be replaced by more strategizing in informal arenas. It is also possible to interpret that where the dominance lies is not only a function of the age and life cycle of family firms as predicted by for instance Gersick et al. (1997). Rather, strategizing in family firms can over time alternate between being dominated by constellations of mostly family actors meeting in informal arenas or mostly non-family actors meeting in a formal arena, to take two extreme examples. This means that the relative dominance of specific family actors or specific non-family actors shifts over time, as does the number
of actors involved and their formal relation to the ownership and/or firm. Moreover, in all three firms, there are non-family actors, for instance consultants or board members that enter the strategic work, thus increasing the involvement of non-family actors changing the interaction between actors involved in strategizing.

The interpretations also show the changing nature of the dominant type of arena of strategizing over time. This process is not linear, however. For instance, Väderstad illustrates a case where increased strategizing occurs in formal arenas mainly as a result of growth and an increased need to structure the strategic work. Somewhat differently, Öhman illustrates a situation where strategizing moves from being more formally dominated to an increasing dominance of informal arenas as a result of more family actors involved, problems with profitability, and a desire to take the firm back to its traditional strategic focus after being too unfocused and diversified under a non-family CEO. This firm, however, has officially more formal arenas where strategizing is supposed to occur due to institutional pressures, such as industry-specific regulations and a law framework that stipulates that certain issues should be treated at, for instance, board meetings.

The conceptual model suggested here integrates the two models presented before in this chapter and builds on the emerging theoretical interpretations that will be further elaborated on with a more specific focus on the role of ownership in the next chapter. The model visualizes different formations of actors and arenas, referring to an overall character of strategizing, and illustrates their interplay and how this can change over time\textsuperscript{18}. The arrows and the dotted lines in the model indicate the possible change over time and that a family firm can move back and forth depending on the situation at a particular point in time. This is an attempt to emphasize the processual, dynamic, and iterative character of strategizing. The arrows outside the two-by-two matrix in the model also illustrate the dynamic processes of how the character of strategizing may change over time in family firms. Horizontally the arrows illustrate increased formalizing or informalizing respectively to emphasize the processual nature. Similarly, the vertical arrows illustrate how strategizing can change over time in terms of what family or non-family actors are involved in the strategic work. Familiarizing refers to increasing involvement of family actors, and defamiliarizing refers to fewer family actors and more non-family actors becoming involved in everyday strategic work. The term defamiliarization is used to refer to aspects of a process which is often referred to as professionalization in the family business literature. The conventional meaning of professionalization in this literature is often the introduction of external, non-family, and non-owner actors at the top management level in a family firm. This is, however, a misleading use of the concept as it often means that family

\textsuperscript{18} Earlier versions of this model have been presented in Melin and Nordqvist (2000b), Nordqvist and Melin (2002; 2003). The model presented here is an elaboration and extension of these models integrating new both empirical and theoretical material.
actors, per definition, are portrayed as unprofessional (Hall and Nordqvist, 2005). For this study, the notion of defamiliarizing as moving towards less family and more non-family involvement is an alternative word for what some describe with the terms professionalization in family business contexts.

Figure 5 presents the conceptual model aiming to summarize the discussion in this chapter.

Figure 5. A conceptual model of the character of strategizing in family firms

The model is inspired by formulating theoretical concepts building on ideal types (cf. Weber, 1921/1968) and is an attempt to identify four types of strategizing in family firms, based on the focus on who are involved in this process as well as where and when these actors meet and interact to strategize. Developing ideal types is related to an ambition to formulate concepts as a way to contribute to the understanding of social life. It refers to an aim to capture "the essential features of some social phenomenon" and to be helpful in understanding a "specific aspect of the social world" (Ritzer, 2000:115). These ideal types are often 'exaggerated' and may not be observable in their 'pure' form in any empirical context. Rather, they are used to compare different empirical situations and establish their divergences or similarities. Thus, a disadvantage of ideal types is that they do not clearly capture hybrid aspects, which for instance is the case with the concepts 'hybrid arena' and 'Simmelian stranger' coined above. Hybrid arenas, for instance, are characterized by both informal and formal elements in a way that is not easily visualized in the model.
Moreover, Sjöstrand (1993) argues that an ideal type is neither separate from empirical sources, nor simply mirroring an empirical phenomenon. Rather, in practice, it is created through integration of both theoretical knowledge and empirical ingredients. Or, as Ritzer (2000:116) suggests, “ideal types should make sense in themselves, the meaning of their components should be compatible, and they should aid us in making sense out of the real world”. Ideal types can refer to both static and dynamic entities and since social life is changing, typologies based on these concepts may need to be reformulated over time.

Consequently, adapting the above to the model presented here, in cell 1 (informal family strategizing), strategizing is mainly an informal day-to-day activity dominated by family actors interacting in the context of the owner family. In the typical situation this means that family actors have a close to continuous, informal interaction around strategic issues. Few non-family actors are involved in the work on strategic issues, and the role played by formal arenas is small. This is, for instance, a plausible interpretation of strategizing in Väderstad in 1999. In cell 2 (formal family strategizing), family actors still dominate the work on strategic issues, but the greater involvement of formal arenas indicates that strategizing occurs more periodically. Over the course of the study, Väderstad moves towards this position. In the typical case, the strategic work is more structured and channeled to an arena like board meetings, top management team meetings, or family council meetings dominated by family actors. This can emerge in both the family and the firm context. Cell 3 (informal non-family strategizing) illustrates a situation where mostly non-family actors are involved in strategizing and interact in informal arenas in the strategic work. Strategizing unfolds as informal day-to-day activities, dominated by non-family strategists, indicating that it occurs in the context of the firm, rather than the family (as in 1). Finally, in cell 4 (formal non-family strategizing), strategizing still unfolds in the context of the firm with mainly non-family actors involved. Here, however, the strategic work typically occurs periodically and is mainly channeled to formal arenas.

As mentioned before, a core idea of the model is that the formation of different actors and arenas changes over time. The character of strategizing in a family firm may, for example, move from being dominated by family actors in informal arenas (cell 1) towards being dominated by non-family actors who tend to meet and interact in formal arenas over time (cell 2). As illustrated by the cases, the character of strategizing in a particular family firm, can, for instance, change during major strategic and organizational changes, such as, for instance, succession of generations, significant growth, or problems with profitability leading to shrinkage. The set of actors potentially involved in strategizing varies over time, with subsequent impact on the actual actors involved in strategizing. For instance, like in Öhman and MW, an increasing number of family actors interested in the firm’s strategic development can mean more family actors also involved in the everyday strategic work,
sometimes at the expense of non-family actors, such as when these family actors replace the external board members or a non-family CEO. Moreover, this situation may lead to a need for more formal arenas where the growing number of family actors can interact on strategic issues. Similarly, the creation of a new potential arena for strategizing, like the board and the vision group in Väderstad, the family council and the workshop in MW, and the informal arena with the family chairman of the board, his brother, the family CEO, and the board member/senior advisor in Öhman, can mean a change in how strategizing unfolds. Different strategic issues may also be channeled to different arenas and worked on by different sets of actors. In essence, this means that strategizing in the same family firm can be characterized by the four different ideal types at different points in time.

Regarding the role of ownership in the four strategizing situations depicted above this is linked to the extent to which family actors are involved in strategizing. This means that ownership is more explicitly evident in the cells of the model where the owner family is dominant. However, as observed, the ownership can be channeled also via non-family actors, meaning that ownership, even though in a more subtle way, can be present also in the other strategizing situations.

In this chapter focus has been on different actors and arenas involved in the everyday strategic work in the three family firms. This is a first step to capture and interpret strategizing in action in these firms. The next step is to attend more specifically to the role of ownership in this process. This is done in the next chapter.
9. Towards a Socio-Symbolic Understanding of the Role of Ownership in Strategizing

In this chapter more attention is paid to theorizing about how ownership is channeled through different actors and arenas in the everyday strategic work. This means that I shift the level from mostly empirical interpretations of actors and arenas to theoretical interpretations of the role of ownership in strategizing. I draw more explicitly on the symbolic interactionist perspective and use theoretical inspiration from theories of psychological ownership and the concept of provinces of meaning to elaborate on socio-symbolic ownership briefly introduced in Chapter two. Illustrations from the empirical material are used in order to motivate and develop the theoretical reasoning and concepts.

More specifically, I coin the term *enacting ownership* and outline three processes that shape how actors enact ownership as they are engaged in everyday strategic work in different arenas. This constitutes a foundation for the suggested socio-symbolic understanding of the role of ownership in strategizing. In the last sections of the chapter, I outline some implications of this understanding for the outcome of strategizing at both the micro level of social interaction and the organizational level of the family firm.

**Socio-Symbolic Ownership**

As discussed in Chapter two, socio-symbolic ownership extends the meaning of ownership beyond its general financial, legal and structural definition. A central aspect that conceptually distinguishes ownership is that it always entails a set of perceived or real (in the legal sense) set of rights and responsibilities towards an entity (Grunebaum, 1987; Pierce et al., 2001). As this chapter will show, socio-symbolic ownership pays attention to how actors, through social interaction and symbolic processes, develop feelings of ownership towards an entity that are not just related to the legal rights and responsibilities to the property. The legal and structural ownership also exists in the background, but the socio-symbolic notion centers on other attributes of ownership. From a symbolic interactionist perspective, ownership can be seen as defined, interpreted, and potentially acted upon by actors involved in social interaction in different arenas as they engage in the everyday strategic work that was the object of the interpretations in the previous chapter. Socio-symbolic ownership also draws attention to *symbolic*
9. Towards a Socio-Symbolic Understanding of the Role of Ownership in Strategizing

relations and values of ownership and embraces how feelings and actions of ownership may be developed by both owners and non-owners (in a structural and legal sense) – thus, the term socio-symbolic.

Further, socio-symbolic ownership takes into account that the meaning and role of ownership emanates from the particular contexts to which it belongs (Grunebaum, 1987; Mattila and Ikävalko, 2003), and that the rights and responsibilities related to ownership in a specific context are linked to certain values and interests (Grunebaum, 1987). Here this means that ownership is linked to particular social contexts and to the interpretations made by actors of it. Family firms constitute a specific context when studying the role of ownership in strategizing since, as we have seen in the previous chapters, the ownership is linked to a definable owner family, visible in the everyday life in a natural way and often present in different arenas, both formal and informal, through different actors in the strategic work.

Both the reading of earlier literature and the empirical interpretations show that values and interests related to ownership have an impact on the strategic work and that there are different values and interests, not just among family actors and non-family actors, but also among family actors. In order to develop a socio-symbolic understanding of the role of ownership in strategizing, I draw further on symbolic interactionism and integrate the concept of provinces of meaning. This is relevant, since provinces of meaning both draws attention to different sets of values and interests and to how certain sets of values and interests guide the strategic work through actors aligning around a particular province of meaning.

Provinces of Meaning

Socio-symbolic ownership builds on a symbolic interactionist perspective and integrates insights from theories of psychological ownership in order to clarify the link to the concept of ownership. In both symbolic interactionism and psychological ownership meaning is central. Here, I integrate this by using the concept of provinces of meaning. Doing so, I mainly draw on Giddens (1979), Ranson et al. (1980) and Weick (1995), since these are, in my interpretation, treatments of provinces of meaning in line with the underlying framing of the study.

Ranson et al. (1980) are interested in the meanings actors create as they are engaged in organizational activities. The authors emphasize the way actors experience their social reality and how they sustain the agency involved in most organizational working. They do so by attending to the actors’ reflexive monitoring of their experience and thus remaking and recreation of that experience. In this process, actors create provinces of meaning, which are based on interpretive schemes intermittently articulated as values and interests that
form the basis for their orientation and strategic purposes (Ranson et al., 1980). In their view, organizing means a process of generating and recreating meanings, where organizational members wish to secure their province of meaning. Provinces of meanings can be seen as both constraining and emerging out from organizing (Weick, 1995) and thus also strategizing, since these are intimately linked into a ‘single duality’ (Whittington and Melin, 2003). This means that the outcome of and room for action in strategizing is limited by provinces of meaning, but also that strategizing simultaneously reinforces or alters these provinces of meaning. Moreover, provinces of meaning “enable us to constitute and understand our organizational worlds as meaningful (…) enable us to generate some continuity of understanding in changing interactive circumstances” (Ranson et al., 1980:5).

Provinces of meaning are often unarticulated, but may be articulated, since actors are capable of doing this. An important way to do so is to express actors’ values and interests. Values are defined as “standards of desired ends” (Ranson et al., 1980:6) and interests refer to a view of the appropriate allocation of scarce resources and “the ineluctable orientation and motivation of members to maintain and enhance their claims” (ibid, p. 7). More specifically, Giddens (1979) depicts interests as founded in wants, regardless of whether an actor is conscious of those wants or not, i.e. certain actors may have interests of which they are unaware. Ranson et al. (1980:7) further suggest that

…subjective and motivated nature of ‘interested’ action derives from a perceived deficiency in or a satisfaction with a particular distribution of wealth, status and authority, and a motivation to maintain or enhance one’s resource position.

Adapted to the topic treated here, and integrated in the symbolic interactionist perspective, strategizing is shaped and constituted by actors’ provinces of meaning and by their sometimes surfaced articulation in specific values and interests. From a symbolic interactionist perspective, this is related to ownership when actors interpret, define and act upon the more or less explicated values and interests that the ownership is based on, as they strategize. The province of meaning and its related values and interests can thus be seen as underpinning a notion of ownership as a social and symbolic object that can be interpreted and given meaning in the on-going, everyday social interaction and over time attain symbolic values (Mead, 1934; Blumer, 1969).

The observation that different provinces of meaning may exist among actors in a family firm means that there might be several sets of values and interests in
9. Towards a Socio-Symbolic Understanding of the Role of Ownership in Strategizing

play in strategizing. However, the assumption in the following discussion is that one set of values and interests tends to be guiding. The extent to which the guiding values and interests are shared among many actors, both family and non-family, often differs between family firms (Hall et al., 2001). From a symbolic interactionist perspective, divergent values and interests among actors typically means that rather than all actors completely sharing a specific set of values and interests they consciously or unconsciously compromise and align around a dominant set through social interaction (Blumer, 1969). Alignment is not less social than sharing (Weick, 1995) and actors do not have to completely share the values and interests to actually act according to them in social interaction, as Blumer (1969) points out:

Such alignment may take place for any number of reasons, depending on the situations calling for joint action, and need not involve, or spring from, the sharing of common values. The participants may fit their acts to one another in orderly joint actions on the basis of compromise, out of duress, because they may use one another in achieving their respective ends, because it is the sensible thing to do, or out of sheer necessity. (Blumer, 1969: 76)

Drawing on Blumer, strategizing and how ownership is channeled in this process becomes the formation of ‘workable social relations’ among actors interacting in different arenas, rather than completely mutual and harmonious relations based on completely shared values and interests. Indeed, complete, genuine understanding between actors is rare (Charon, 2004), but workable social relations can be seen as the result of previous historical and social understandings that actors in family firms bring to their everyday interactions and which contextualize and shape further interactions (Fletcher, 2002). This means that even if real time and the now is in focus in symbolic interactionism, history and the before enters into and affects social interaction. As Charon (2004:67) notes, “The individual is guided in social situations by recalling the past and by looking to the future, immediate and distant”. This is closely related to how actors define the situation in which they act (Thomas and Thomas, 1928), and give it a certain meaning (Mead, 1934). This, in turn, relates to different actors’ ability to take on the role of the other (Mead, 1934), and view or imagine the situation from the perspective of other (significant) actors with whom they interact. These perspectives are used to guide the definitions of situations that actors encounter as they act; they arise from and change in social interaction (Blumer, 1969; Charon, 2004).

Mead’s (1934) idea of taking on the role of the other is central in socio-symbolic ownership, especially for what I call enacting ownership and how this relates to other processes among the actors engaged in the everyday strategic work on different arenas. These concepts and relations originate from the empirical interpretations in the previous chapter that were integrated into the conceptual model. The model’s two main dimensions of strategizing,
formal/informal arena and family actor/non-family actor, are taken further in the following discussion and more directly linked to ownership.

Enacting Ownership

*Enacting ownership* underlines the active process of interpreting mediated through provinces of meaning, guiding the everyday life of the actors involved in strategizing. The basic idea in this notion is that family actors act upon their province of meaning, i.e. values and interests, as they interpret, define, and understand their ownership in the different arenas of the strategic work. But enacting ownership also occurs when other non-family actors act on the interpretations they make of the owner family’s provinces of meaning in the everyday strategic work. This means that over time both non-family and family actors can come to understand and act on the province of meaning, and its related values and interests, on which the ownership is based. These values and interest can, as argued before, be related to either a shared province of meaning among the family actors, or to a guiding one of a certain family actor. These actors enact this province of meaning as they are engaged in activities related to the strategic work, and the values and interests thus guide strategizing, explicitly or implicitly. This is most evident with family actors who may share a province of meaning to a greater extent than non-family actors. Thus, enacting ownership refers to how both non-family and family actors act according to the guiding province of meaning related to the ownership in the social interaction and symbolic relations constituting strategizing.

Central here is also that ownership, as a concept, is associated with certain rights and responsibilities. With regard to enacting ownership, drawing on psychological ownership suggests that such rights may refer to, for instance, the right to information, the right to voice, and the responsibilities to, for instance, burden sharing, active and responsible voice, becoming informed,

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21 The term enacting is used here in a way that is both similar to and different from how Weick (1979) uses enactment. Central in Weick’s (1979) often-cited notion of enactment is that people, as social actors, create their environments. For Weick (1979:144) enactment serves to bracket and construct portions of the flow of experience, where the term bracket refers to isolating some portion of the flow of experience for closer attention. My use of enacting (rather than enactment) rests on symbolic interactionism and includes this view, but is more focused on the ongoing interaction between individual actors as they interpret and act upon each other’s values, interests, and actions. In this process, actors may bracket and isolate a certain portion of information in interaction and act upon it in line with Weick’s reasoning. However, I read Weick (1979) as being more focused on how organizations and their key actors enact and produce their external environment (Smircich and Stubbart (1985) for an application on strategic management), rather than the relations and events constituting the social interaction between key actors.

22 Note that in the interpretations that follow, I refer to the dominant, or guiding, province of meaning, i.e. values and interests, in the everyday strategic work (strategizing) at particular points in time in a family firm.
and caring for the target of ownership and nurturing and growing/enhancing it (Pierce et al., 2001:306). Enacting ownership, seen this way, refers to natural human conduct in social interaction. Denzin (2001), for instance, argues that everyday life “revolves around persons’ interpreting and making judgments about their own behavior and experiences and those of others” (p.2). Thus, in everyday life, ownership is interpreted and acted upon no matter if it is formally communicated or not. This is how Mead’s (1934) notion of taking on the role of the other is central in this argument. It refers to how actors, when enacting ownership, act towards each other in social interaction, and imagine and define the situation from the perspective of the other actors. Mead (1934) also points out that this notion refers to interaction with oneself through minded activities, i.e. thinking and acting toward oneself. Charon (2001:104) summarizes the idea of taking on the role of the other:

When others act in our presence, we need to interpret and understand those actions if we are to know what to do. In their actions (including their speech, their simple symbolic gestures, and their unintentional body language) we try to understand their thoughts, their intentions, their past actions, their plans, their age, their belief system, their perspectives, and their abilities, and by indicating these to ourself, we consider such things as we act in the situation.

Illustrations of Enacting Ownership

In Väderstad, enacting ownership is illustrated by the awareness of and work with the ‘spirit of Väderstad’, which to a large extent is about spreading the dominant values and interests throughout the growing firm. Both family and non-family actors argue that this is a way to ‘steer’ and ‘control’ better and this also goes for strategic work. The vision group, for instance, can be interpreted as a way to create an arena to ‘get the group’ together and align around a province of meaning which is ultimately that of the dominant family actor(s). “We work with creating a shared thinking platform for development and expansion work (…). It’s a strange situation in the discussion when the leading managers have different opinions and are not in agreement (…) There were several of these discussions in the firm that we had to get into order and a few of us said that we had too different views, we had no well thought-out platform for the future – how to work and what to focus on”, as one non-family actor says. The owner family board also approves or rejects the vision document formally in the board arena, where they thus get a chance to determine if the suggested strategic direction is desired. Such a rejection is, however, unlikely since the dominant family actor is present in most arenas where the vision is worked on. This makes the ownership present and visible and thus easier for the involved actors to interpret and/or act upon as the strategic work unfolds.

