The Role of Psychological Ownership in Deciding Upon the External Consultant’s Advice

A study of Swedish Family Businesses

Master’s thesis within Business Administration
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Master’s Thesis in Business Administration

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Abstract

There has been nothing written, as far as we researched, about the decision-making when a family manager decides upon the advice of an external consultant. With this research we tried to build an understanding on the topic with a special focus to the role of emotions in the process. Five family managers of five different family businesses in Sweden were interviewed. The interviews were semi-structured so that the factors that play a role in the decision-making could be explored. The factors that were identified were coded and afterwards further analyzed, together with the help of new gathered theory. In other words an abductive approach was used. We found that emotions in the decision-making mainly arise when the advice is given in the field of expertise of the family manager concerned. The emotions arise from a psychological ownership of the family manager over a preformed solution or approach to the issue the consultant is hired for. In order for the advice to be accepted, the advice has to be in the line of the preformed solution or approach. We believe these findings to be valuable to encourage more research on the topic, but also the findings can contribute to the everlasting field of research to find the optimal technique to consult to family businesses.
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1 Introduction

Understanding family businesses is important as they represent and form a big part of a country’s economy and there is still much unknown in this field. In Sweden, family businesses are responsible for 56% of the total employment in Sweden and accounts for 53% of the business sector (which consists out of all public and private companies combined) (Campdenfb, 2011). In total, 86% of the private owned companies in Sweden are family businesses (Campdenfb, 2011). Among Swedish family business are for example IKEA, Hennes & Mauritz and Kinnarps to name a few.

Generally, researchers agree that emotion plays a bigger role in family firms than in public firms (Alderfer, 1988; Donnelley, 1988; Sharma, 2004; Davis, 1983). This is also supported by the research of Swartz (1989) who believes that family businesses are different than non-family businesses mainly on four points of which one of them is more emotional involvement.

Compared to public listed companies, family businesses have a more long-term vision and benefit from stability and continuity. Braun and Sharma (2007) underline this in their research by suggesting that family businesses focus more durability and long-term performance. This can be translated further when looking at the average stay of a CEO in family businesses in comparison to non-family businesses. In a family business, the average period of a CEO is between fifteen and twenty-five years while in non-family businesses the length of stay is three to four yours in general (Miller & Le Breton-Miller, 2006). This can be sign of more emotional involvement to a firm.

Family members of a family firm are usually in the key position of a firm and will decide upon management issues (Fiegener, 2010), and are more emotional involved. This is also what makes family businesses unique (Chua, Chrisman & Sharma, 1999). Although there are studies about decision-making in general, it has not been studied what the decision-making process looks like when a family member has to decide upon advice of an external consultant. Consequently it can be wondered which factors related to emotions influence this decision-making when someone from the outside of the organization gives them advice of how to improve the business in some way. It might be that emotions play an important role in accepting advice in family businesses from external consultants as Dyer’s
(1994) research mentioned that “feelings and emotions related to change are likely to be deeper and more intense” in family businesses. When an external consultant is being hired likely something will be advised to be changed.

Before describing the factors, and specifically related to emotions, that play a role in decision-making for a family manager to accept the advice of an external consultant, it is important to define what we mean with a family business. Chua et al (1999) conducted a research to see what theoretical definition of a family business is closest to in practice. Two definitions are of outmost importance which are, “the vision held for the firm by a family or a small group of families and the intention of the dominant condition to shape and pursue this vision, potentially across generations of the same family or small group of families” (Chua et al, 1999, p 35). However, we, and many other researchers such as Prati and Davis (1986), Rosenblati, De Mik, Anderson, and Johnson (1985), Stern (1986) and Welsch (1993) according to the paper of Chua et al (1999), find also the factor important that the family members are involved in the management. So we call the family members that are in the management of the business, family managers in the research. It is important that one or more family members are involved in the businesses as we find it interesting to see how a family manager decides upon the consultant’s advice. So we define a family business as a business that is passed on or has the intention to pass on across generations of one or a small number of families, where one or more family members are actively involved in the management, which contributes to the shaping and pursuing a vision for the business.

We found that consultancy firms are being hired and thus their advice is being offered to family businesses (Kaye & Hamilton, 2004; Sharma, Chrisman & Chua, 1997; Alderfer, 1988; Dyer, 1994). Sometimes authors mean with advisors a lawyer or accountant that will advise the company (Aronoff & Ward, 2011; Krentzman & Samaras 1960). We differentiate between a firm’s lawyer or accountant and an external consultant. We define an external consultant as someone that temporarily is hired to solve or advices on an issue, which can be in the area of marketing, management or strategy of the company. The difference is the relationship. An accountant or lawyer already has a longer established relationship, which usually yields trust (Aronoff & Ward, 2011). An external consultant has no long term relationship or frequent business with a family firm, so likely the advice will be looked upon differently, as there might be less trust. Also Nordqvist (2005) and (Chua,
Sharma & Chrisman, 2003) found that family businesses have a more closed working environment and stress the fact that they mostly prefer people who are close to them and who they trust for advice.