The non-family board member and facilitator in the vision work sees the aim of the vision work as supporting enacting ownership and "teaching people to
Think naturally in a certain way”. However, there are some differences in values and interests between him and the CEO, meaning that he can be interpreted as not enacting ownership in the actual strategic work. The following statement of a non-family actor illustrates this: “It’s good to get some different views from what we have in the group, because sometimes you get quite near-sighted and you don’t see everything. Most people in the organization haven’t been that far outside Väderstad and it’s easy to become near-sighted. Now there are some other visions and a new way of thinking”. An example of this can also be drawn from the observed meeting where the facilitator tries to underline the importance of defining what a niche is. The other actors involved in the interaction do not attach as much importance to this activity:

Facilitator: What is really our niche? Do we agree on this so that we don’t adapt the niche to what we are doing, but really adapt what we are doing so it fits the niche?
Non-family top manager: Well, like our niche being red machines you mean?
Facilitator: I’ve seen this done in Nokia.
CEO: As I see it, and this comes from Microsoft, I don’t know if you’ve read it, but it’s the only book you have to read, ha ha. Sven, you got it when you came here! What they say there is that you should dominate your niche. Today, we do this in Scandinavia. We are the natural choice. There are also different segments in different markets; we must adapt to the market.
Facilitator: Yes, sure, but Crister, you must be clear with what niche.
Non-family top manager: Well, this is also difficult to predict, look at Carrier and five years after we came out with that one. We had no idea that we would be best in drilling with that.
Facilitator: We must produce things that the customers don’t know that they need. We say that we shall be good in everything and dominate the market, but it must also be described, how we become so good.
Non-family top manager: Yes and the balance between markets is important.
Facilitator: What I’m saying is that it is important to define things as well as possible.
CEO: Yes, we see.
Non-family top manager: Yes, we’ll try to define niches.
Facilitator: Well, you shouldn’t take my comments too precisely and literally.

Enacting ownership is also manifested in the everyday strategic work when ownership and management are not formally separated. For instance, the CEO in Väderstad says in 1999: “We are so inspired by this that it is difficult to think about a separation. We have a very good consensus around what we shall do and what comes in the future. These are no issues that we really debate. On the other hand, we argue a lot about operative issues. (…) We have not seen the need to separate the roles yet. (…) We live in and for this all of us and this means that work and leisure melt together. There are no sharp boundaries”. Rather, the most important activity in this firm is “our genuine commitment to the farmers. Our basic ideal is to serve our customers, our farmers”, the CEO’s brother says.
three years later. Therefore, they also look for key employees with a similar (farming) background as themselves. One non-family actor with such background says: “This is more than a job to me (…) It’s a way of testing things and fulfilling youself, realize ideas and accomplish things. (…) This is linked to the family, much of what we call the spirit or the atmosphere in the firm comes from the owner family”. This makes it more likely that they align with the values and interests of the owner family and thus consciously or unconsciously enact the guiding province of meaning in the strategic work.

Non-family actors who have worked in the firm for some time get to know both the firm and the owners well. This makes it easier for them to take on the owners’ perspective(s) and act accordingly in the arenas where the strategic work is performed. The following quotes illustrate this: “We know each other quite well, so you know more or less how Crister thinks and you can often act based on what you think that he thinks and many times this is fairly correct” and “If you know that Crister and Andreas believe in something, you also know that it will be realized”. However, this can also be constraining in the strategic work: “There are also people that do not dare to say what they think in the discussion” and “it’s [only] if there’s consensus in the owner family that the strategic issues are further looked at from different perspectives, in the short term and in the long term”, one non-family actor notes.

In Väderstad there is also a profit share program by which the owner family distributes part of the profit to the employees. This can be interpreted as a way to connect the actors more closely to the firm and the guiding province of meaning. It is plausible to interpret that the dominant values and interests in the strategic work in this firm are those of the CEO. He has a strong position in the family and “it’s probably easy to get acceptance for what he recommends to the family”, the non-family board member says. The CEO is closely involved in the detailed strategic work and what he wants is interpreted and acted upon in interaction with others: “He often makes a drawing of a new or improved product. He walks over to the design department and says ‘this is how I imagine this’; it’s done in ten minutes and the guy in the development department knows exactly what Crister means”, the former accountant says.

Strategizing in MW illustrates a different example since the dominant family actor has formally left most arenas of the strategic work and handed over to a non-family CEO. The latter arrives with a very different leadership style and work experiences than the previous CEO and this can be interpreted as leading to different ‘competing’ provinces of meaning emerging in the strategic work. It takes time for most actors involved in the strategic work to cope with the new situation and know how to act when meeting in different formal and informal arenas. It was easier for them to know this before, but the new CEO cannot act as he thinks and wants, but has a responsibility towards ‘someone’ and his work must correspond to the guidelines from the board. As the new CEO says: “In the top management team we have talked about the fact that, I mean, I’m not Per, I’m not the family, I have a completely different frame of references. (…)Per knows
how things are. I don’t and I must trust my colleagues more”. The problem of finding an appropriate role for the top management team arena in the strategic work can be seen as related to the competing provinces of meaning. Added to the ‘arena confusion’ discussed in the previous chapter comes confusion and ambiguity with regard to what province of meaning should be guiding the strategic work. A top manager, for instance, says: “It’s a kind of game to sense where the new CEO is because we were a tightly knit top management team from the beginning.” They are used to the main owner directing the strategic work and, having the ‘owner’s responsibility’ more directly present. Now: “It’s about the new CEO. You don’t know what he is like. We have different opinions on issues. That is more significant. Perhaps it was no idea to express differences before”. The following interaction at the board meeting in September also refers to this. It is about the result of the work at the workshop:

BM1: Are you all standing behind this now?  
CEO: Yes.  
Minority owner: It was very good that we went away since we have had internal problems related to the differences between the leaders. However, this is fixed now and it feels much better.  
BM1: Good, but now you must adopt this shared view of the situation.  
Main owner: I called Birgitta after the workshop. She said this was the best thing that we have done.  
Chairman: Good, the result from the workshop can be inputted in the business plan and increase collaboration in the top management team.

In this interaction, the workshop is referred to as a way to get a new view in the strategic work, but among those present are a non-family actor serving on the board since 20 years, a family actor and several top managers who have worked in the firm for many years. They can still act based on their interpretations of the guiding province of the meaning related to the ownership. “We have a professional force who also knows the firm’s history, relationships and circumstances well and who is also very committed to the firm,” the chairman says, referring to the board member/facilitator, as an illustration of this.

Towards the end of the study, it is possible to see that the province of meaning of the main owner and group CEO guides the strategic work of MW and is also the one that most other actors (apart from the newly recruited ones involved in strategizing) enact as they are involved in strategic work on different arenas. The main owner expresses this briefly in the following statement: “I tell the CEO to follow his own intuition and what he thinks is right. If he hesitates, he can check with me, because if his intuition is the same as mine, we should go for it and not wait. (…) It’s very good that we have a shared view on these issues”. Here, he indirectly underlines the alignment of provinces of meaning. The non-family CEO also seems to increasingly understand that he needs to consider this guiding province of meaning, i.e. take on the role of the main owner and enact
ownership to a greater extent in the strategic work, especially since other actors whom he interacts with in the strategic work do this to a greater extent.

The non-family CEO in Öhman is an illustration of the opposite. He does not enact the guiding province of meaning related to the ownership as group CEO and finds it more difficult to get his opinions through regarding the future strategic direction of the firm. Drawing on Pierce et al. (2001) it is possible to interpret that even if he still intimately knows the target and has invested himself in it for many years he increasingly feels that he can no longer control it, thus developing weaker feelings of ownership. This is also eventually manifested when he develops a strategic plan that diverges too much from the guiding province of meaning. His strategic plan would lead to significantly lowered taxed equity, which is perhaps the most central value for the chairman and dominant family actor, and could jeopardize the owner family’s control of the firm, which is perhaps the most central interest. The non-family CEO also refers to this when interpreting his departure: “Finally I forced a confrontation. It was a choice of ‘okay, let’s draw the line here, I cannot go on being reshaped by the family and their values and Claes’s, and bang! I took it to its limit. I could have stayed, muddled through, tried to adapt, and only listened, but I didn’t do that. (...) Tom got a stronger position and then taboo things emerged. I didn’t like the investments in Malmö. I hesitated concerning the incredible costs for research but I realized that I couldn’t fight about this. And then I also realized that ‘hey this is a family firm and I’m a hired gun and I’m about to find myself squeezed in, I just have to realize it’. Instead of going head-on in Öhman’s strategy, I chose to lay out a gigantic strategy for the group and thereby challenge who’s in charge”. The non-family CEO in Öhman knew well the guiding province of meaning of the owner family, but actively chose to act in this way. It is possible to interpret that he actively and reflectively acted upon the dominant values and interests, but instead of in line with them he acted in conflict with them when strategizing to trigger a change. He redefined the situation based on new knowledge and understanding about the current conditions, which underlines the ongoing, changing nature of the role of ownership in strategizing, as a result of actors’ changing interpretations of it.

In MW, many non-family actors interpret and enact the guiding province of meaning related to the ownership in the strategic work. Doing so they take on the role of the other, in this case the main owner, as they strategize: “I know more or less how Per thinks and at the end of the day, Per is the group CEO, the board and the shareholders’ annual meeting. He dominates all these three through his ownership. If Per likes something it doesn’t really matter if two others on the board think something differently or two of the other owners. Per is the dominant owner and this has not changed since we recruited a new CEO. (...) We can discuss nuances and sometimes misunderstandings, but this is good for me. I know how Per thinks and I can act to influence things in the direction that is preferred,” one actor says, while another top manager states a similar feeling: “We are all imprinted by Per’s opinions and know more or less what he wants and wishes. This is mirrored in
how we act. (...) I cannot ask for every single detail, but I try to understand the owners’ and the top management’s intentions and then implement them. (...) This imprint will stay. We have the same opinions.” Typically these actors know the main owner well and have worked in the firm for a long time. It can also be interpreted that several non-family board members act in this way when involved in the strategic work when they state that they act on the owners’ mandate: “I pay great attention to what I think is the owners’ shared view, and no one has ever really expressed that they want to build a large company and lose control. I have interpreted this as a real family firm. (...) I’m very sensitive to the Malmberg family’s will, which is not always easy to understand. I have really tried to get to know it and I have translated that they want the firm to be successful and profitable, but not growth at any cost”, one such actor says.

The structural and legal ownership can also support the enacting of the guiding values and interests, as the following statement by the wife of the main owner in MW illustrates: “My ownership feels important for my commitment. Today, I feel much for the firm and I care a lot. (...) I represent the ownership and now when I work in the firm and Per is not there anymore, I feel I’m a part of the ownership. (...) I feel more responsibility and commitment.” Being active in the firm also means that other actors interpret what she says when strategizing as expressions of the ownership: “Sometimes we push her and say, but you who are…it’s an ownership question Birgitta, you have to decide this and that.’ ‘Yes, but I’m not an owner now and here’ she says,” one top manager says.

In Öhman, to create ‘the same goal function’ for owners and employees through bonus systems and partnership programs can be seen as related to enacting ownership. For some employees this seems to be needed to enact the guiding province of meaning, since there seems to be a built-in conflict of interests between the owners’ long-term orientation and many employees’ short-term orientation that is not so evident in the other two firms. In 1999, the guiding province of meaning in strategizing is linked to the then family group CEO and chairman, who is also the main owner, even if the non-family CEO has a free role: “This has probably caused me to be, more than I am actually aware of, influenced by Claes’s view on risk-taking. Unfortunately, I have probably become too careful because of this. (...) I have too close contact with the family. We work with fairly large issues here and the older I get the more I tend to work for the family. Before I used to be between the family and the staff, but now when I’ll become group CEO, I need to have another perspective on things and then the risk for this probably increases.”

In 1999, the returning owner and future CEO is less embraced by the guiding values and interests than the non-family CEO and does not yet enact ownership in the strategic work. He feels “more external than him in some senses when it comes to the strategic work at Öhman”. This is further supported by the interpretation that he and his father, even if sharing some basic values and interests, also differ with regard to their provinces of meaning. Still, however, taking over as CEO of Öhman means that he initiates a strategic work that
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takes the firm back to its traditional strategy of more concentration than diversification.

Also in this firm, non-family actors, board members, and top managers say they represent the ownership or act in line with how they understand the values and interests of the ownership. "I like owners made of flesh and blood. I think it's good for the economy and for society. (…) I take it for granted that I represent the owners' and the family's interests," as one board member says. Another adds that as board members they should consider the family's wants and make 'professional evaluations' of them: "If the family sees a value in keeping the firm's family business character, we on the board have the duty to assist in this," and the former chairman adds: "When you make major strategic decisions you always have to keep in mind how much the family is willing to commit themselves without losing ownership control. You think in a different way and I think so in particular. I'm a family business owner myself. (…) What is best for the family should guide decisions." Moreover, as a non-family top manager says: "The history in this firm is that those that have been questioning and critical have disappeared from the board." The same actor says, regarding his own role in the strategic work: "I have been here for so long. I have an Öhmanheart that has grown stronger. I feel like someone in the family firm and I am probably at least as committed as or more committed than some in the family are. This gives me a commitment to the strategy that is very important. I act more or less like I was an owner. (…) The long-term orientation and the survival – today I take on a much bigger responsibility on the firm level, mentally, strategically and emotionally, than I should do considering where I sit."

Öhman is the case with the greatest dynamics around the guiding province of meaning in the strategic work. The three main family actors, the group CEO and the chairman, his brother and his son, differ in terms of at least some values and interests, even if there is agreement on the basic strategic orientation. The following statements are illustrations of this: "My father and I are quite different as persons. I am more like my grandfather. I share some basic values with my father that will remain, but when it comes to managing it will become different," says the family CEO to be in 1999. His uncle explains in 2002: "You put emphasis on different things and if the heart is not there is no support and I must accept it. (…) You have your principles that you believe in and others have other principles and the result is a combination of all those beliefs." The board meetings can be an arena where such differences are acted out, but also attended to: "I and others can be a balancing factor between the owners' different interests. The owners' interests can sometimes be different and we can act from a very neutral and non-emotional perspective and view it as a neutral business unit like any other," as one board member understands his role in the strategic work.

These illustrations of enacting ownership drawn from the studied cases suggest that the guiding province of meaning is interpreted, understood and acted upon in the strategic work. Drawing on Pierce et al.'s (2001) theory of psychological ownership there are three separate but potentially interrelated
routes on which actors may be engaged in enacting ownership: 1) feeling of controlling the target, i.e. the ability to use and to control the use of the object, 2) coming to intimately know the target, i.e. as a result of long association with the firm and the owner family, and of being well informed about and extensively involved in key activities, such as strategizing, and 3) investing the self into the target. The last route refers to when an actor puts a lot of time, ideas, efforts, and physical, psychological and intellectual energies into what is ‘being owned’. The notion of enacting ownership suggests that through these routes ownership, or rather the province of meaning on which it is based, can be interpreted and acted upon in the everyday strategic work.

Socio-symbolic ownership suggests that actors come to embark on these three routes through social interaction, in which the actors interpret and attend to their own and others’ actions. This means that enacting ownership can be seen as a result of socialization processes where actors come to understand, interpret and act, consciously or unconsciously, according to the guiding province of meaning related to the ownership. Socialization is about learning to be social, to interact and to understand “the roles, rules, values and ideas that others want us to learn” (Charon, 2004:61-62). Socialization occurs, for instance, as newcomers need to learn both how to interpret and how to express themselves in the ‘natives’ vernacular’ (Weick, 1995). In a Median sense, their ability to take on the role of the other is acquired through socialization (Mead, 1934). An actor enacting ownership in the strategic work is actively interpreting the guiding values and interests, and is not simply a passive recipient. Rather, leaning on Charon (2004) an actor in a particular arena in the strategic work typically wants to learn and understand the meanings attached to different actions that he or she interprets as significant in order to interact efficiently with others and be able to impact on the outcome of this strategic work. In line with this, Giddens’s (1984) distinction between how actors draw on both practical and discursive knowledge in social interaction is relevant for how ownership is enacted in the strategic work. Through socialization, both non-family actors and family actors interpret and understand the guiding province of meaning either expressively and consciously, or more inexpressively and unconsciously. Following Giddens (1984), it is, for instance, not sure that all actors can give discursive form to the exact values and interests that they follow in the work on strategic issues in social interaction with other actors in a particular arena.

Taking this one step further, the actors, both non-family and family, who align with the guiding province of meaning and enact ownership in the everyday strategic work, can be further understood by looking closer at those actors who do not enact ownership in the strategic work. Newcomers who are not socialized into the firm do not yet understand the dominant values and interests and are ‘seeking’ in their interpretations. Their ability to take on the role of the other is still limited. In the following interaction, this is illustrated by the new head of finance and administration in Väderstad. He first questions the
overall interest to secure a growing firm. Second, he questions the dominant value of extreme customer focus and suggests they should have a waiting list and third, he is asked a question related to strategy that he cannot answer since he is new. He answers humorously to underline this:

CEO: Okay, not foreseeing paradigm shifts. What do you say Sven, you who only have been here for a few weeks?
New top manager: We have grown a lot without making a lot of money, if we look at the growth in turnover and if the market decreases we are stuck with a very high cost structure.
CEO: You mean that we’re not profitable enough?
New top manager: Yes, that’s a threat.
Head of foreign subsidiary: So we should keep the organization slim.
New top manager: I think profitability is important; we have too much focus on growth in turnover. Perhaps we should focus on profitability instead of turnover.
CEO: Yes, but to make money, we have to sell.
Head of foreign subsidiary: It costs money to dominate.
Other top manager: We have aimed for growth and built up a production capacity where we create great expectations to sell, instead of having a waiting list.
CEO: Okay, building up too big a cost structure is a threat. What about possibilities, are there any?
(…)
CEO: Actually, we have an offer to buy a factory in Brazil; perhaps we’re missing something by not doing it. What do you think Stefan?
New top manager: Yes, probably we missed something, or? (He does not really know how to respond, puts the comment humorously and the other laughs).

Not just non-family actors can suffer from a lack of understanding the guiding province of meaning of the ownership, and thus the ability to take on the role of the other. The following statement by a family actor and recently included board member in Öhman illustrates this: "Earlier I wanted to be informed informally. Now I’m on the board, but I feel that I’m one of the external board members. (…) There’s a lot of talk going on between my father, uncle and cousin that I don’t know about and neither do the others. This affects the balance in the board. I understand how the external board members feel."

The interpretation that both family and non-family actors enact ownership or not as a result of interpreting and understanding the guiding province of meaning in strategizing, is supported by earlier arguments. Kets de Vries (1993) argues that many non-family actors feel like being a part of the ‘family’ in the family firm: "The family spirit will very much determine the prevailing attitudes, norms, and values in the company. The values family members express create a common purpose for employees and help establish a sense of identification and commitment" (Kets de Vries, 1993: 62). Such an atmosphere can facilitate decision making and lead to greater flexibility in the strategic work, as well as
greater ‘stability’. Similarly, Miller and Le Breton-Miller (2003), observe that many family firms are like clans, with employees guided more by “common values than by immediate pecuniary incentives (internal markets) or hierarchical control” (p. 130) and have “stronger values and more ample indoctrination” (p.130).

In conclusion, the essence of the notion of enacting ownership is twofold. First, actors, both family and non-family actors, interpret and, to varying degrees understand and act upon the guiding province of meaning that the ownership is based on when interacting in different arenas in the strategic work. Second, since there are potentially several provinces of meaning in play in the strategic work, enacting ownership does not necessarily mean completely sharing one province of meaning, but may rather refer to the circumstance that actors come to align around a guiding one. Enacting ownership is a central concept in the socio-symbolic understanding of how ownership is channeled through different actors and arenas in strategizing. Next, I discuss three ways in which the process of enacting ownership in strategizing is shaped.

Processes Shaping Enacting Ownership

There are several processes that support or constrain how ownership is enacted in the everyday strategic work. In this section, three examples of such processes are discussed. The three processes build further on the conclusions from the previous chapter. They look closer into how ownership is channeled through different actors and arenas in the everyday strategic work as well as how this is linked to enacting ownership. The point of departure is how the guiding province of meaning related to the ownership is articulated and communicated. The underlining symbolic interactionist approach assumes that actors in social interaction are intentional and purposive. Giddens (1984:11) defines intentional as “characterizing an act which its perpetrator knows, or believes, will have a particular quality or outcome and where such knowledge is utilized by the author of the act to achieve this quality or outcome”. As mentioned above, a central aspect of provinces of meaning is that they are articulated as purposive values and interests that lie behind the actions taken by actors in their social interaction (Ranson et al., 1980). This can be done intentionally or unintentionally, or practically or discursively, to use Giddens’s (1984) wording.

Channeling Ownership through Formal Intentions and Vision in the Strategic Work

The extent, to which the future intentions of the owner family and/or the dominant owner(s) for the development of the firm are communicated, can be assumed to affect how actors enact ownership in the strategic work. These future intentions can be seen as the ‘strategic intent’, or the desired future state
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or aspiration of an organization (Hamel and Prahalad, 1989; Johnson and Scholes, 2001), which is, as a concept, close to ‘vision’ (Johnson and Scholes, 2001). Through an expressed and explicit intention, or vision, regarding the future development of the family firm, the guiding values and interests can be communicated to and understood by a wider set of actors involved in the strategic work. Put differently, a vision may act as ‘a unifying force’ (Westley and Mintzberg, 1989; Lindell et al., 1998) and a tool to align acts between actors involved in the strategic work, thus facilitating interaction and communication.

However, the lack of clarity in such a vision can mean that the values and interests are not articulated and communicated among the actors. Such a situation typically means ambiguity and a greater risk of several different interpretations on how to act among actors in the strategic work (Weick, 1995). In the absence of a clearly expressed and formulated vision, actors involved in strategizing interpret and eventually enact what they believe is the guiding province of meaning. On the contrary, a clearer expression of the owner family’s intentions and vision for the strategic direction of the firm means that less diverse interpretations are made, since the vision is clear and actors can act on the articulated values and interests. Taking support from Neubauer and Lank (1998), clarifying the vision of the ownership and the province of meaning on which ownership is based, means that both family actors and non-family actors involved in strategizing activities are more likely to understand the ‘rules of the game’ better and can act more in line with them in the strategic work. According to Mead (1934) it is easier for these actors to take on the role of the other and attend to this perspective when the underlying values and interests are explicitly expressed, since successful role-taking demands communication (Charon, 2004). In this way the guiding province of meaning can become more practically or discursively known (Giddens, 1984) among the actors involved in the strategic work. This understanding also often results in deeper feelings of ownership, since actors feel they know the firm better (Pierce et al., 2001).

In Väderstad, for instance, the vision work is related to the circumstance that the owner family wants to clarify both their relation to the firm and their role in the strategic work through increased formalization. In 1999, the intentions of the owner family are not well known among different actors and there is a widespread feeling that they need to clarify their future intentions for the firm and their respective roles in the strategic work. Later in the study, their wish to keep the ownership of the firm and for the firm to continue to grow in the future is better known, mainly due to the vision document and the supporting creation of the board meeting as an arena in the strategic work. This is worked on at the top management level, but the involvement of family actors is considerable and they finally approve it in the board where the ownership is dominant. In this arena, they also decide on the overall content of the vision document, i.e. the frame that determines the strategic direction of the firm. It is
possible to interpret that not only non-family actors understand and know better what the ownership’s vision is, but also the owners themselves since this has ‘forced’ them to think through and put on paper how they want the firm to develop. They have a ‘red thread’ that was lacking before. The overall vision of the owner-family is the growth target and even if the exact figure is not completely shared among all family actors, they are aligned around the continued growth as the main goal. Here, the dominance of the province of meaning of the CEO is evident, since his preferred growth target is adopted, even if several owners think it is too much. As one of the founders say: “He [Crister] wants to grow by at least 15% a year and we are not completely in agreement with him here. We think that 10% is better. We think that they go on too fast and employ too many people. Siw and I agree, but we don’t push so hard”. And as another family member adds: “I sometimes protest by not agreeing with what they say, but it does not have consequences for my ownership.” The non-family board member’s interpretation also illustrates this when commenting the vision of the owners, which he says is “…both clear and unclear and there’s a difference between the family members. (...) Crister may have visions and dreams of passing this firm on to the following generation, whereas some of his siblings might not have those”. However, the formal articulation of the vision increases the knowledge of what the owner family wants among non-family actors: “The five-year vision is very clear and good, and it builds on earlier ideas that Crister and the others have had. We know what the firm wants and indirectly also the owners,” one non-family actor says to illustrate this.

However, sometimes the formally articulated and communicated vision differs from what is actually carried out in the everyday strategic work. One such example is in MW, where the intention is to be a growth firm and to expand internationally according to most formal documents, the core values formulated, and opinions expressed by owners in interviews and meetings. For instance, at a board meeting, one item on the agenda is “Malmberg Water and its future orientation”. This triggers an interaction that completely questions the orientation of the firm and the communicated vision and future intentions of the ownership:

Board member: We can become a service firm.
CEO: Yes.
Minority owner: Then exports will disappear?
CEO: Yes, and we’ll lose the critical mass.
Main owner: What is long term? We lose profitability from China also.
Minority owner: What do you think yourself? Where do we find volume, Per?
Main owner: Then we shall reorient towards the long-term volume in Sweden already in the fall. The Swedish part must reorient and organize for the volume believed in.
Minority owner 2: In that case the firm will shrink and become a stagnant company, which is sad. Especially, since we call ourselves a growth firm. This is not true any longer.
Main owner: The case is, Erik, water treatment is a stagnant market on the municipal side.

In this interaction, it is a family actor who points out that the talk at the board meeting goes completely against the official vision and strategies and thus the values and interests that he has understood to be guiding the strategic work. But, still it is the dominant owner, his father, who in his earlier comment states what he believes should be the strategic direction in the future. A statement of a non-family top manager illustrates the same thing: "Strategies regarding what we should work with in five years' time are not as clear. We have rather said we shall grow and increase the turnover. We did a pretty solid job with a consultant two years ago. If you read that and compare with where we are today, we have not come that far. The idea was not to grow strongly, but instead we have shrunk." Another non-family actor underlines how especially the ‘real’ and the ‘communicated’ intentions differ: ‘It can be just as correct to decide that okay, now we’ll be this size and we don’t have the ambitions as owners to grow more – take it or leave it. That is also a valid philosophy. (…) In any case, one cannot have the philosophy that the firm should expand and in the strategic work include a huge plan on how we shall change and grow and then not be prepared to make the decisions. We have had very advanced strategic discussions, but when it’s time to take a stance the risks are too big.’

In this firm, introducing a non-family CEO triggers increased formalization and a clearer expression of what the vision and intention related to the ownership is for the future. However, the poor development of the firm over the year means that the official vision and goals for the future must be departed from in the everyday strategic work. This creates a general feeling among actors that the owner family’s preferred direction for the future is unclear. The lack of articulation of the guiding province of meaning is expressed both by the new CEO and by board members, when saying they must interpret what they think the main owner wants for different strategic issues. However, this seems to be unclear to the main owner as well, at least early in the study, since he does not know if the next generation wants to take over the firm. Towards the end of the study, creating the family council, formulating core values related to their ownership and a more formalized discussion in the owner family as a result of the participation of the main owner family in a course can be seen as attempts to clarify the owner family’s future intentions for the firm. In the more prescriptive literature on family firms, the family council is often mentioned as a central arena for the owner family’s work to formulate visions and goals for the firm (Gersick et al., 1997; Neubauer and Lank, 1998). The participation in the course also revealed that the next generation is interested in taking over the firm in the future and this makes it more interesting to act in a direction where the owner family can keep ownership in the firm.

In Öhman the main owner has a vision and repeatedly states how much he believes in firms guided by visions. But this vision is not formally written down
or expressed. He uses the board meetings as an arena to express his vision: “Claes has a fantastic capacity to draw his pictures on the whiteboard. He draws and it is different each time. It’s a standing item that he draws different types of images of how to move entities within the firm and where the future is. It’s a pleasure to see him and much of what’s realized is created when he draws on the whiteboard,” one board member says. The main owner: “I have quite clear plans on where the group shall be in three years, and these plans are rather explicit. I’ve never worked with written strategic plans or written down ideas. The reason is that this often creates huge problems. You’re very constrained in a difficult situation.” However, this is not well known throughout the firm. For instance, the non-family CEO when leaving the firm, explains the ‘lack of owners’ ID: “They don’t manage to talk through well what they want to do with the firm in the long run, what are the weaknesses and strengths – to really penetrate the weaknesses, dare to lift up issues, dare to let everybody have a saying. It gets too much like ‘me, I am enough – we know this, we have always earned good money’. (…) Well, there’s no: ahh, what do we really want!” The new family CEO agrees and says in 1999: “They have never said that this is what we want Öhman to be in ten years’ time. My father and Ulf are actually rather passive owners. (…) They function very well as advisors and generators of ideas, but they do not have a clear definition of what the ownership means and what they want.” Three years later, he says: “Our people have asked: Where are the owners, what do the they want, what is their vision for the next five to ten years, what are the goals, and how should we together reunite around this?’ (…) They have experienced the owners as very invisible. Today, many see me as a representative of the owners – right or wrong, but this means that they see the vision I present as the owners’ vision”. Several non-family actors also feel a lack of a clear vision and future intentions. A board member says: “We have discussed the strategy a lot, but there is some hesitation when it comes to the long-term visions. I sometimes ask if it is an absolute sine qua non that Öhman shall be in the family’s control as a part of the vision, i.e. we shall own this; it shall be a family-controlled firm. They are not clear on this issue.”

This means that even if the owners themselves may know what their vision and intentions are for the firm’s strategic development, and act accordingly in the everyday strategic work in interaction with others, it is less understood among other actors involved in this work. As a board member in EÖJ says: “I wish this was more clearly expressed because we could contribute even more,” which means that since it is not well communicated, many actors need to interpret and act according to what they believe is the future intention and the underlying guiding values and interests. As mentioned above, this firm is perhaps the case where the difference in provinces of meaning among owners is most notable. This was also a reason for the failure of the attempt to formalize the ownership relation to the firm with a family council and create a shared vision. At present, the owners try to talk through their differences and reach agreement before entering formal arenas where strategic work takes place, such as the board meetings. Still, a possible interpretation is that the difference in
provinces of meaning is a reason why their vision and intentions are not clear and more formally communicated to different actors involved in strategizing.

Pushing this line of thought further, this can be related to a difference between passive and active ownership in strategizing. Ownership in a particular family firm can, for instance, be active in the sense that one or more owners are involved in the everyday strategic work, but passive, in the sense that an explicit intention or vision is missing. Ranson et al. (1980) suggest that actors are able to intermittently make explicit the bases of their conduct, i.e. to articulate their values and interests. An explicit and reflective process of formally creating, for instance, a vision or core values typically draws on rather immediately accessible values and interests. Mintzberg (1994:384-386) writes that formalization can help to focus attention, stimulate debate, keep track of issues, promote interaction, and facilitate consensus as well as structure discussion. On the other hand, as Mintzberg and Waters (1982:498) argue, formalization can lead to new procedures and structures eventually replacing vision and hampering flexibility, “so that strategy-making becomes more extrapolation than invention”.

Activating ownership can thus be seen as being about clarifying the vision and intentions of the owner family and in that way make it easier for both family and non-family actors to interpret, understand and act according to the guiding province of meaning in the strategic work. However, there is another interpretation of this: A clearer expression of the owners’ intentions and vision might lead to non-family actors feeling they lose control and influence in the strategic work as a result of increased formalization, which eventually can mean less perceived rights and responsibilities and less feelings of ownership towards the firm (Pierce et al., 2001). This is a paradoxical possible outcome of a process mostly aimed at increasing, rather than losing, the enacting of ownership among actors. As Giddens (1984:8) notes, “unintended consequences may systematically feed back to be the unacknowledged conditions of further acts”. This means that channeling ownership through formalization and clearer expression of the basis of the ownership can lead to consequences that the actors did not intend in the first place, such as undermining rather than supporting enacting ownership according to the guiding province of meaning in strategizing.

In conclusion, attempts to formalize and more clearly express the values and interests that the ownership is based on through formulating and communicating a vision or intentions, can be understood as a symbolic ‘gesture’ in social interaction (Blumer, 1969). This conveys to the other actors a sense of purpose and plan of future action by the actor who presents them:

*The person who responds organizes his response on the basis of what the gestures mean to him; the person who presents the gestures advances them as indications or signs of what he is planning to do as well as what he wants the respondent to do or understand. Thus, the gesture has meaning for both the person who makes it and for the person to whom it is directed. When the gesture has the same meaning for both, the two parties understand each other. (Blumer, 1969: 9)*
Blumer argues that the meaning of gesture flows along three lines. First, it signifies what the actors to whom it is directed should do; it signifies what the actor who is making the gesture plans to do; and it signifies the joint action that is to arise by the articulation of the acts of both. However, perfect understanding between two actors is not always the case in social interaction. Berger and Luckmann (1966) argue that misunderstandings are possible, but lead to confusion and ineffective communication, and Mead (1934) notes that role-taking may involve misinterpretation and miscommunication. This, in turn, may lead to impeded social interaction and blocked formation of joint action (Blumer, 1969). This means that the ownership that family actor(s) intend is not always what other actors enact in the strategic work, indicating that there might be a difference between the intended and the realized, i.e. enacted ownership. When a ‘gesture’ has the same meaning for two or more actors the two parties understand each other and intending and enacting ownership correspond. If this is not the case there is a divergence in meaning with potential impact on the strategic work.

Channeling Ownership through Informal Interaction the Strategic Work

Despite increased formalization through the creation of formal arenas and other structures, the cases show that interaction between actors in informal arenas continues to be important for strategizing. This section is about how enacting ownership is affected by this everyday, informal interaction and conversation between actors involved in strategic issues. As seen in the cases, even if there are intentions to formally articulate and communicate the values and interests that the ownership is based on, i.e. a clearer attempt to make explicit the guiding province of meaning, there is still a widespread sense of lack of knowledge about the vision and intentions of the ownership among actors involved in the strategic work. At the same time there is a considerable amount of informal interaction among actors as they strategize and, as Weick (1995) observes, perhaps it is when an actor talks and interacts with other actors that he or she understands how he or she really wants the firm to develop in the future.

This can be further understood by linking to Ranson et al. (1980). They note that provinces of meaning are often embedded in the routines that constitute and recreate emergent interactive relations. This means that provinces of meaning are of greatest consequence when "...embedded not merely in the structural scaffolding of an organization but bred into the routine constituting and recreating of interactive relations" (Ranson et al., 1980: 8-9). Giddens (1979) adds that the province of meaning is applied by actors in the everyday social interaction as well as maintained and/or altered in such processes of interaction. This means that since human actors are ever-changing and communicate and interact with other actors along an ongoing stream of action, the dominant values and interests are subject to change, as are actors’
interpretations of them (Blumer, 1969; Charon, 2004). In other words, applied to the focus here, the values and interests related to the ownership continuously shape and are shaped by the interpretations the involved actors make in their everyday (informal) interaction on strategic issues.

Some illustrations of how ownership is channeled through ongoing, informal interaction between actors as they strategize can be extracted from the cases. In 1999, the strategic work in Väderstad is characterized of much interaction between especially owners in informal arenas, making the ownership a natural attribute in the everyday social interaction on strategic issues. Towards the end of the study, there is more formalization, but the role of informal interaction in the strategic work continues and now with more non-family actors involved: “These owners’ discussions occur all the time in the background. We can ask both difficult and easy questions and Crister often says ‘I don’t decide this alone, but I have to talk about it with the family’ (...) It’s easy for him to call around and for periods they lived very close to each other. (...) The message could come the day after. (...) Sometimes it can be as simple as realizing by chance that both of us worked until late. At seven, seven thirty one of us passes by the other’s office and says a few words. A discussion that starts in an issue like whether to buy a new tool or not can end in a discussion about whether to continue to expand in Eastern Europe or not,” a non-family actor says. Another refers to the same: “There’s an intense informal activity, which occurs in different ways depending on who are affected by the strategic issue. Crister is involved in the process as the spider in the net. He discusses the situation with those that are directly affected and before meetings the situation is pretty clear. Crister also looks for support for a certain line of action before preparing an issue even more.” A third adds: “His words most often carry weight in the organization so even if his involvement is informal, a lot of importance is put to what he says and does. This is good, but it can also be risky sometimes.” This indicates that channeling ownership through ongoing, informal interaction on strategic issues can be a problem, if it bypasses the more formal and regular structure, and may undermine the role of other actors in the strategic work.

On the other hand, informal social interaction on strategic issues can also support that the everyday strategic work is in line with the overall vision and intentions. One owner states: “There’s a constant discussion about whether we do the right or the wrong thing and if we should change a bit here or a bit there. This lives all the time in the firm and everywhere. It would be a mistake to abolish it.” This can be interpreted as an ongoing interplay between the recent attempt to formalize and explicate the province of meaning that the ownership is based on, and the usual character of the strategic work for many years, which is based more on informal social interaction among actors. The following IS from the vision meeting supports this interpretation:

Facilitator: Don’t you want to have information about the competitors collected in a binder?
CEO: We actually have a tin locker where we sort all things about competitors.
I can let you see it if you want.
Facilitator: Well, the thing is that that’s not the way to do it. At Nokia we called this collecting ‘nice-to-know’ information. Someone, Crister, must decide what you want to know and need to know.
CEO: Yes, but don’t we spread information very quickly here? I mean informally. When we hear something we’re good at passing it on, I would say.

In his interaction, the facilitator, who is also a board member, refers to the advantage of formalizing and structuring the information collected about competitors so that it can be the base for further strategic work at later points in time. The family CEO, however, prefers the usual, informal way of collecting and spreading information among the actors involved in the strategic work, since he sees this as an advantage of the firm.

As noted in the previous chapter, the character of the strategic work in Öhman changes over the course of the study towards being more dominated by informal interaction. Channeling ownership through informal interaction stands out as a central process for enacting ownership in this firm, despite the many official references to the importance of formal arenas in the strategic work and the separation of ownership from everyday activities. The lack of formal statements of the intentions and vision of the owners and little impact of the interaction in formal arenas on strategic outcome also supports this interpretation: “I’ve never seen a vision document, so I came to understand the vision in informal interaction with the owners,” a top manager says. This also means that actors seek interaction with owners informally rather than waiting until a formal meeting to get their opinions on strategic issues: “I can go informally to Claes and Tom to secure a direct influence that way. I suppose there is a bond between us so there is a quicker decision. You get the information directly to the right guy without a filter, which is more difficult where you need to go formally along the line of command,” as one non-family actor says. The main owner and group CEO agrees: “We know pretty well what we want and where we are going. Right now, I’m doing a bit like I’ve always done. I talk and listen to many people.”

Five months later he says: “I’m more visible today than I was three years ago. I walk around and talk to people. I take action, I tell them how we think, how we look at it.” An employee confirms: “He walks around a lot; he’s checking and making small talk all the time. He does not like to decide a meeting beforehand and say that, okay now we’ll sit down and talk. (...) he [also] gathers a lot of ideas and throws them out in the firm and let people react. It is not always that something comes out from this.”

In this firm, informal interaction in the strategic work is also a way to involve those actors that are likely to leave the firm if they do not develop enough feelings of ownership towards the firm. Since the legal and structural ownership cannot be divided, and since many of these actors are not present in many formal arenas where strategizing occurs, this must happen in other ways. To involve them and eventually make them enact ownership along the routes
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suggested by Pierce et al. (2001), the family CEO interacts with them informally: “I have one-to-one meetings with our individual colleagues, analysts, and brokers so that they feel involved. This is also about planting my vision to some extent; I don’t do this only by banging people on the head. I need to listen to them and hear what they do and what they think.” This also illustrates the mutual process of taking on the role of the other in a Meadian sense (Mead, 1934). At the same time as the family CEO communicates his province of meaning, he simultaneously takes on the role of his key colleagues, in order to understand the situation from their perspective. Doing that, he can, if desired, integrate their perspectives into his own perspective. Moreover, this process is also important in order to involve different owners in the strategic work, include their opinions and agree on a line of action – especially since the family council did not work and they want to keep their internal interaction away from the formal board meetings.

In MW, channeling ownership in the strategic work through ongoing, informal interaction is somewhat different. When the main owner was CEO, informal strategizing between him and other, mainly non-family actors, was common and important. Formal arenas were mainly there as periodical checkpoints and the board meetings also as a support for the CEO to proceed in the strategic work: “Per wanted to have a feeling for what people thought about his ideas, so he discussed them a lot. When Per has an idea, he finds it very hard to let it go and he pushes for it very hard. He tries to lobby for it in different places and situations until he and others are convinced,” one top manager says. However, as noted in the previous section, with a non-family CEO the intention is to change this and perform more strategic work and channel ownership to formal arenas. The continued presence of another family actor in both formal and informal arenas related to the top management of MW is, however, confusing to many actors. The wife of the main owner knows that she cannot go home and discuss everything with him today. But they still talk about some issues, because “as owner I don’t think that I can…I can’t simply look at it if I think that this goes down the drain”. The new CEO thinks this is beneficial: “that she is a channel to the kitchen table. She has a lot of opinions. She’s not quiet and it’s evident she represents the family when expressing her opinions and we sit down to make a decision, but we still make these decisions as a top management team,” while a top manager holds the opposite opinion: “You hear how Per’s views come through via her. (...)To hear Per’s voice through her can constrain the discussion. I know that what I say here the owner will know soon. In order to progress when working with strategic issues, you must look in different directions. This process must continue even if certain routes can be painful for the owner to listen to. If we discuss a side track or a deviation from the current strategic orientation that is hard for the owner, Birgitta enters and cuts off saying that ‘we cannot do like that’”. Another non-family actor adds it is most difficult for her: “Sometimes we push her and say, but you who are...it’s an ownership question, Birgitta, you have to decide this and that’. ‘Yes, but I’m not an owner now and here,’ she says”. She is also aware of
this: “I know I can become an echo of Per and sometimes they want to be spared that and that is when they have forgotten profitability and why we exist at all.”

The continued involvement of the ownership in the informal interaction impacts how ownership is channeled in the strategic work: “My office is in another building, but I come in here in the main building once a week or so. Sometimes it’s hard and when I think that the new CEO does something wrong, I can go to him and say that I would have done it this way. I say, ‘have you thought about this or that?’”, the former CEO says, while the new one explains: “Per comes in and talks sometimes, but it’s not at all with the same intensity as it used to be. He’s not here, he doesn’t ask every day.”

As in Väderstad, many actors are still used to the informal interaction in the strategic work: “If I want I can go to Per and talk to him and even if I seldom feel the urge to do this, it feels many times that the owner is closer to the daily activities. (...) It often happens that Per comes in and talks to me about what’s on and it feels good,” one non-family actor says, while another says that given the new chain of command problems may emerge: “If the owner comes in and sits down in front of you and starts asking you for information and you have to say, I cannot tell you this, you have to talk to the CEO because this is his area. That’s difficult.”

Over time, the new chain of command is followed more and ownership is less channeled through informal interaction in the strategic work. A non-family top manager with 20 years in the firm says in line with this: “We talk less about the firm when we meet now. (...) I would find it very difficult to talk to the owner, even if I know him well, if I was disappointed with the new CEO. It would be behind his back and this is why we don’t talk about the firm, even if not everything is good.” Still, there are ways through which the main owner is involved in the strategic work informally: “The town is not big and we run into each other sometimes and have a cup of coffee together. Per tells me a bit about what he thinks and wants to do, in confidence. Thereafter, it takes some time and there are signals that something is about to happen. Then the CEO comes and says that he has thought about doing this and that change, but it still feels as if Per is behind the changes.” His continued involvement in the strategic work in informal arenas is also possible to understand from the interaction in formal arenas. The following interaction at a board meeting shows detailed knowledge of the strategic work:

Non-family board member: We need to adapt the organizational structure and put more emphasis on project leaders.
The chairman: Do you want to say something Per?
The main owner: Yes. The good, active project leaders want to compare and compete with themselves, that’s the way it is. They’re afraid of dividing the work according to the decision. It’s good with more competition instead. One has to change the organization when it doesn’t work well. I know that it is the other way around in the top management team. They want to integrate business area services again and create a new, whole cake and I’m afraid of this.
The CEO: I promise not to let that happen.
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The main owner: Another reflection, you have rightly found a problem here. It is important to really dig into this with the project management, but you cannot lose sales.

Project management is an important strategic issue for improving profitability. In this interaction, the main owner shows how much he knows about this and also suggests his preferred way of addressing the problem. Also the new 'hybrid arena' created where the main owner, the CEO, and the chairman interact on strategic issues can be seen as a way to channel ownership in the everyday, social interaction. In this arena, the owner gets more possibilities to directly or indirectly express his province of meaning: "I tell the CEO to follow his own intuition and what he thinks is right. If he hesitates, he can check with me, because if his intuition is the same as mine, we should go for it and not wait." During the top management team meetings during the winter and spring it is also possible to note how the CEO expresses possible lines of action in the strategic work that first emerged in this arena. This is, for instance, the case with the cost cuts and the possible collaboration with a competitor.

The above interpretations of how ownership is channeled through informal, social interactions in the strategic work are supported in earlier family-firm literature. Kets de Vries (1993) argues that there is typically less bureaucracy, and quicker and more effective decision making in family firms. This reflects a general theme in the literature that family firms are often informal and characterized by close relations between actors (Miller and Le Breton-Miller, 2003) typically leading to informal channels of communication (Poutziouris et al., 2004) and that the absence of formally defined decision-making processes can give owners greater possibility to "exercise discretion and to implement arbitrary decisions" (Goffee, 1996:37). Moreover, Hall (2003) and Ericson (2000) argue that strategizing is context-dependent and emerges out of the interaction between 'socio-culturally' situated individuals whose close ties and family relations shape and are shaped by their history, values, and feelings. For them, this means that strategies are formed in dense 'human interactions' (Ericson, 2000:141) where close, or 'genuine', relations based on kinship and love between family actors play a crucial role for strategizing (Hall, 2003). Similarly, James (1999) holds that close family ties and loyalty feelings of co-ownership are fostered in the owner family, even if a certain family actor holds little legal and structural ownership. This further supports the view that enacting ownership is affected by how ownership is channeled in informal interaction as the strategic work unfolds over time.

As discussed, there may be reasons to try to decrease the interaction between actors in informal arenas in the strategic work. This may, for instance, be the case where there are ambitions to separate ownership more from the top management as the result of 'the family business problem', as in Öhman, or where a non-family CEO is recruited and the former family CEO should act more in formal arenas, as in MW. However, an aspect that may emerge if informal interaction is cut off for the benefit of a new interaction order is that
actors get fewer opportunities to meet and interact with each other. This means that less communication can lead to less understanding and thus more difficulties to take on the role of the other as well as to align acts (Mead, 1934; Charon, 2004) and consequently to enact ownership. Another aspect is that completely moving away from the situation where ownership is channeled in the strategic work through informal interaction can cause problems when some owners are very knowledgeable about the firm and the industry and can add much to the strategic work. Earlier research has also shown that this in-depth knowledge, experience, and detailed involvement of family actors in the strategic work constitute a strategic advantage for family firms (Mintzberg and Waters, 1982; Miller and Le Breton-Miller, 2003).

In conclusion, channeling ownership in the strategic work through everyday, informal interaction is about how the guiding province of meaning is maintained and/or changed over time in informal social interaction and in that way linked to enacting ownership. As Berger and Luckmann (1966:137) point out, the most important vehicle of everyday life maintenance is when this is “ongoingly reaffirmed in the individual’s interaction with others”. This means that just as ownership is originally interpreted and acted upon in a social process as outlined in the notion of enacting ownership, so it is maintained and/or altered in social processes, i.e. through continuous, often informal, social interaction. Indeed, much of this social interaction can afford to be informal and casual because it refers to the habitual activities of everyday life (Berger and Luckmann, 1966). This is supported by Sjöstrand and Tyrstrup (2001:11) who argue that “what might appear to be endless informal conversation is in reality small talk that shapes the lives of people, making them organizational (or other types of) members, or denying them such membership”. Moreover, as Karlsson Stider (2001) argues, ‘less visible’ actors, such as e.g. spouses are often involved in the strategic work through this kind of social interaction. This means that those who have access to these informal arenas also influence enacting ownership, since it is more likely that those who are allowed into these informal arenas in the strategic work develop an understanding of the guiding province of meaning, the ownership as well as feelings of ownership through the routes suggested by Pierce et al. (2001). Being granted or denied access to such informal arenas in the strategic work thus has impact on enacting ownership.

Channeling Ownership through Symbolic Embodiment in the Strategic Work

Above it was stated that actors come to enact ownership as the result of socialization. An important part of socialization is how actors interpret and act upon different symbols in the social interaction (Blumer, 1969; Charon, 2004). Mead (1934) argues that symbols are social objects used by actors for both representing and communicating a meaning. They are used to represent whatever people agree they shall represent. From this perspective, symbols can
be seen as social, meaningful, and defined ongoingly in social interaction (Mead, 1934; Blumer, 1969). This section focuses on how ownership is channeled in strategizing through both actors and arenas, interpreted as symbols that embody the guiding province of meaning of the ownership. Two examples are used throughout the discussion. This first is how the physical bodies of some actors involved in the strategic work can be seen as symbolically embodying ownership. The second is how the board and its arenas, as a central organizational body and structure, can be seen as symbolically embodying ownership.

Human bodies are made of ideas as much as of flesh. Family actors are actors with a symbolic value attached to them that stretches beyond their physical and legal status of being owners of the family firm. When acting in the strategic work, family actors can, as we have seen, embody intentions, values, and interests. But as we shall see, not just family actors, but also non-family actors, can embody ownership in the sense that their presence and action in a particular arena may be seen as a symbol for the ownership. These actors embody and personify the provinces of meaning as they represent the guiding values and interests in the strategic work. As Miller and Le Breton-Miller (2003:131) observe, there is a ‘personification’ of the family firm that helps to “establish a virtuous circle in which good deeds are ascribed to personal (family or staff) intentions rather than bureaucratic requisites”. In line with this, Shilling (1993) argues that the human body can possess distinctive symbolic forms that among other things signal status as well as certain values and interests. He draws on Erving Goffman to point out that

…the vast bulk of daily life consists of routines, where individuals frequently initiate, enter and leave encounters with others. At every stage these focused or unfocused meetings, movements and appearances of the body send messages of intent between people. (Shilling, 1993: 93)

This means, Shilling (1993) argues, that bodies of human actors work as generators of meaning, since actors in social interaction interpret the symbolic values of the bodies, and actors in the same social context tend to have a similar mode of interpreting ‘embodied information’ as the result of socialization. More closely:

Individuals engaged in encounters constantly display information as a consequence of their embodiment even if they are not speaking. Visible bodies are caught in webs of communication irrespective of individual intentions and this can exert a considerable influence on behaviour (Burns, 1992:38). (Shilling, 1993: 85)

This is relevant for understanding how different actors embody ownership in strategic work and how this embodiment is related to enacting ownership. For instance, bodies are central to human agency and to the formation and maintenance of social interaction and they both constrain and facilitate such
processes (Giddens, 1984). As Shilling (1993:13), puts it: “the body is not simply constrained by or invested with social relations, but also actually forms a basis for and contributes towards these relations”. This means that the body gives ability to forge social relations, but also to serve to shape those relations. An actor’s ability to intervene in social life and ‘make a difference’ in the flow of day-to-day activities is related both to the actions of this actor’s body and to other actors’ interpretations of those actions (Giddens, 1984). In other words, human embodiment of values and interests provides potential for communication and shared experience with impact on the strategic work. Giddens (1984) further argues that the body is the ‘locus’ of the active self, but the self is not just an extension of the physical characteristics of the body that is its carrier. In this way, family actors and under certain circumstances also non-family actors, become ‘objects’ with a symbolic value. The meaning of objects for an actor emanates basically from the way they are defined to him or her by others with whom he or she interacts. Objects (in the sense of their meanings) must thus be seen as social creations and: "as being formed in and arising out of the process of definition and interpretation as this process takes place in the interaction of people" (Blumer, 1969: 11-12).

In the following, some illustrations of how different actors and arenas can embody ownership are discussed. Especially those family actors having multiple roles obtain a certain status and become actors who in addition to ‘direct’ impact also have a more symbolic impact in strategizing. First consider the following statement by a family actor in Väderstad, who explains how other actors might interpret them when interacting on strategic issues:

We are strong people individually and we become even stronger by being owners. This probably means that we exercise our ownership unconsciously through being more determined and putting our foot down when we’ve ‘had enough’. (…) Partly because you’re a strong person individually and partly because you’re an owner – you are stronger in other people’s eyes. (…) If we have an external manager, he or she cannot just remove a family member. Emotionally it’s much more difficult, but on the other hand there is a core of owners that are easy to talk to.

This can be interpreted in the following way. By being there physically, the family actors signal and symbolize the ownership. Their presence and visibility in the everyday interaction reminds other actors of who they are and leads to interpretations of what they want and desire, also regarding the strategic work. The family actors cannot be totally aware of how their bodily presence is interpreted by other actors. One non-family actor says: “The ownership is divided between several people, but sometimes they act together with force and then you see that they have impact.” However: “The owners never steamroller the others just because they are owners. It’s giving and taking”. In this firm embodying ownership is also related to the large number of family actors present in the everyday interaction and acting in various arenas in the strategic work. The recruitment of a new head of administration and finance is linked to the desire
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to involve the CEO even more in detailed activities of the strategic work (product development and marketing), making him (and his body) even more visible. As a non-family actor says: "Most revolves around him. (…) He is weighty in many ways. (…) He is so dominant in many ways that it easily happens that there are a lot of yes-men around him and this is not good, but he is also difficult to win over in a discussion". Moreover: "One can also easily tell by Crister's face if we have done badly in certain issues, he gets angry and he doesn't have to say it, people see it."

This is also illustrated in the meeting with the vision group, where two family actors participate and one of the founders enters the room repeatedly during the meeting, thereby also reminding those present about the continuity and history of the firm. It is especially the actions of the CEO that stand out as he directs and sets the boundaries for the meeting. He repeatedly refers to his values and interests concerning various issues, and the facilitator supports this. He uses body expressions when doing so and indicates that the CEO could do the same:

CEO: The Carrier is about to expire as product.
Facilitator: It's easier if you say that you Lars shall do this, you Jens shall do this and then, you Andreas have to keep up with their pace! (He smiles and firmly points with his whole hand at the other actors, implying that the CEO should do the same).
Andreas: (abruptly) Yes.
CEO: Okay, and so we move over to you, Andreas.

In Öhman, the majority owner was for a long period group CEO and chairman and thus present at many levels and in many roles. He embodies the development of the firm and is seen as the 'entrepreneur' and 'the owner'. His son says: "We often compare this with a case of beer at Norrmalmstorg. If you put a case of beer at Norrmalmstorg and then walk away from it and return after six hours, the probability that one, the case is still there, and two, that there are any beers left, is very small. On the other hand, if you have both feet on the case, the probability that all beers are still there after six hours is much higher." This can be interpreted as referring to the fact that several family actors (and their bodies) are often visible and present in the everyday strategic work. Especially the main owner is more visible when the firm performs poorly. A non-family actor interprets that this is "to show that he exists and to get people to sharpen up and to show that he knows what's going on". A board member adds: "They're visible and easy to notice. They are not anonymous. You cannot just ignore this or disregard them. When Claes enters the board meeting he doesn't adapt but he is himself and does what he wants. He's used to doing that."

The return of his son as the CEO for Öhman has great symbolic value as the family becomes more visible and the firm takes on a greater 'family business

23 Lars and Jens are fictitious names of two top managers.
character’. “With Tom we want to show that we’re working in a long-term perspective again,” his uncle says referring to the symbolic values of having him there physically. The closeness and physical visibility of the family actors’ bodies makes it easier to interact with them in the strategic work: “It is more like this now since we have a family member as CEO. The line of command is shorter. Claes sits a half wedge from here so it’s just to go up to him,” one top manager says, or: “It is always an advantage in important strategic work since it is much easier when you don’t have 17 billion owners, but only two that also are just a short phone call away,” as a family actor says.

In MW, the main owner and his wife are the most visible and notable family actors embodying ownership in the strategic work in both formal and informal arenas. The main owner is dominant in terms of the legal and structural ownership and this is known, but even if his wife’s legal ownership is very small, her symbolic role increases when her husband tries to stay out of the informal interaction on strategic issues. She is interpreted as representing the ownership and her physical presence in the meetings also compels her to ask questions from her perspective as owner, even if she tries to say that she is not representing the ownership there and then, for instance during the top management team meetings. Towards the end of the study, other family actors are also more visible and active in the strategic work, increasing the number of actors who embody ownership. However, some new non-family actors do not see the embodiment of ownership in this way. “I’m new and I don’t feel the shadow of the Malmberg family hanging over me. I don’t identify the firm with the Malmberg family. Per still has a strong position, but he is surprisingly invisible. (…) Perhaps Per’s spirit is present in the room for others, but not for me.”

This interpretation differs from that of people who have worked longer in the firm and for whom the main owner is still the actor ‘directing backstage’. Moreover: “The owners’ involvement is tangible also in the day-to-day activities. I have never experienced that anyone really confronts Per,” one non-family actor says. Moreover, the main owner still has his office on the premises. His physical closeness means a mental awareness that he might get involved in the strategic work on short notice: “This will probably stay on for a long time, regardless if Per is here. His spirit is here. It’s the family’s interests that we should…it’s our obligation to act according to that,” one non-family actor states.

A plausible interpretation is that even if the main owner is not directly active in the strategic work in a particular arena, this is the result if other actors continue to interpret his values and interests and act accordingly in the strategic work. For instance, when he repeatedly enters the top management team meeting in May, this reminds the other actors of his existence and indirectly also of his values and interests. This might not be his intention, but still the unintended consequence of his action. In this action, he does not just enact ownership (probably not being aware of it), but he also supports other actors enacting ownership (even if they are not completely aware of it either). This can be seen as an example of how his symbolic value and ‘absent presence’ (Shilling,
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1993) has an impact on the strategic work, even if the intention is to move away from this and give more space to the new CEO to direct the strategic work. This means that instead of widening the room of action for the new CEO, which is the official purpose, he reinforces his own impact by merely being physically present as a result of the symbolic value of his body. In this way, the difference between the former CEO and the new CEO also becomes one of two different bodies. "I'm not Per and they have to understand this," as the new CEO says, "There are not two of us, he is running this."

As mentioned, also non-family actors can be seen as embodying ownership in the strategic work when they are interpreted by other actors as representatives of the owners. Examples of this from the cases are the non-family board member in MW, who when acting as facilitator in the arena provided by the workshop is seen by some actors (not all) as the representative of the board and the owners. Another example is the former chairman of the board in Öhman, who is widely interpreted as the 'owner family's doyen' and the one who acts most explicitly on the guiding province of meaning related to the ownership. Also the former chairman in MW is seen in a similar way by both family and non-family actors. A third example is a top manager in Öhman who says that not only internally is he seen as closely related to the family firm and its ownership, but also externally: "I have worked here for so long and I like the family. I feel like an Öhman guy. I'm also connected with Öhman when I'm with my friends and competitors – I'm very much Öhman. I feel bad when the firm does badly," he says.

Embodying ownership is related to the symbolic aspects of certain actors being involved in one way or the other in the strategic work. This does not mean that they have to be physically present. Social interaction with those being physically absent involves social mechanisms that are different from those where two or more actors interact in co-presence, but may still have an impact on the outcome of such interaction (Giddens, 1984). Kelly et al. (2000) note, for instance, that a founder of a family firm may have an impact on the strategic work even when retired or deceased. Shilling (1993) refers to an 'absent presence' when actors strategize without family actors being physically present (like in cell 4 in the model derived in Chapter eight), but still playing a role symbolically and indirectly in the actions taken.

Another aspect of this is illustrated in MW where both younger and older generations are more visible as a result of the family actors’ participation in the course in family business management. The chairman notes this in the staff paper: "Per writes a bit about all the companies in the group, but this time it also included a historical retrospect with a photo of his grandfather, great grandfather or whoever it was." In this way the history and tradition is underlined and both family and non-family actors are reminded of the existence of actors from previous generations, who, albeit not physically present, may have an impact on the current strategic development. Here, for instance, the renewed interest in family actors from the past may indicate an increased interest in keeping the
firm within the family, which in turns affects the strategic work through greater attention to the tradition (by for instance, rendering less likely the strategic issue of M&A or other risky investments leading to growth and expansion). In other words, embodying ownership seems to reinforce the role of history and tradition in the strategic work. Tradition has the greatest impact on everyday life when it is understood as simply "…how things were, are (and should be) done" (Giddens, 1979:200) and family actors embodying ownership are often backed by stories and myths of their previous accomplishments and actions that get ‘stuck in the walls’ over time (Schein, 1983; Dyer, 1986). Translated to the topic in focus here, this refers to a situation where actors enact ownership widely as they strategize. Embodying ownership therefore means that ownership plays a role when actors are present in the arena where strategizing occurs, but also when they are physically absent. Actors embodying the guiding province of meaning that the ownership is based on obtain a symbolic status in the social interaction and the extent to which other actors interpret and act upon the values and interests of this province of meaning in the strategic work is related to enacting ownership.

As mentioned, organizational bodies can also embody ownership. One such example is the board, which in all three firms can be interpreted as taking on a symbolic role as an arena for strategizing where the ownership is active and present. It was noted in the previous chapter that the board in at least two of the firms are seen as not having a great direct role in the strategic work. However, this does not mean that it cannot have another meaning that over time renders it more important as a formal arena in the strategic work (cf Langley, 1989; Whittington, 2003).

For instance, in MW, the new CEO can be interpreted to use the board to facilitate his actions in relation to the top management he refers to that ‘the board has said that we should create this new business area’, and he acts accordingly. Most other actors interpret this statement as coming ultimately from the owners. A top manager also says repeatedly that the main owner “steers much more with the board today than before”. The main owner used to, and still does, refer to the board as well in order to facilitate carrying through his ideas. A family actor says: “Per often says that the board has decided on a certain line of action when he presents an idea. At the same time he is represented there. The board becomes a concept he uses. The interplay between the board and the top management is not clear since they never meet. Previously, Per personified this link. (...) I often think of how much was the board and how much Per himself, because sometimes he says that it’s his own idea, even if he refers to it as the board’s opinion and decision.” A non-family actor says: “Per sometimes complains that ‘the board has said that I have to do it this way’, but I guess this rather means that Per tells himself that he has to do like this.”

Moreover, activating the board in Väderstad with a non-family board member can also be seen as a way to facilitate the owner family’s involvement in strategizing by using a more legitimate structure rather than informal
A Socio-Symbolic Understanding of the Role of Ownership in Strategizing

In this section, the socio-symbolic understanding of the role of ownership in strategizing is summarized based on the interpretations above. The central interpretive process of enacting ownership refers to how actors, both family and non-family, interpret, understand and act on the guiding province of meaning related to the ownership in the different arenas of everyday strategic work. The socio-symbolic understanding of the role ownership draws attention to how and why actors enact ownership as a result of the three interrelated processes: channeling ownership through formal intentions and vision, channeling ownership through informal interaction and channeling ownership through symbolic embodiment in the strategic work. These processes also relate to what actors and arenas are involved in strategizing.

The alignment around a guiding province of meaning on which the ownership is based means that a certain province of meaning guides the strategic work, but it does not mean that this is forever fixed and stable. Values, and perhaps especially interests, can change over time. An example of this is when, as in both MW and Öhman, it becomes clear that the next generation of an owner family wants to take over the firm. Thus, the guiding provinces of meaning related to ownership can change over time in ongoing social interaction (Charon, 2004), and so can, as we have seen in the previous chapter, the character of strategizing in terms of actors and arenas. This way the socio-symbolic understanding of the role of ownership deepens the meanings of the processes formalizing/informalizing and familiarizing/defamiliarizing outlined
in figure 5 and links them more closely to how ownership is channeled in strategizing.

For Blumer (1969), the persistence of established social patterns, e.g. continuity in the strategic work, is related to actors' recurrent use of 'identical forms of interpretation'. If this changes and the guiding province of meaning is not confirmed by other actors' interpretation and actions on it, the character of strategizing also changes. This means that actors may redefine their own and others' actions and this can lead to new actors entering, new interactions emerging and new types of behavior (Blumer, 1969), such as the creation of new arenas for the strategic work. Thus, how actors, family and non-family, enact ownership when interacting in arenas, formal and informal, in the everyday strategic work, can change over time as a result of a changed province of meaning, or a new guiding province of meaning. The interpretations above suggest that this is likely to be the result of continuity or change in the processes of channeling ownership through formal vision and intentions, through informal interaction and through the symbolic embodiment of ownership.

The processes of channeling ownership through formal vision and intentions, through informal interaction and through the symbolic embodiment of ownership shape the central interpretive process of enacting ownership. It is plausible to assume the three processes shaping enacting ownership work differently in different family firms and that their relative strength also changes over time in a particular family firm depending on its characteristics. For instance, as more family actors become involved in the strategic work, the embodiment of ownership is more evident. A formalization and expression of the owner family's vision as a result of participation in a course (and thus an increased level of formal education) may clarify the guiding province of meaning. Similarly, the increasing size of a family firm may trigger more formalization, and the introduction of new actors, such as non-family top managers or external consultants, may also induce changes in the strategic work. This may also occur if a family actor returns to the family firm after years of managerial experience from other firms. Strong actors may, for instance, come in and successively change some values or interests currently acted on as part of the guiding province of meaning in the strategic work, while simultaneously acting on others, thus both influencing the enacting of ownership and the outcome of strategizing. In other words, the introduction of a new actor or the creation of a new arena may over time lead to changes in provinces of meaning and how actors enact ownership, and so may both the character of the strategic work and the eventual strategic direction of a family firm.

The socio-symbolic understanding of the role of ownership in strategizing draws attention to actors' social life as constituted by social interaction and symbolic relations. Blumer's (1969) three central premises of a symbolic interactionist perspective can be used to summarize the outlined socio-symbolic understanding of the role of ownership. First, actors act towards things, in this case the ownership, on the basis of the meaning that the things have for them,
Towards a Socio-Symbolic Understanding of the Role of Ownership in Strategizing

second, the meaning of such things is derived from, or arises out of, the social interaction the actors have with other actors, and third, these meanings are handled in, and modified through, interpretive processes used by the actor in dealing with the things he or she encounters.

Socio-symbolic ownership builds on an assumption that the legal and structural aspects of ownership exist in the background and as a foundation, but it puts the spotlight elsewhere. Here, ownership is interpreted, understood and acted upon in social interaction between actors. This notion of ownership uses inspiration from psychological ownership. The foundation of psychological ownership is expressed by Etzioni (1991:466) in the view of ownership as a “dual creation, part attitude, part object, part in the mind, part real”. In the view developed here (which builds on a theoretical and methodological framing from social psychology), ownership is seen also as a social creation, existing in social interactions and symbolic relations as well as in the interpretations actors give to it as they act in the everyday life.

Socio-symbolic ownership is in line with the strategizing perspective on strategic processes, where interest is in micro processes and the everyday life of the actors involved in strategic work. It is also in line with the observation that interaction between different actors taking part in strategic work creates both strategic thinking and acting (Lindell et al., 1998). Strategizing is also concerned with the active and continuous processes of making and re-making strategies of a firm (Melin et al. 1999; Whittington and Melin, 2003), which is in line with the focus on change and ongoingness inherent in socio-symbolic ownership.

The focus of the interpretations so far has been mostly on how ownership is channeled in strategizing and on the character of this process, conceptualized as the everyday strategic work between actors interacting in different arenas. Following the definition proposed by Johnson et al. (2003) there is also a reference in strategizing to the outcome of such strategic work. In the next section, I discuss more closely some aspects of what the socio-symbolic understanding of the role ownership means for outcomes of strategizing, both at the micro level of social interaction and at the organizational level of the family firm.

Micro level Outcomes of Strategizing

The focus on the everyday, social interaction between different actors in different types of arenas in the strategic work means that outcome of strategizing can be approached at a micro level. As argued in Chapter two, outcome in the strategizing perspective does not necessarily mean traditional measures of outcome at the firm level such as financial performance, the selection of a particular generic strategy, or the character of strategic changes. Rather, as Wilson and Jarzabkowski (2004) and Whittington (2004) point out,
outcome can refer to the performance of specific actors involved in the strategic work and/or the outcome of specific episodes of strategic work, such as those occurring in the arenas studied here (Hendry and Seidl, 2003). This way of approaching outcome as the efficiency of the micro processes of strategizing is relevant for the current study given the symbolic interactionist perspective. In the following, I will do this concentrating on two aspects: the performance of actors of strategizing and the performance of arenas of strategizing.

**The Performance of Actors in Strategizing**

Given the empirical and theoretical interpretations outlined above it is relevant to ask: is contributing to the outcome of strategizing in the family firm a matter of enacting ownership?

Socio-symbolic ownership and the central process of enacting ownership mean that there is another distinction between different actors through which ownership is channeled in strategizing of family firms than simply family actor/non-family actor. This categorization is still relevant, since it refers to being a legal and structural owner. However, the observation that also non-family actors can interpret, understand and act according to the guiding province of meaning related to the ownership suggests that a link can be made to the ‘rules of the game’ of the strategizing situation. Whittington (1996) claims that ways of doing things in a particular organization tend to form into particular and regular patterns. Moreover, Whittington (2002a) argues that there is a deep connectedness between the everyday activities of strategic work and the properties of the organization, such as the rules of the game framing and guiding everyday strategic work. In essence, actors that understand these rules of the game in a specific context are ‘successful’ in the sense that they will get things done and contribute to strategizing (Whittington, 2002a).

For instance, in family firms certain family actors may know other family actors well, but they might know and understand less of the distinct rules of the game in relation strategizing in the firm, for example, what are the dominant arenas for strategizing or specific strategic issues prioritized at a particular point in time. On the other hand, non-family actors, typically those who have worked in the firm close to central family actors for a long time have been socialized into the organization in a way that they have obtained such an understanding over time. As previously observed, it may take some time to acquire this understanding and be able to adjust or be adjusted to the rules of the game. This observation makes relevant to talk about *insiders* and *outsiders* in strategizing, in addition to family and non-family actors, since it underlines that

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24 From a symbolic interactionist perspective, Goffman (1959) is probably the scholar who has been most cited for his work on the performance of human actors in everyday social interaction. For him an actor is performing whenever he or she is interacting with other actors.
a non-family actor can be an insider by knowing the rules of the game of strategizing, while certain family actors may lack this knowledge.

In the family firms studied here, the presence and visibility of the ownership suggest that the rules of the game of strategizing and being an insider or outsider in strategizing is linked to understanding the guiding province of meaning that the ownership is based on. This observation suggests that ‘making a difference’ and actually contributing to strategizing (for instance in the sense that an actor’s ideas and opinions have impact on the outcome) is not necessarily the same as being involved in this process. The socio-symbolic understanding of the role of ownership in strategizing means that understanding the guiding province of meaning and thus being able to enact ownership, facilitates for an actor to contribute to the outcome of strategizing.

And as argued above, this a question of being able to take on the role of the other in social interaction (Mead, 1934), since role-taking skills are important for understanding the rules of the game and for success in social interaction (Charon, 2004), and about developing the feelings of ownership and its related rights and responsibilities inherent in socio-symbolic ownership.

Next aspect of the performance of actors in strategizing discussed here is what I label the interpretive space of strategizing. Above it was argued that the extent to which the guiding province of meaning on which the ownership is based is articulated and communicated as a set of values and interests shapes how actors enact ownership. The interpretive space of strategizing refers to to what extent actors know, or must interpret or guess, how they should act to get things done and contribute the outcome of strategizing. The more explicated, communicated and widely understood the values and interests of the province of meaning are among the actors in strategizing, the smaller the interpretive space, and the other way around. A larger interpretive space typically means a lesser understanding of the guiding province of meaning making it more difficult to enact ownership. From a symbolic interactionist perspective, this is, for instance, the case when a dominant actor is much engaged in what can be labeled covert strategizing. Following Charon (2004), this is when an actor in a family firm performs most strategizing as minded activities, i.e. through individual thinking and interaction with him- or herself, even if keeping others in mind when doing so. In this case, the dominant arenas of strategizing are closed (Melin, 1998; Ericson et al., 2000), and not many actors are invited to contribute to strategizing. Covert strategizing might be problematic over time as it may undermine cooperative action, which is essential for organizing and strategizing (Weick, 1979; Whittington and Melin, 2003). Blumer (1969) argues that cooperative action is possible only as long as different actors know what other actors are doing, and they are able to communicate this to interpret the meaning of each others’ acts. This seems not to be the case in the situation with much covert strategizing.

Conversely, a more articulated, communicated, and known province of meaning in the strategic work means smaller interpretive space and less
uncertainty and fewer guesses in the strategic work. Such uncertainty and guesses can, for instance, lead to extensive strategic work that is later dismissed as not important. In line with the reasoning above, a smaller interpretive space means that it is easier to take on the role of the other and for different actors to understand each other in different social situations and arenas, and hence to enact ownership. This is the case when the everyday strategic work can be labeled overt strategizing. In this situation, strategic activities are more open and explicit (Hall et al. 2001). More actors are involved in the strategic work, for instance through formal planning activities, or away days and active formal and informal conversations about current strategic issues. In this situation, more actors are likely to contribute to the outcome of strategizing. And even if there is still a dominant actor determining the outcome of strategizing, this is wider understood when the interpretive space is small. In this situation, other actors know better how to act and what to expect from their involvement in the strategic work. In line with previous arguments, the interpretive space of strategizing and related processes of covert and overt strategizing can change over time in a specific family firm, as both are closely related to the guiding province of meaning in the strategic work at a particular point in time.

The Performance of Arenas in Strategizing

The arenas in strategizing provide the social situations and settings in which actors perform the everyday strategic work. From a symbolic interactionist perspective, the character of this arena, for instance to what extent it is informal or formal, affects how an actor defines the situation (Thomas and Thomas, 1928) and thus how he or she acts in the strategic work. Based on this assumption, especially two meanings for the outcome of strategizing can be highlighted. These are the risk for negative consequences of groupthink in the strategic work and the risk for strategizing in vain when the strategic work occurs in certain arenas.

Starting with the risk for negative consequences of groupthink, several of the actors involved in the strategic work in all three cases are either members of the same owner family or close friends to dominant actors in the firm from the owner family. Drawing on Janis (1982), there might be a risk for groupthink to emerge among actors who are closely related to each other, either through friendship or family bonds when they interact. With regards to the performance of arenas in strategizing, it can be argued that groupthink is created by a group of actors, but it emerges, is expressed, and has impact on the outcome of strategizing on certain arenas where these actors meet and interact.

For example, in Öhman, apart from the central triad of family actors, most non-family board members are described as friends of the two main owners. In MW at least two of the non-family board members and several of the non-family top managers are friends of the main owner and know him since long. The main owner and his wife also interact with an impact on the strategic work.
In Väderstad there are many family actors working actively in the firms as either top managers or in other functions and these family actors seem to be close to several other top managers. Several interviewees note the problem with yes-men as a result of dominant family actors. In the arenas where such sets of actors interact, there is a risk that groupthink emerges and is acted out with consequences for the contribution of these arenas to the outcome of strategizing.

The notion of groupthink is typically given a negative meaning, as it refers to failure to incorporate outside perspectives in making decisions, which can lead to reduced consideration of alternatives and adherence to flawed or obsolete assumptions (Janis, 1982). Thus, if a set of actors interacting on, for instance, a board meeting, a top management team meeting, or in an informal arena, is too closely related they might not differ much with regards to the ideas and alternative lines of action that they push for in the strategic work on that particular arena. However, Westphal (1999) argues, in the context of the board arena in non-family firms, that close social ties between top managers and outside board members based on friendship can promote speed and efficiency in strategic decision making. Wesphal’s finding can be interpreted as an indication of potentially positive consequences of strategizing in arenas where groupthink is likely to emerge. This opens up for a neutral treatment of the consequences of groupthink for the outcome of strategizing. Moreover, groupthink does not necessarily mean inertia and resistance to change. Groupthink in a certain arena that leads to limited amount of perspectives and alternatives for action considered can be as change-oriented as it can be oriented towards preserving status quo. Here the common consequence is, however, that groupthink means conformity, with the potentially negative consequence that the outcome of strategizing does not embrace current competitive and strategic demands.

As argued in the section on performance of actors in strategizing, enacting ownership means understanding and acting on the guiding province of meaning that the ownership is based on. The observation that contributing to strategizing is facilitated by enacting ownership suggests that an arena in strategizing is efficient to the extent that family and non-family actors enact ownership in that arena. However, in line with the reasoning in this section, many actors enacting ownership is also a situation where groupthink is likely to emerge with potentially negative consequences for the outcome of strategizing. If the guiding province of meaning that the ownership is based on is not in line with current competitive and strategic demands, and not capable of embracing needed new perspectives and alternative lines of action, the outcome of strategizing in arenas where groupthink emerges is likely to be inefficient. In this situation, triggers to change the guiding province of meaning are needed; otherwise the firm will not change in line with competitive and strategic demands and the risk for strategic drift (Johnson, 1987) is impending. On the other hand, if the guiding province of meaning that the ownership is based on embrace current competitive and strategic demands, the outcome of strategizing in arenas where groupthink emerges is more likely to be efficient.
From a symbolic interactionist perspective, groupthink is an example of when actors too similarly define a social situation which they share and use too similar a perspective of the tasks at hand (Charon, 2004). To change this in order to avoid the risk of negative consequences of groupthink is possible, but then triggers for a new definition of the situation are needed. Following Charon (2004), this can be altered situational circumstances of the arena and/or the introduction of new perspectives in the arena. For example, the arrival of new actors, such as a Simmelian stranger (Simmel, 1908/1995, see Chapter eight) with the appropriate background and knowledge, in the arena can mean new perspectives and alternatives for action. Over time this may affect or change the guiding province of meaning, lessen the risk for negative consequences of groupthink and facilitate the contribution of the arena to efficient strategizing. Changing the situational circumstance is another way to trigger a new definition of the situation. The creation of a hybrid arena, as also observed in the previous chapter, is a way to combine formal and informal features of the arena to support more creative strategizing. Leaving the everyday habits and being exposed to new impressions and perspectives includes a more or less dramatic symbolic shift in the daily communication (Hendry and Seidl, 2003) that changes the situational circumstances of strategizing. This can be a way to tackle the negative consequences of groupthink, since the character of the arena, for instance whether it is informal or formal, or both, shape how actors define and interpret the situation and enact ownership in the strategic work. A combination of new actors and new types of arenas in strategizing can thus be a way to influence the guiding province of meaning and to counteract the risk of negative consequences of groupthink, thereby supporting the arenas to give a positive contribution to the outcome of strategizing.

Finally, strategizing in vain refers to a situation where actors interact in a specific arena in the strategic work and there is no broad understanding of the guiding province of meaning, and thus not of the rules of the game on how to contribute to strategizing. This may be the case, for instance, where a dominant owner, or a ‘power center’ (Melin, 1998) is not present in the arena and where other leading actors, such as an external CEO, do not understand and enact ownership. In this situation, there is a risk that nothing will come out of the strategic work performed in this arena since what is done is not in line with the guiding province of meaning. This is probably most likely to occur in those family firms where the dominant family actor is not formally present and active at the top management level. An example of this is the top management team meetings in MW, which never really develops into an important arena for the outcome of strategizing, such as decisions on specific strategic issues, since many of the actors present know that the dominant actor will change many of the initiatives, issues, and decisions that they, led by the new CEO, arrive at in the interaction in that arena. They simply do not seem to take these meetings seriously, since they know it does not matter what they do there. This situation is not likely to change until either the dominant family actor returns to be
Towards a Socio-Symbolic Understanding of the Role of Ownership in Strategizing

Organizational level Outcomes of Strategizing

The line of reasoning above suggests that the social and symbolic qualities of family ownership mean that the ownership symbolizes something important, present, and particular in the everyday strategic work in family firms. In this section, I further this discussion by addressing outcomes of strategizing at the organizational level. I do so by coining two concepts, strategic proximity and strategic persistence of family ownership and outline how they are related to a potential strategic advantage of family firms.

Strategic Proximity and Strategic Persistence – Potential Sources of Strategic Advantage

The strategic proximity of family ownership refers to the creation of a close and detailed knowledge about the core business that is a fruit of especially family actors’ close and enduring involvement in the everyday operations and strategic work in their respective firm. Many family members grow up with the firm and come to know intimately, for instance, the organization, the industry, the customers and suppliers. Over time this closeness and detailed knowledge may evolve into a strategic advantage and, conversely, there is a risk that when family actors distance themselves too much from the core operations, the strength of the family ownership in strategizing decreases. This implies that this advantage is more likely to emerge in family firms where owners are also active in everyday strategic work at operative levels in one way or another. Strategic persistence of family ownership refers to the typically long-term continuity and persistence in the family ownership. This often results in stability and patience in terms of, for instance, acceptance of long payoff times for investments and for strategic issues to materialize into concrete business deals, growth, and/or in other ways help to reach the prioritized goals. Strategic persistence is also related to the viability of

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25 This is not a study of competitive advantage of family firms per se (see e.g. Habbershon and Williams, 1999; Miller and Le Breton-Miller, 2003; Carney, 2005), but still some interpretations can be made and implications pointed out as to what it is with family ownership (rather than family) that makes it special in everyday strategic work and that can make it a strength compared with other types of ownership. Having said this, the notion of strategic advantage is used here as a way of approaching strategic outcome at the organizational level. It should also be noted that this is not a comparative study of family firms and non-family firms, which means that it is not possible to say much about how family ownership and its specifics matter in strategizing and for strategic advantage compared with firms with other types of ownership.
assiduity, and longevity of family ownership and their potential impact on strategic advantage.

Strategic persistence and strategic proximity as sources of strategic advantage get support from the literature saying that family ownership often means long-term orientation and stability (e.g. Kets de Vries, 1993; Nyberg, 2002; James, 1999), the likely transfer of ownership over generations in the same owner family (James, 1999), and the creation of close and particular knowledge about core operations (e.g. Mintzberg and Waters, 1982; Habbershon and Williams, 1999; Miller and Le Breton-Miller, 2003; Carney, 2005) that can constitute important 'micro assets' crucial for efficient strategizing and competitive advantage (Johnson et al., 2003; Whittington and Melin, 2003). However, as shall be seen, the meaning of strategic proximity and strategic persistence of family ownership for strategizing also extends beyond this in important ways.

Thus, family ownership matters in strategizing through strategic persistence and strategic proximity that over time can evolve into a strategic advantage for family firms. In the empirical cases, the strategic proximity of family ownership is illustrated where family actors seem to prioritize a focus on what they see as the core business and where they develop an intimate relation to and an understanding for this strategic focus. In Öhman, for instance, this is illustrated by the non-family CEO who diversifies extensively and develops the firm into being active in several markets and with several products. The family actors then concentrate the strategic work on bringing the firm back to its previous and historical focus on a certain type of customers and products. This can be interpreted as a way to secure strategic proximity and avoid developing the firm too far away from what the owner family really understands and is experienced in. Also Väderstad focuses on a limited set of products where they know they are strong both in terms of product and market development. It can be argued that this firm’s intense priority on innovation and customer care would be impossible without this strong focus. Family ownership often means a limited ability to maintain competitive R&D and innovation activities for a broad range of markets and products (Carney, 2005). Following this line of thought, family ownership risks to lose its strengths if the firm develops in a direction that takes it too far away from the core business. For instance, in Väderstad, the owner family’s background in farming and its continued close relation to farming and active farmers is also crucial for innovation and customer care and so support strategic proximity. MW shows a somewhat different pattern. This is the most diversified company, at both the firm and the group level. They also struggle with being too unfocused in the strategic work, even if it is not possible to isolate the reason behind their poor profitability only to this factor. The broad scope of markets and products was an early idea in this firm (1950s) and stated in the motto of the third generation owner and CEO: ‘to work with everything that has to do with water’. Thus, even if water is a common denominator, the wide range of markets served and products offered means difficulties to stay competitive in all areas, mainly because of their mutual differences.
Strategic persistence means stability and long-term orientation in the everyday strategic work. This seems to be the case in all three firms in this study, even if some actors complain about the short-term orientation in MW and Öhman. Strategic persistence also means being able to take losses, being able to wait for payoffs and to invest in research and product development without this necessarily being immediately manifested in growth and/or improved profitability. This refers to an assiduity and stubbornness of the strategic direction. This is, for instance, the case with the investments in product development in Väderstad and in research and analysis in Öhman, as well as the hesitance to engage in a perhaps needed merger or acquisition in MW. Especially Väderstad and Öhman are also characterized by their enduring entrepreneurial spirit and creative climate for developing new products and ventures. The close and perseverant involvement of the family CEO in Väderstad in these activities also illustrates that strategic persistence and strategic proximity are closely interrelated. Losing his involvement in these detailed strategizing activities is seen as the most serious danger for the strategic advantage of this firm. In Öhman the focus on research and analysis is a legacy from at least the mid 1960s, when the now chairman and main owner introduced a new product based on this. The strategic persistence of family ownership is also linked to the fact that family firms are often less dependent on external observers and stakeholders that demand (short-term) dividends and financial growth (Carney, 2005), which means that actors in these firms can strategize with more independence (Kets de Vries, 1993), patience, and ‘creative unorthodoxy’ (Miller and Le Breton-Miller, 2003).

Strategic Proximity and Strategic Persistence – Potential Sources of Strategic Disadvantage

The strategic proximity and strategic persistence of family ownership is also about closeness and perseverance in social relations and interaction between actors involved in the strategic work. The strength of such relations and interaction for the strategic work and advantage of family firms is widely supported in previous literature (e.g. Kets de Vries, 1993; Gersick et al., 1997; James, 1999; Mustakallio et al., 2002; Miller and Le Breton-Miller, 2003; Hall, 2003). The symbolic interactionist perspective points at both advantages and disadvantages of these close relations and interaction. This perspective suggests, for instance, that for family ownership to become a strategic advantage, communication and adoption of new perspectives in strategizing are crucial. An organization is a society, constituted by actors involved in symbolic interaction, communication, and interpretation (Mead, 1934; Blumer, 1969). As Blumer (1969), argues, cooperative action is possible as long as actors know what other actors are doing, are able to communicate this and thus to interpret each other’s actions. If not, activities that depend on cooperative action, such as strategizing, start to malfunction (Blumer, 1969). This means that strategic proximity and
Strategic persistence as an advantage are related to the extent to which actors involved in strategizing communicate and understand each other. Linking back to the previous discussion, they are also related to a regular inflow of new relations and perspectives in order to avoid, for instance, negative consequences of groupthink and a too stable guiding province of meaning in strategizing. Strategic proximity and strategic persistence can, otherwise, easily lead to inertia and what can be called 'strategic obdurateness' in the sense of sticking stubbornly to old, previously successful strategies and not renewing them enough. To paraphrase Hall (2003), the 'focused strategic renewal' can have too much emphasis on focus and too little on renewal. This is similar to what Miller (1993) would call the risk for strategic simplicity.

Strategic simplicity refers to when firms develop too sharpe an edge and amplify and extend a single strength or function while neglecting most others. In this situation, companies focus on one goal, aspect of strategy, worldview or even skill in the strategic work to which they attribute their success. They thus develop a simple explanation for their success and stick to it and that may eventually lead to their failure. Miller (1993) notes that one risk of this occurring is when groupthink emerges, which may, as argued before, be the case when enacting ownership means introduction of too few new perspectives and too little communication with new actors in order to strategize efficiently and embrace current competitive and strategic demands. Miller (1993) also argues that the more successful a firm is in achieving the goal most valued by its dominant actors, the more likely and pronounced is the firm's move towards simplicity. In the cases studied here, strategic simplicity may be the result of strategic proximity and strategic persistence of the family ownership if the strategic direction of, for instance, Öhman and Väderstad becomes too focused and not enough subject to needed changes and renewal. In Väderstad, the increasing struggle to create new products with this focus is notable and the growth slows down. In Öhman there are also increasing signs that strategic changes might be needed to improve its difficult situation during the course of the study.

Strategizing is about a continuous process of renewal, influenced by the present way of organizing, but also about processes of change that lead to ongoing and intertwined processes of strategic thinking and strategic acting, with several actors involved, in arenas belonging to different levels of the organisation (Melin et al., 1999). In this view, "strategies need to be made and remade continuously" in fast-moving business worlds (Whittington and Melin, 2003: 37); it is crucial to breed an entrepreneurial milieu that creates new ideas and questions ideas (Miller, 1993) and to involve many actors in the strategic work (Johnson and Huff, 1998; Achtenhagen et al. 2003; Johnson et al., 2003; Regnér, 2003). If this is not done, the advantage of strategic proximity and strategic persistence linked to family ownership can evaporate.
The Paradox of Family Ownership in Strategizing

The observations in the previous section mean that there is a potential paradox in the role of family ownership in strategizing, and especially in relation to the outcome of this process at the firm level "it is very hard to distinguish between the concentration and passionate dedication so necessary for success and competitive advantage and the simplistic fixations and extremes that lead to failure" (Miller, 1993:119). Stated differently, while the strategic proximity and strategic persistence of family ownership can often be a source of strategic advantage of these firms, these very specifics of family ownership can also work towards the eventual evaporation of the advantage that they initially gave rise too. This means that too much strategic proximity, in the sense of too close relations, too good confidence and knowledge, and too much security in the strategic orientation, as well as too much strategic persistence, in the sense of stability, a stubbornness and unwillingness (or simply no comprehension of the need) to incorporate new perspectives and change strategies accordingly, may over time lead to strategic simplicity and failure. In this situation, also the often praised speed in strategic decision making in family firms may turn into a disadvantage (Miller and Le Breton-Miller, 2003).

It is also likely that strategic proximity and strategic persistence of family ownership influence how actors enact ownership in strategizing and vice versa. The meaning of these concepts assumes that ownership is naturally present and visible, close and persistent in many arenas in the strategic work. This is positive for commitment and for developing a sense of belongingness that plays a role when actors strategize (Pierce et al., 2001; Miller and Le Breton-Miller, 2003). This could, for instance, mean that strategic changes championed by actors enacting ownership are facilitated, whereas changes led by those who do no enact ownership are rendered more difficult. The strategic work in MW under the new non-family CEO is an illustration of this, as are the suggested and rejected strategic changes by the non-family group CEO in EÖJ. This also illustrates the differences between being involved in strategizing and actually contributing to the outcome of this process as outlined above. Some actors are involved in the everyday strategic work, but do not feel that they contribute to the outcome of this work and/or are not satisfied with the final outcome, which means they may become increasingly alienated with the situation.

Further, even if both family and non-family actors develop feelings of ownership and come to enact ownership as they strategize, many actors know (especially, of course, non-family actors) that they cannot be ‘real’ owners in a legal and structural sense and acquire the rights and responsibilities related to such ownership. As a non-owner in this sense, an actor must accept this and be satisfied with the feelings of ownership and the rights and responsibilities linked to socio-symbolic ownership. Those who do not accept this and who do not enact ownership in the socio-symbolic sense in the strategic work will eventually develop, instead of feelings of ownership, feelings of alienation with this situation. Perhaps the most notable example of this in the empirical cases is
with some key actors in Öhman, who strive for legal and structural ownership, while knowing that they cannot have it, despite it being almost a norm in the industry. The owner family seeks ways to involve these actors in the strategic work and stimulate them to eventually enact ownership, but it is difficult since the owner family is not prepared to share the legal and structural ownership. Following Karl Marx (in Ritzer, 2000), concentrated ownership, which is a definitional attribute of family ownership, can lead to alienation. Alienation refers to the "breakdown of the natural interconnection between people and between people and what they produce" (Ritzer, 2000:23), and the result of alienation is often that an actor feels constrained and disappointed in his or her everyday work situation (Marx, 1932/1964 in Ritzer, 2000:56).

Alienation may emerge if workers (cf actors of strategizing as workers of strategy (Whittington, 2002a; Whittington, 2003)) do not control the ‘private property’ in a legal and structural sense and feel dominated by those who buy and thus own their work time, control the ‘means of production’, and the product, i.e. outcome, of the work they perform. Thus, alienation in strategizing may emerge in at least two ways related to the strategic proximity and strategic persistence of family ownership. First, it can emerge through feelings of lack of contribution to the outcome of the strategic work despite involvement and/or dissatisfaction with this outcome, for instance the strategic direction of the firm. Second, alienation in this sense can emerge through the dissatisfaction with the situation where actors are not and/or can never be ‘real’ owners in a structural and legal sense.

Pierce et al. (2001) observe actors who feel like owners of an organization believe that they have the right to influence the direction of the organization and feel a deeper responsibility for this than those who do not develop feelings of ownership. This is a potential characteristic of family ownership that in essence refers to the fact that enacting ownership in strategizing, and the attributes of socio-symbolic ownership, mean that some actors’ legal and formal rights to voice are limited and they then choose exit (Hirschman, 1970; Hedlund et al. 1985). This is, of course, more complicated for family actors than for non-family actors (Karlsson Stider, 2000). In the worst scenario, this type of actors’ alienation may lead to a situation where strategizing in a family firm is deprived of potentially important outside perspectives from both family and non-family actors and lead to disruptive tensions among actors involved in the strategic work. Regarding family actors, it may also lead to destructive tensions and conflicts in the owner family that can hamper efficient strategizing.

26 The use of the Marxian notion of ‘alienation’ in this section should not be confused with the Simmelian notion of ‘stranger’ used above.
27 It should be noted that Marx focused on the more aggregated level of the economy and society. But following the symbolic interactionist perspective also an organization is a type of society (Blumer, 1969; Charon, 2004)
Towards a Socio-Symbolic Understanding of the Role of Ownership in Strategizing

Leaning on Mead (1934) and Blumer (1969), it is possible to argue that in this situation, more than ever, taking on the role of the other, understanding and communicating are important for strategizing to be positively informed by the strategic proximity and strategic persistence of family ownership and for avoiding the threats from strategic simplicity and actors’ alienation to turn a potential strategic advantage into a disadvantage. This means to open up for communication, new perspectives and alternative lines of action coming from both family and non-family actors and not to be afraid of losing control of the strategic work, especially because involving several actors and letting them contribute in strategizing can improve competitiveness (Hall et al., 2001; Johnson et al., 2003) and create a wider strategic frame (Hellgren and Melin, 1993; Lindell et al., 1998). In this situation, the strategic proximity and strategic persistence of family ownership are more likely to constitute a strategic advantage for a family firm and the threats of strategic simplicity and actors’ alienation more likely to be avoided.

Figure 6 summarizes the strategic proximity and strategic persistence of family ownership as sources of both strategic advantage and disadvantage in family-firm strategizing.

![Figure 6](attachment:figure6.png)

**Figure 6.** Strategic proximity and strategic persistence of family ownership and their relation to strategic advantage
10. Contributions, Some Reflections on Methodology and Suggestions for Further Research

In this chapter, I sum up the interpretations and conclusions in the previous chapters in order to specify my theoretical and empirical contributions to the understanding of strategy processes, strategizing and family firms as well as to the work of practitioners. I also offer some reflections on methodology and the transferability and generalization of results and a discussion about some of limitations of the study and suggestions for further research.

Contributions to the Understanding of Strategy Processes and Strategizing

The purpose of this study is to contribute to the understanding of strategizing, with a focus on the role of ownership in this process in family firms. Regarding contributions to the understanding of strategy processes and strategizing, the main argument at the outset of this dissertation was that ownership matters for how strategizing patterns unfold in these firms and that ownership can be channeled through different actors and arenas in the everyday strategic work. In Chapter one and two, I noted that the strategizing perspective on strategy processes is still in an early stage of development and that more research is called for in order to better understand important influences on patterns and outcomes of strategizing processes (e.g. Whittington, 1996; Melin et al., 1999; Whittington, 2002a; 2002b, Johnson et al., 2003; Jarzabkowski, 2003; Balogun et al., 2003; Whittington, 2004). In this study, I have contributed to this growing body of literature by paying close attention to the role of ownership in strategizing. I have argued that there is an increased interest in the role of ownership in the strategy processes, but that so far little research has looked closely into how and why ownership matters in the micro-level processes of everyday strategic work in focus in strategizing. Rather than focusing on this detailed level, earlier literature on the impact of ownership on strategy processes has stayed on a more general level and in particular searched for correlations between quantitative measures of ownership distribution and archetypical and generic strategic options (e.g. Amihud and Lev, 1981; Graves, 1988; Hill and Snell, 1988; Palmer et al., 1987; Baysinger et al., 1991; Bethel and Liebeskind,
1993; Johnson et al., 1993; Lane et al., 1999; Denis et al., 1999; Oswald and Jahera, Jr., 1991; Goodstein and Boeker, 1991; Thomson and Pedersen, 2000; Collin and Bengtsson, 2000; Mayer and Whittington, 2004). The result from these studies with regard to the impact of ownership on the choice of strategies is mixed.

At the same time this literature and other recent work (e.g. Davis and Useem, 2002; Daily et al., 2003; Wilson and Jarzabkowski, 2004) often asks for more studies of how ownership plays a role and becomes a vital force in processes whose outcome constitutes the strategic direction of firms. This is especially relevant given the growing awareness that ownership is still a very present phenomenon in many firms worldwide (La Porta et al., 1999) and the separation of ownership from management a more ‘uncommon problem’ than previously assumed (Davis and Useem, 2002). Moreover, the dominance of agency theory as the preferred theoretical framework in earlier studies has limited the understanding of the role of ownership and strategy processes, mainly due to its basic assumptions of human beings and its focus on control, structural, legal and financial issues rather than strategic processes per se (e.g. Pettigrew, 1992a; Starkey, 1995; Huse, 1998; Wright and Chiplin, 1999; Davis and Useem, 2002; Daily et al., 2003).

A contribution of this study to the understanding of strategy processes and strategizing is the attention paid to the role of ownership in the everyday strategic work, where the concept of ownership has been approached in an alternative and interpretive way considering other elements than only the legal, financial and structural sides of ownership dominant and seemingly taken-for-granted in most earlier literature. Drawing on symbolic interactionism and integrating theories of psychological ownership and provinces of meaning, this study contributes to a novel understanding of the role of ownership in everyday strategy processes. I have introduced and elaborated on socio-symbolic ownership, where the focus has been on symbolic relations and social interaction between actors involved in the everyday strategic work, as well as the interpretive processes among and between these actors as they appear in different, formal and informal, arenas where the strategic work is performed. As a central concept in the outlined socio-symbolic understanding of the role of ownership in strategizing, I coined and used enacting ownership to theorize on how actors, as they interact with themselves or with others interpret, express, and act on the dominant province of meaning related to the ownership. Doing this I showed how ownership can be channeled through different actors, i.e. not only owners in a traditional legal and structural sense, but also non-owners in strategizing. In other words, enacting ownership refers to a sometimes subtle, always interpretive and mostly natural and present process with an impact in strategizing in family firms. I have shown how enacting ownership as the central interpretive process is mediated, sustained, and/or altered through formal intentions and visions, informal interaction and symbolic embodiment in the everyday strategic work. I have also shown that how why certain actors enact
ownership when strategizing, and how and why others do not, plays a role for what actors and arenas are involved in the everyday strategic work, for how they contribute to the outcome of strategizing and for how this changes over time.

This contribution to earlier literature on ownership and strategy processes shows that ownership is about more than legal, financial and structural elements and also has important interpretive, social, and symbolic elements that impact how and why ownership is channeled in strategizing, at least in firms where ownership is concentrated, natural, and visible, which is the case in the family firms studied here. As noted in the previous chapter, this essentially means that ownership is seen as a social creation, existing in symbolic relations and social interactions as well as in the interpretations actors give to it as they act in everyday life. This statement also summarizes the theoretical understanding of the socio-symbolic ownership suggested here in relation to theories of psychological ownership (e.g. Etzioni, 1991; Pierce et al. 2001). Socio-symbolic ownership and its relation to patterns and outcomes of strategizing, illuminate the concept of ownership as well as its role in the details of micro-level strategy processes. It gives deserved attention to other elements of ownership than previously in focus in the literature and should be explicit enough to serve as theoretical inspiration for other researchers interested in furthering the understanding of strategizing with a particular focus on how ownership is channeled and plays a role in this process.

In addition to elaborating on a socio-symbolic understanding of the role of ownership in strategizing, I have addressed the meaning of this approach for outcomes of strategizing. This is an inherent feature of the strategizing perspective adopted (Johnson et al., 2003; Hall, 2003; Whittington, 2004; Wilson and Jarzabkowski, 2004) and a contribution to the existing strategizing literature, especially since I have looked at outcomes of strategizing both at micro level (i.e. the performance of actors and arenas in strategizing) and on the related organizational level (i.e. the strategic advantage of family ownership).

The attention paid to the micro-level strategic outcome adds especially to the previous understanding of actors and arenas in strategizing. There are still relatively few researchers who have explicitly looked theoretically and empirically at what actors are involved in strategic processes and when and where they meet and interact on strategic issues and how this is related to strategic outcome (Pettigrew, 1992a; Whittington, 1996; 2003; Ericsson et al., 2000; Johnson et al., 2003; Balogun et al., 2003; Clegg et al., 2004). For me this focus was initially an empirical way to capture the role of ownership in strategizing by focusing on the actors and arenas through which it was channeled in the everyday strategic work. Thus, it should represent an empirical contribution to earlier literature on actors and arenas in strategizing. However, apart from this, the examination of actors and arenas has filled these concepts with more theoretical meaning by elaborating on earlier work by especially Melin (1998), Ericsson et al. (2000), Ericsson et al. (2001), Sjöstrand and Tyrstrup (2001), Henry and Seidl (2003) and Regnér (2003).
I have done this by elaborating on the performance of actors and arenas for the outcome of strategizing, given the notion of socio-symbolic ownership. Regarding the performance of actors, the conceptualization of actors enacting or not the ownership in the everyday strategic work as having meaning for to what extent these actors are involved and/or contribute to strategic outcome, as well as the concept of interpretive space of strategizing, including its related notions of covert and overt strategizing, constitute contributions to the previous understanding of how specific actors perform in the everyday strategic work (Whittington, 1996; Whittington, 2002a, 2000b; Johnson et al., 2003; Wilson and Jarzabkowski, 2004). Regarding the performance of arenas, the implications of the risk for negative consequences of groupthink in the strategic work and the risk for strategizing in vain also further the understanding of the characteristics and dynamics of arenas in which actors of strategizing meet and interact (Melin, 1998; Ericsson et al., 2000; Ericsson et al., 2001; Sjöstrand and Tyrstrup, 2001; Henry and Seidl, 2003) from a symbolic interactionist perspective.

Finally, I see the introduction and use of a symbolic interactionist perspective in studies of strategizing as a contribution to earlier literature. The emerging field of strategizing research is still in need of appropriate and useful theoretical frameworks (e.g. Whittington, 1996; Whittington, 2002a; Johnson et al., 2003; Hendry and Seidl, 2003; Balogun et al., 2003; Jarzabkowski, 2003; Wilson and Jarzabkowski, 2004), even if several theoretical frameworks have been suggested. For instance, apart from institutional theory, Johnson et al., (2003) suggest the resource-based view of the firm for understanding strategizing, and in addition to structuration theory (Giddens, 1984) and theories of practice; Whittington and Melin (2003) suggest economics of complementarities and postmodernism. Ericsson et al. (2001), propose Goffman's (1959) dramaturgical approach, whereas Ericsson et al. (2000) lean more towards power, politics and sense-making. Brundin (2002) draws on Latour (1986) and uses theories of emotions to understand strategizing, Hall (2003) turns to role and identity theory and Achtenhagen et al. (2003) combine leadership theory and sense-making with elements of institutional theory to investigate 'interactive strategizing'. Jarzabkowski (2003) draws on activity theory, whereas Hendry and Seidl (2003) use Luhmann's social system theory. Samra-Fredericks (2003) relies mainly on ethnomethodology. Samra-Fredericks (2003) is especially interesting, since it is one among few studies that draws explicitly on a micro-sociological theory and integrates it with detailed empirical material of strategizing processes. In strategizing, there is an emphasis on the everyday life and day-to-day activities of the 'actual nitty-gritty reality of strategic work' (Whittington, 1996; Johnson et al., 2003). Therefore, theoretical frameworks with a specific focus on the everyday social interaction are relevant. Symbolic interactionism is one such framework and introducing it to the field of strategizing can thus be seen as a contribution in its own right.
More closely, the symbolic interactionist perspective adopted in this study (Mead, 1934; Blumer, 1969; Charon, 2004) rests on basic assumptions about the character of everyday social life and human beings that are coherent with several basic tenets of strategizing and strategy-as-practice. Symbolic interactionism is essentially about understanding human beings through the study of what they do and how they interpret and act towards things, events, and symbols in their everyday social life as it unfolds and changes over time. The focus is on the actors talking and interacting with themselves and others as they are engaged in and perform certain activities in different social settings. This is consistent with central aspects of strategizing, which are also about what people do when strategizing, how and why they do it, as well as who they are and when and where they meet and interact to strategize. Moreover, the symbolic interactionist perspective has certain implications for methodology and can be seen as a ‘meta-theoretical’ framework that integrates basic considerations that can be drawn upon for advancing the understanding of strategizing both empirically and theoretically. For instance, it gives a methodological and theoretical foundation and motive for drawing on interpretive research methods in the empirical work. Further, having its philosophical and epistemological roots in American pragmatism, symbolic interactionism is a framework that puts emphasis on designing and conducting studies that arrive at practically relevant and illuminating knowledge about everyday social life. As noted before, this is also a central feature of the strategizing and strategy-as-practice research agenda (e.g. Whittington, 1996; Johnson et al., 2003; Balogun et al., 2003).

Contributions to the Understanding of Family Firms

The contributions to the understanding of strategy processes and strategizing are closely interrelated with those to the understanding of the family firm. This means that what is a contribution to the understanding of strategizing can also be a contribution to the understanding of family firms. Here I will argue that the main contributions to the theoretical and empirical understanding of family firms are twofold. First, the study has focused on, closely examined and elaborated on the role of ownership in strategizing in family firms, and second, it has conceptualized strategizing in family firms in terms of actors and arenas.

Among others, Goffee (1996) and Davis and Herrera (1998) observe that surprisingly little research has been conducted on the ownership dimension of the family firm. The ownership is typically depicted as a separate, yet overlapping, system of the family firm together with the family and the business in the often-cited three circle model (e.g. Taguiri and Davis, 1982; Ward, 1987; 1991; Gersick et al., 1997; Neubauer and Lank, 1998). Previous research on strategic processes in family firms has, however, mostly focused on role of the family, rather than the ownership as an important dimension in its own.
right (e.g. Harris et al., 1994; Sharma et al., 1997; Carlock and Ward, 2001; Hall, 2003; Ibrahim et al., 2004). Seeing strategic processes as related to the business part of the three-circle model, the family and ownership parts empirically overlap to different extents in family firms. However, the point (and contribution) that I make is that the ownership as a phenomenon is important enough in strategic processes in family firms to merit more specific empirical and conceptual consideration. For this argument, I also took support from the increased interest in ownership in general, which for instance is visible in the contemporary corporate governance debate. This means that being a study about the role of ownership in family firm strategizing this research gives a contribution specifically to the growing body of literature on strategy and governance in family firms.

As argued in Chapter one, apart from being focused on the family side, this literature has traditionally been dominated by authors drawing on agency theory. More socially sensitive theoretical frameworks capable of capturing other important aspects of the impact of ownership and governance on strategic processes of family firms have been rarer. There are some exceptions, however, most notably Florin-Samuelsson (2002), who draws on an explicitly social and interpretive approach to understand control, and accountability aspects of governance in a family-firm context, and Mustakallio (2002) and Mustakallio et al. (2002) who integrate a social capital perspective with agency theory to understand governance and strategic decision making in family firms. Moreover, Steier (2001) draws on trust, and Corbetta and Salvato (2004a) suggest stewardship theory as a framework to understand governance of family firms and its role for important organizational processes, such as strategic work. Studies drawing on such theoretical perspectives are important for increasing both the theoretical and empirical understanding of ownership, governance, and strategizing in family firms. This is especially so since they take into account that actors involved in strategizing in family firms bring to their day-to-day interactions in different arenas previous historical and social understandings that contextualize and shape further interactions (Fletcher, 2002). And it is often in the nature of these interactions that the unique characteristics of family firms are found (Florin-Samuelsson, 2002; Mustakallio et al., 2002; Hall, 2003). However, no one of these earlier studies focus on ownership per se and its role for the detailed, everyday strategic processes.

In this study, I followed Davis and Herrera’s (1998) suggestion to draw on a social-psychology perspective and focus on the ownership to contribute to this growing body of literature. I did so by paying specific attention to the role of ownership in the detailed, everyday strategic work and especially by drawing on a relevant and useful theoretical perspective from symbolic interactionism. As has been argued throughout the study, this perspective has directed attention to important elements and features of family ownership and its role in strategizing that have not previously been visualized. For instance, Chua et al. (2003) argue that all theorizing on family firms must set the owner family’s own goals and
objectives in center of attention. In this study, I have interpreted and theorized on how ownership is channeled in strategizing in family firms through different actors and arenas and not just those that have previously dominated the literature. The study shows that when looking at the role of ownership in family-firm strategizing it is appropriate to consider how and why different actors come to align, consciously or unconsciously, around a guiding province of meaning related to the ownership, and how they act or not according to this when being involved in strategizing in different types of arenas. I believe this adds to the previous understanding and further problematizes the view on strategizing and the role of ownership in this process in family firms. Moreover, focusing on the ownership rather than the family, the current study has visualized that rather than talking about an owner family, more attention should be given to different actors in the owner family, as well as not just the differences between non-family actors and family actors, but also the similarities in how they interpret and act on the ownership and how and why this may changes over time. This gives support to the argument that the role of non-family actors, both in relation to family actors and to other non-family actors, in central organizational processes should be given more attention (Sharma, 2004). The focus on ownership and in the arenas on which it is expressed, interpreted, and acted on in the strategic work also shows the importance of considering the characteristics and respective roles of these arenas for understanding how ownership is channeled in strategizing as well as for the outcome of this process. These considerations are integrated in the suggested socio-symbolic understanding of the role of ownership in strategizing.

I have also shown how this has implications for the relation between family ownership and strategic outcome. By especially looking at the strategic advantage of family ownership, I highlighted two sources of such advantage, strategic proximity and strategic persistence. As noted before, many aspects of family ownership covered by these concepts have previously been seen as potential sources of strategic advantage for family firms. However, I go beyond these earlier aspects, fill them with more theoretical and empirical meaning and describe how the strategic proximity and strategic persistence of family ownership can be a source of both strategic advantage and disadvantage. I elaborated on a paradox of family ownership with implications for strategic outcome (as strategic advantage) at the organizational level. The paradox of family ownership is especially related to the threats of strategic simplicity and actors’ alienation in family firm strategizing. The notion and model of the strategic proximity and strategic persistence of family ownership as potential sources of strategic advantage for family firms constitute a contribution to the understanding of family firms.

The final contribution discussed here relates to the fact that the majority of earlier studies on strategy processes in family firms have been either conceptual (e.g. Harris et al., 1994; Sharma et al., 1997; Wortman, 1994; Dyer, 1994), or based on mainly historical, retrospective accounts of the strategic development.
10. Contributions, Some Reflections on Methodology and Suggestions for Further Research

of family firms (e.g. Mintzberg and Waters, 1982; Hall, 2003; Ibrahim et al., 2004; Hatum and Pettigrew, 2004). Given the current state of research on strategy processes in family firms, the case descriptions of how different actors and arenas are involved in the everyday strategic work contribute to an empirical understanding of family firms. More closely, the empirical study reported in this dissertation is real-time, in-depth and focused on a close investigation of everyday interaction between actors in different arenas in the everyday strategic work as it unfolds over time during the periods studied in each family firm. Such detailed empirical case descriptions of strategizing in family firms are still rare in the literature on family firms. This means an empirical contribution to the previous conceptual, anecdotal, or historical/retrospective descriptions of strategic processes in family firms.

The conceptual model presented in Chapter eight also integrates and visualizes different actors and arenas of strategizing observed in the empirical study at a particular point in time, as well as how this changes over time. The model illustrates four theoretical ideal types of family-firm strategizing and adds to the previous understanding of who are involved in strategizing in family firms, where and when these actors meet and interact as well as the processes through which this changes over time. The model is a way to visualize interactions and relations between actors involved in the everyday strategic work in the family firms and it adds especially to Hall’s (2003) earlier contribution by including the arena dimension and a wider range of actors, both family and non-family, in the strategic work. This represents an increased conceptual understanding of everyday strategic work in family firms that has previously been lacking. In line with the purpose of creating ideal types (cf Weber, 1921/1968; Sjöstrand, 1993), the model may be used in further research to categorize different types of family firm strategizing, according to how similar or dissimilar they are to the four ideal types generated and proposed, as well as how and why this changes over time.

Contributions to the Understanding of the Work of Practitioners

A central feature of research concerned with increasing the understanding of strategizing, is that it should contribute to practice-oriented demands (Johnson et al., 2003). As mentioned before, an underlying assumption of the symbolic interactionist perspective is also that it should be pragmatic and oriented towards practical issues and insights of everyday social life. This means that the result of this research should have implications and be able to provide insights that may support increased reflection among practitioners. This section deals with such insights.

I have argued that the ownership is natural, present, and visible in the everyday strategic work in the type of family firms in focus in this study. This
means that it is difficult to disregard or pretend that ownership is not this natural, visible, and present dimension. Still, however, much advice to owners and managers of family firms is guided towards trying to separate between the ownership and the management in line with a general norm of how governance of organization ‘should be’. The implications of this study suggest that such advice should be followed with care. Some of the most notable strengths (and weaknesses) of family firms lie in the close connection between the ownership and its involvement in day-to-day management and operations. This means that it is better to take advantage of the strengths of family ownership and be aware of and deal with the weaknesses. The strategic proximity and strategic persistence of family ownership are, for instance, important sources of strategic advantage that are likely to diminish if the ownership is too far from the actual strategic work.

It is common for family actors to occupy several roles separated by the dominant view of ownership and governance. But instead of formally separating these roles at all costs and in all situations, it is more fruitful to clarify the roles and responsibilities of different actors and arenas. This makes it easier for the different actors to know what to expect and what to focus on in the everyday strategic work. The conceptual model presented in Chapter eight, can be used as a tool to increase reflection among actors, since it visualizes different constellations of actors and arenas of strategizing in a particular family at a particular point in time. Using the model as a point of departure, practitioners can, for instance, map when and where, i.e. in what arena, particular strategic issues are or should be worked on as well as analyze and understand how this can and does change over time. In this way, using the model can be a way to more reflective practice.

Such reflective practice also includes opening up communication, spreading information and trying to integrate new perspectives in the strategic work. This facilitates, Mead (1934) would have argued, the ability to take on the role of the other and an understanding among actors for their respective situation and perspective. This can be done through creating appropriate arenas for both informal and formal social interaction between actors, holding regular information meetings, engaging in education and organizing ‘retreats’ like away days. This can support learning and development both among people and for the organization. Doing this, together with welcoming new actors into the strategic work occasionally, can be a way to get new impressions and to address the threats inherent in family ownership for efficient strategizing. For some owner families it may also be advisable to create a specific arena (e.g. family council, family meetings or in some cases the board) that supports a dialogue around the ownership and the owner family’s role in the firm. This allows a debate on the broad strategic direction of the firm where opinions and input from a wider set of family actors are invited. However, as illustrated in the case descriptions, it is always necessary to take a critical stance towards this kind of
advice and suggestions and to adjust them to the unique circumstance of each firm.

Clarifying the roles of different actors and arenas in everyday strategic work can be done as part of making clear the rules of the game in strategizing. Given the visible, natural, and present nature of the ownership in family firm strategizing, these rules of the game are typically related to the guiding province of meaning held by the dominant actors. Articulating and communicating the guiding province of meaning as a set of values and interests in an ‘ownership vision’ or in line with the notion of ‘enlightened ownership’ (Neubauer and Lank, 1998) is one way to make clear the rules of the game, define the interpretive space of strategizing, and support different family and non-family actors, including owners, CEOs, top managers, board members, consultants, accountants, and network contacts who are involved in strategizing.

Enlightened ownership is about visualizing different relations between actors and arenas and to explicate what different actors can expect and demand from their involvement in the family firm (Neubauer and Lank, 1998). This can lower uncertainty among actors about the future strategic direction of the firm, their respective role in everyday strategic work and reduce the ‘arena confusion’, where it is not clear who does what in the strategic work, or where and when this occurs. This, it can be argued, is likely to increase the chance that the strategic proximity and strategic persistence of family ownership leads to strategic advantage.

Creating enlightened ownership can be done both formally through a policy document and/or informally through extensive informal interaction and conversations. Either way, at least in the family-firm context, doing this can be more important for efficient strategizing and for securing different actors’ involvement and contribution in this process than writing the right contracts and setting up the best monetary incentives programmes so often advised in management and consultancy practice.

Some Reflections on Methodology and the Transferability and Generalization of Results

Focusing on family firms, I followed Pettigrew (1990; 1997) and selected a context where the phenomenon under study, i.e. the role of ownership in strategizing, would be expected to be a natural, visible, and accessible attribute, or ‘transparently observable’ (Pettigrew, 1990). The interest in strategizing means an ambition to come as close as possible to the everyday life of the actors and arenas involved in the strategic work (Johnson et al., 2003; Balogun et al., 2003; Whittington, 2004). My conceptualization and understanding of ownership in this process also demanded a close access to people’s interpretations of their actions and interaction with others. Handler (1989) points out that researching family firms may be especially challenging since the
research into the firm almost automatically also becomes research into a family. This puts demands on the researchers when it comes to selecting and using appropriate methods to gather empirical material at the same time as balancing the necessary ethical considerations. As noted above, the real-time, in-depth design meant that I included many actors in my empirical study and also entered some arenas where strategizing could be expected to occur. This type of study is still rare in family firm research, even if there are notable exceptions and pioneers (e.g. Florin-Samuelsson, 2002). One reason for the lack of such in-depth studies is problems to get access and the often large workload they demand. Thus, being able to conduct such a research is a contribution in its own right (Hall, 2003). Such contributions are also relevant, especially since family firms constitute a large and for the economy important population of firms in many countries throughout the world.

However, it is also important to remember that family firms do not constitute a homogeneous population of firms. There are several features, forces, and circumstances that make family firms similar and make it relevant to talk about them as a population that is distinguishable from other firms, sometimes simply referred to as non-family firms. But there are also many features, forces, and circumstances that differ between family firms. In this study, I have used a rather broad definition of family firms, but still I direct my interest to a specific type of family firms. Having said this, the empirical and theoretical interpretations and implications put forward in this study are not transferable or possible to generalize to a wider population of firms in a statistical sense. Rather, and as argued in Chapter four, my aim has been to successively develop analytical, or theoretical, generalizations by drawing extensively on theory and earlier relevant studies. Thus, rather than generalizing to a population of firms, my aim has been to generalize to theory and create conceptual and theoretical notions and extract implications that are potentially applicable and transferable to similar contexts to those where they were originally generated (Yin, 1989; Orum et al., 1991; Stake, 1995; Alvesson and Sköldberg, 2000).

In this study, the ability to make analytical generalizations is supported by the interpretive logic in use. This consists of three levels and was designed to address the evaluation criteria of the quality of interpretations discussed in Chapter four. The first level is represented by the empirical case descriptions in Chapters five to seven, the second by the mainly empirical interpretations in Chapter eight, and the third level of interpretation is represented by the theoretical interpretations in Chapter nine. This systematic interpretive logic supports a successively increased level of understanding at the same time as it keeps the approach deliberately broad and interpretive. This way, analytical generalizations through the use of theory and earlier relevant studies have been made systematically and step by step in a transparent way. This should also facilitate the evaluation of the quality in the interpretive work and of the conclusions and implications drawn.
10. Contributions, Some Reflections on Methodology and Suggestions for Further Research

Given the interpretive approach built on a symbolic interactionist perspective used in this study, the result of the research is mainly about increased understanding and creating useful concepts and notions that are ‘rich in points’ and that help to view social phenomena in new and/or alternative ways. I concur with Maxwell (1998: 77), who argues that a useful theoretical contribution “tells an enlightening story about some phenomenon, one that gives you new insights and broadens your understanding of that phenomenon”. This essentially refers to whether the interpretations and conclusions can encourage reflection about and perhaps provide a new perspective on the continuous, often taken for granted, everyday life. Further, this means that the proposed theoretical concepts and notions aim to be flexible and helpful primarily in other similar contexts, i.e. firms meeting the same definitional characteristics as those in focus in this study. However, still in these similar contexts, and even more so if taken beyond these, the applicability and transferability of the theoretical concepts and notions must should be subject to adjustments, editing, and putting into use with consideration of the contextual characteristics of the new organizational milieus to which they are transferred and applied. The applicability and transferability of the results to wider populations in a more statistical sense remains a question for further research and practice using appropriate methods and analytical techniques.

Some Limitations and Suggestions for Further Research

Research often raises more questions than it answers. A positive aspect of this is that it generates ideas for future research. In this section, I will address a number of routes for future research that I consider especially worthwhile to explore. A first route is to apply the socio-symbolic understanding of the role of ownership in strategizing to other organizational contexts than the family firm. A first step could be to look closer into the role of ownership in the everyday strategic work in other firms and organizations that have concentrated and dominant ownership. State-owned firms, partnerships and organizations with mixed but dominant ownership are examples of this. Many firms owned by private equity and/or institutions and subsidiaries also have a small number of visible owners in a structural and legal sense. Such studies would make it possible to say more about the applicability and transferability of the results of this study in firms and organizations with different types of concentrated ownership. Moreover, future research could explore and compare more broadly strategizing patterns in organizations with different types of ownership (i.e. not just concentrated). This study has only considered (one type of) family firms. This is a limitation that should be addressed in the future in order to facilitate stating more about differences and similarities with regard to the role of ownership in strategizing.
In these research endeavors, as well as in future research about the role of ownership in strategic processes in family firms, scholars can turn to process theories such as power, sense-making and institutional theories. The lack of attention to power and politics is a weakness in most symbolic interactionist perspectives. Tricker (1996) argues that governance of firms is ultimately a question of power. A limitation of the current study is that not enough attention has been paid to this, even if the interpretive process of enacting ownership as well as the three processes related to how ownership is channeled in the everyday strategic work can be seen as related to power relations between actors. The interpretation, for instance, of a dominant and guiding province of meaning related to the ownership in the strategic work indicates power dynamics that should be further examined. In building the interpretations and especially in developing the concept of enacting ownership, I was inspired by Weick’s (1979; 1995) ideas. Socio-symbolic ownership could be further developed by drawing especially on Weick’s (1995) theory of sense-making in a more systematic way. Closer attention to other cognitive and socio-cognitive theories could also further the understanding of socio-symbolic ownership and its meaning for strategizing, especially by integrating, comparing with, and drawing on the vast and diverse literature on concepts like organizational culture and identity. These are concepts and theories related to the approach taken here; making this relation more explicit would address some limitations with this study.

Institutional theories can be used to increase the understanding of how external forces and contingencies interplay with and affect how actors enact ownership when strategizing. In the interpretations in this study, these forces and contingencies have briefly been noted, but not systematically attended to. Structural features of social life set conditions for, but do not determine human action (Blumer, 1969), and the lack of consideration of these is a limitation of the symbolic interactionist perspective adopted in this study. I have used Giddens (1979; 1984) to address aspects of this, but more systematic research is needed here. However, despite its limitations, I believe future studies in strategizing can fruitfully use symbolic interactionism to explore and interpret other important aspects of strategizing and strategy as practice than ownership and do so in other organizational contexts than family firms.

As mentioned before, family firms do not constitute a homogeneous population of firms. There are several types of family firms, and more research is needed to compare different types of family firms, as well as to study particular types of family firms more in depth. One route for future research is to look further into and compare ownership and its role in strategizing in family firms completely owned by a family and in family-controlled firms on stock exchanges. Anderson and Reeb (2003) found that in family-controlled firms...
listed on the stock exchange in USA perform financially better and give better
return on investments to their shareholders than firms that are institutionally
owned or have a diffused ownership structure with many small owners. There
is, however, still very little knowledge of how family-controlled firms on the
stock exchange are organized and how the owner family’s controlling ownership
is channeled in the strategic work. For instance, in what ways are they similar or
dissimilar in terms of strategizing and the role of ownership in this process
compared with family firms of the type in focus in this study? What
characterizes the relationship between majority owners and minority owners in
the strategic work? In what arenas does the strategic work take place? What is
the role of the board compared with other arenas, such as those of the top
management or more informal conversations? How important is it to follow the
rules and regulations that state how, where and when different strategic
decisions should be made? Is this done in practice, or only symbolically? How
do the majority owner family and its representatives interact with the top
management including the CEO in strategizing? How does the controlling
owner family appoint its representatives and how do these representatives
interact with external board members in the strategic work? Studies with this
focus comparing strategic dynamics of unlisted family firms with listed firms,
both internationally and in Sweden, could contribute importantly to debates
about the role of ownership in firms’ governance and strategic development in
both research and practice. This is especially relevant since many firms on the
stock exchanges around the world are still family controlled (La Porta et al.
1999).

Another route for future research concerns what could be called the growing
‘institutionalization of the family firm’. As pointed out at the outset, the
interest shown in the role and development of family firms has increased
considerably in Sweden over the last ten years or so. The increased attention to
family firms as a group and a population of firms with similar characteristics
and facing similar challenges (e.g. the connection to a family, the ownership
and the generational succession issue) means that the differences between them
are less in focus. The view of family firms as a rather homogeneous population
is also fomented by a growing amount of research comparing family firms and
non-family firms, a greater supply of training and courses for family business
owners, managers, and advisors as well as a more intensive media attention and
a greater use of the ‘family’ epithet in branding. The intensified activity of
international and national organizations such as FBN, FFI and GEEF29 are also
examples of how family-firm owners and managers themselves engage in more
organizing activities directed to address their ‘common fate’. Taken together
these can be seen as elements of an emerging institutionalization of family
firms, where the ‘family firm’ is used as a concept to refer to firms subject to
similar forces. This occurs at the same time as their often considerable

29 FBN= Family Business Network, FFI= Family Firm Institute and GEEF= European Group of
Family Enterprises.
differences between themselves (e.g. industry, generation, size, etc.) are forgotten. Thus, even if they share some common characteristics, family firms are often different and their uniqueness, captured in concepts like ‘familiness’, can even be a competitive advantage (e.g. Habbershon and Williams, 1999; Miller and Le Breton-Miller, 2003).

There is still very little knowledge of the antecedents and outcomes of this increased institutionalization as well as what role it has for strategizing and competitive advantage of family firms. To understand these dynamics researchers can draw on institutional theories to grasp how forces and pressures internal and external to family firms play a role and are interpreted by the actors working in and with family firms. What role does, for instance, FBN play to spread ideas, norms, and recipes regarding how to ‘successfully’ organize a family firm? What role does this have for the strategic work in family firms that are subject to these pressures? What role does the increased supply of courses specially designed towards family firms have for the process and outcomes of strategizing? How do specialized consultants work to sell and implement their services? Empirically this can be investigated by, for instance, observing training sessions and following up the attending family firms and through content analysis of popular publications. In order to make the link to the uniqueness and ‘familiness’ of family firms, researchers can, for instance, draw on and integrate the resource-based view of the firm and theories on organizational culture and identity.

A related issue for future research that is closely linked to the research agenda of strategizing and strategy as practice is the role of external board members and consultants in strategizing by different types of family firms. The increased interest in how family firms organize has also lead to an increased pressure to involve these as both actors and tools in the strategic work (Nordqvist and Melin, 2002). Interesting and relevant research questions in relation to this are: How do these actors influence strategizing as carriers of institutions and different ways of thinking? Is it possible to see a relationship between their background and experiences and their actions in the work on strategic issues and eventually to the strategic outcome? How do these non-family actors draw on different and more or less institutionalized strategic practices? Do they adjust their ideas, methods, and theories to the family-firm context? If so, why and how? How are examples of successful changes in family firms based on specific ideas spread and translated to a wider set of family firms and what role does this have for strategizing in the individual family firm? What is, for instance, the role of family firm conferences and popular publications? How are they consumed and put into practice? These are, indeed, interesting issues to look further into.
References


Department of Economics. Swedish University of Agricultural Sciences, Uppsala.


References


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References


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Appendix 1.

Table 1. Key characteristics of the firms

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Multidivisional group structure</td>
<td>No / No</td>
<td>Yes / Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>No. of employees (group)</td>
<td>210 / 414</td>
<td>150/118</td>
<td>80</td>
</tr>
<tr>
<td>No. of employees (focus firm)</td>
<td>210 / 414</td>
<td>129/87</td>
<td>53</td>
</tr>
<tr>
<td>No. of family members working</td>
<td>Five / four</td>
<td>Three / Two</td>
<td>Two</td>
</tr>
<tr>
<td>Total operating income (focus firm)</td>
<td>410 / 801 SEKm</td>
<td>390 / 151 SEKm</td>
<td>142 SEKm</td>
</tr>
<tr>
<td>Profitability (net profit)</td>
<td>38 / 9.9 SEKm</td>
<td>62 / 1.4 SEKm</td>
<td>0.1 SEKm</td>
</tr>
<tr>
<td>Growth last 5 years (turn-over)</td>
<td>96%</td>
<td>- 56%*</td>
<td>50%*</td>
</tr>
<tr>
<td>Growth last 5 years (employees)</td>
<td>100%</td>
<td>- 33%</td>
<td>- 25%</td>
</tr>
<tr>
<td>Industry</td>
<td>Manufacturing of agricultural machines (B2B)</td>
<td>Financial services (B2B)</td>
<td>Water treatment, biogas energy, services (B2B)</td>
</tr>
<tr>
<td>Year founded</td>
<td>1962</td>
<td>1906</td>
<td>1866</td>
</tr>
<tr>
<td>Current generation (managing)</td>
<td>2nd / 2nd</td>
<td>2nd / 2nd, 3rd</td>
<td>4th</td>
</tr>
<tr>
<td>No. of core families as owners</td>
<td>Three</td>
<td>Two</td>
<td>Three</td>
</tr>
<tr>
<td>No. of family board members</td>
<td>Six / Six</td>
<td>Two / Four</td>
<td>Four</td>
</tr>
<tr>
<td>External board members</td>
<td>No / Yes</td>
<td>Yes / Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>External chairman of the board</td>
<td>No / No</td>
<td>No / No</td>
<td>Yes</td>
</tr>
<tr>
<td>Family CEO (group)</td>
<td>- / -</td>
<td>Yes / Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Family CEO (focus firm)</td>
<td>Yes / Yes</td>
<td>No / Yes</td>
<td>No</td>
</tr>
<tr>
<td>Formal education level of group CEO</td>
<td>- / -</td>
<td>MBA / MBA</td>
<td>MSc, Engineering</td>
</tr>
<tr>
<td>Formal education level of CEO</td>
<td>Grade school, 7 years / Grade school 7 years</td>
<td>MSc, Business / MSc, Business</td>
<td>MSc, Engineering</td>
</tr>
<tr>
<td>Managerial experience outside firm, CEO</td>
<td>- / -</td>
<td>No / No</td>
<td>No</td>
</tr>
<tr>
<td>Managerial experience outside firm, group CEO</td>
<td>- / -</td>
<td>Yes / Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* Note that these firms were divided into several firms in 1998-1999. Growth estimated 1998-2003 for these firms.

The object of this study is the role of ownership in strategizing, with a particular emphasis on actors and arenas through which ownership is channeled in this process. Other characteristics of the three firms can, of course, potentially have impact on how this occurs in each firm than only ownership. However, this study is interpretive in nature and framed in a symbolic interactionist perspective. This means that what is referred to here as ownership is based on a theoretical definition and notion of ownership and its role in strategizing. It is also based on interpretations of what ‘ownership’ is and means for me as a researcher and for the actors I observe and talk to. The study is therefore not about operationalizing and testing a set of ‘objective’ variables and investigating how they are linked to and explain a certain dependent variable. Moreover, this study is about comparisons between family firms, rather than comparisons between family and non-family firms. This makes it difficult to discuss to what extent the observed patterns in this study differ from what
Appendix

would be observed in non-family firms. Table 1 shows how the three case firms both differ and are similar on a range of key structural characteristics. Together these characteristics may have an impact on how actors within and around the firm look at and interpret ownership and its role in the everyday strategic work. I will briefly discuss this below with emphasis on those characteristics that are not discussed systematically in the main text.

In strategic work, the awareness of different business practices, strategic methods, and trends may differ between the firms depending on the formal educational level and managerial experiences from other firms of the owners and managers in each firm. Those actors with a business degree and/or an MBA are more likely to have been exposed to “management thinking” than those without. However, management thinking can also be introduced in other ways. Väderstad, for instance, is the firm where the owners and the CEO have the lowest formal level of education and no managerial experience from other firms. In this firm, ideas on how to organize and structure the strategic work and even how to expand the business come from the CEO’s readings of management books and the support from especially one external consultant with experience from larger companies. An external consultant who is also board member with experience from mainly larger companies also introduces similar ideas in MW. In this firm, the main owner and group CEO has supplemented his MSc in engineering with participation in seminars and shorter courses in management. In Öhman, the firm with the highest formal level of management education among family members and top managers, the use of specific methods and practices of strategizing seems to be least affected by this. In both Öhman and MW, several family members have taken courses in family business management and ownership that have had an impact on how they organize and strategize. This is treated in more detail in the main text.

Regarding previous managerial experience, none of the main owners and CEOs (including group CEOs) in the three firms has worked operatively in another firm. On the other hand, they have worked extensively with other firms and drawn inspiration from there, which seems to impact their approach to strategizing and ownership as discussed in the main text. Moreover, in Öhman and MW, the external CEOs, and in the Öhman case the younger family CEO, have managerial experience from other firms. In Öhman, both the external and the family CEO have worked in the family firm for so long that it is difficult to say how much their other experience influences how they act in the strategic work. In MW, however, the new external CEO uses his previous managerial experience in different ways in the strategic work. For instance, he does so by introducing new routines, methods, and ideas for making new business. However, his previous managerial experience mainly from larger companies is also manifested in a lack of understanding for the role of the concentrated family ownership in the firm. In other words, the lack of previous managerial experience from family firms may influence his actions in the strategic work as least asa much as his previous managerial experience from larger firms.
The three firms are of somewhat different sizes, even if all can be defined as small and medium-sized enterprises (SMEs). The size seems to have had some impact on strategizing in Väderstad, where the growth led to an increased need for formal strategic planning, the involvement of external actors (consultant, external board member, new non-family top managers) and for more structured arenas for the strategic work (e.g. vision group and board meetings). Thus, rather than size itself, growth seems to have played a role in this case. This is discussed closer in the main text.

The years of foundation differ quite a lot, but here it is difficult to see that the age of each firm has any notable significance for how strategizing unfolds and for the role of ownership in this process. Perhaps the tradition and history of the firm and its ownership is somewhat more observable in the two oldest firms, MW and Öhman, but it does not have any stronger impact on strategizing. Regarding industry, one can expect that industries with more regulations and controls require more formal and systematic strategic work. Among the three firms, Öhman is the firm which is subject to most such external demands, but again, this is the firm in the sample that is perhaps least formal and structured in the strategic work. Väderstad is the firm least exposed to external forces of this kind. For instance, they have few bank loans, do not operate in a formally much regulated industry, and their customers do not generally demand ISO 9000 certification or other formal quality standards. As discussed elsewhere, this firm notably formalizes strategizing during the course of the study, but mainly for internal reasons and mainly driven by the main owner even if supported by an external consultant.
Appendix 2.

Table 2. An overview of interviews conducted.

<table>
<thead>
<tr>
<th>Öhman FK</th>
<th>No. of times</th>
<th>Väderstad-Verken</th>
<th>No. of times</th>
<th>Malmberg Water</th>
<th>No. of times</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Claes Dinkelspiel</td>
<td>5</td>
<td>1. Crister Stark, CEO, owner, board member</td>
<td>4</td>
<td>1. Per Malmberg</td>
<td>4</td>
</tr>
<tr>
<td>2. Ulf Dinkelspiel</td>
<td>4</td>
<td>2. Bo Stark, owner, board member, top manager</td>
<td>2</td>
<td>2. Birgitta Malmberg</td>
<td>2</td>
</tr>
<tr>
<td>3. Tom Dinkelspiel</td>
<td>5</td>
<td>3. Andreas Stark, owner, board member, top manager</td>
<td>2</td>
<td>3. Board member</td>
<td>1</td>
</tr>
<tr>
<td>4. CEO, former group CEO</td>
<td>2</td>
<td>4. Christina Stark, owner, top manager, employee</td>
<td>2</td>
<td>4. External CEO</td>
<td>3</td>
</tr>
<tr>
<td>5. Top manager, former board member</td>
<td>3</td>
<td>5. Top manager/administrative manager (former)</td>
<td>2</td>
<td>5. Family member/former board member</td>
<td>1</td>
</tr>
<tr>
<td>7. Top manager</td>
<td>2</td>
<td>7. Top manager/head international markets</td>
<td>3</td>
<td>7. Top manager</td>
<td>2</td>
</tr>
<tr>
<td>8. Board member</td>
<td>1</td>
<td>8. Consultant/board member</td>
<td>2</td>
<td>8. Top manager</td>
<td>2</td>
</tr>
<tr>
<td>10. Executive secretary</td>
<td>1</td>
<td>10. Rune Stark, founder, owner, board member</td>
<td>1</td>
<td>10. Family member/board member</td>
<td>1</td>
</tr>
<tr>
<td>11. Board member, senior advisor</td>
<td>3</td>
<td>11. Siw Stark, founder, owner, board member</td>
<td>1</td>
<td>11. Former top manager</td>
<td>1</td>
</tr>
<tr>
<td>12. Top manager</td>
<td>1</td>
<td>12. Top manager/head HR</td>
<td>2</td>
<td>12. Board member</td>
<td>1</td>
</tr>
<tr>
<td>13. Board member</td>
<td>1</td>
<td>13. Financial advisor to owner-family</td>
<td>1</td>
<td>13. Board member</td>
<td>2</td>
</tr>
<tr>
<td>14. Family member</td>
<td>1</td>
<td>14. Employee</td>
<td>1</td>
<td>14. Top manager</td>
<td>1</td>
</tr>
<tr>
<td>15. Employee (Analyst)</td>
<td>2</td>
<td>15. Employee</td>
<td>1</td>
<td>15. Top manager</td>
<td>1</td>
</tr>
<tr>
<td>16. Former CPA</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Former chairman</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Board member/former chairman</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Board member</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Employee (middle manager)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Former CEO</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Family member</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Board member</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Top manager</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

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