There has been written extensively about family business consulting (Chua et al, 2003). In the bibliography of family business studies, Chrisman, Chua and Sharma (1996) have researched 28 articles relating to professional advice of consultants to family businesses. In these articles, again, the emphasis is on how best to consult, however, there is neither a focus on the decision-making process of the family manager nor on the emotional aspects that come in to play. So as far as we researched is the decision-making aspect and the emotional aspect of a family manager not researched when it has to decide on the advice of an external consultant, and this is being underlined by the previous research of Chrisman, Chua and Sharma (1996). Also Dyer (1994), although almost 20 years ago, mentioned there has been little research on the topic how family businesses make decisions with external consultants. What is known, however, is that according to the research of Dyer (1994) many researchers (Levinson, 1983; Dyer, 1986; Lansberg, 1988; Cohn, 1992; Danco, 1982; Ward, 1988; Beckhard & Dyer, 1983; Lane, 1989) agree that consultants need to modify their traditional methods when working with family businesses (Dyer, 1994).

The aim of our research can benefit to answer the question in what way consultants or family managers need to modify their traditional methods. Moreover, our research can agree or disagree with the current theories that explain how a professional consultant can give advice the best to a family firm. When knowing which factors, specifically those connected to emotions, play a role for the family managers in the decision-making more accurate researches can be conducted to find out for consultant to how to advise best to family businesses.

1.1 Problem statement

The decision-making as well as the factors, specifically those related to emotions, in the process to decide to implement the advice of an external consultant are not yet researched in the context of family firms. The absence of research and thus knowledge in this area
forms a restriction to a better understanding why a family manager implements an advice from an external consultant or not.

1.2 Purpose

The purpose of this research is to explore what factors, specifically related to emotions, influence the decision-making of a family manager when he or she has to decide upon the advice of an external consultant. Furthermore, we aim to provide an understanding on this topic.
2 Frame of Reference

Due to the missing research on the matter of the role of emotions when an external consultant is being hired at a family business, we first researched the different aspects covering this exploratory research. We first give an overview of decision-making theory and show you how emotions are related in these theory, then we explain about what emotions are, after that we explain which emotions occur in family business and finally we discuss how emotions affect the decision-making in family businesses. Also we look at some perceptions of family manager’s towards consultants.

2.1 Decision-making

We dedicated this chapter to explaining the theories about decision-making in general and to show that emotions exist in decision-making. We do not want to go too deep into this, because in this research we study the field of decision-making in family businesses. Therefore, we will not create an extensive discussion here.

There are two aspects that look upon the decision-making, which are the normative and descriptive decision-making theories. Where the normative theory describes the process of how values and beliefs for a certain decision should be formed, the descriptive theory focuses on these actual values and beliefs. These values and beliefs represent what the decision maker thinks is important and what he or she believes in (Slovic, Fischhoff & Lichtenstein, 1977). Dillon (1998) gives an overview that explains the distinction in a clear way by stating the following definitions of descriptive and normative decision-making: descriptive looks at what decisions have been made and normative looks purely at what decisions should be made. If we translate these definitions to our research, it can be concluded that we concentrate on emotions and how they have influenced the decision-making. This means, thus, that the beliefs and values are already established and the decisions have already been made. This implied that for our research we concentrated on the descriptive theory. Related to descriptive decision-making was the limited rationality by Simon (1955), with which he meant that even expected rational decisions are influenced by other factors. Rationality is thus limited to the level of rationality of the person in charge to take the decision, but also is subject to other factors that influence the process, which might be emotions.
Sjöstrand (1997), Camerer (2003) and Elster (1998) mentioned that the majority of the economic or strategizing theories exclude human emotions as much as possible. Camerer (2003) found through an observation that the majority of researches about strategizing or economic theories do not include emotions. In other words: many of the economic theories that exclude human emotions presume that the decisions one makes are based on a rational background instead of an emotional.

There are also many researchers that do not believe decision-making is pure rational. Basco and Rodriguezs (2011) argue that decisions in family firms are not only based on rationality, but also on emotions. The family’s decision must provide the interest of both the family and the business. They support their argument by the researches of Ibrahim & Elli (2004) and of Ibrahim, McGuire, Soufani, and Poutziouri (2004). Also Camerer (2003) describes a test in which people are given the possibility to make different choices when asked to split an amount of money. There is a clear pattern noticed: a bad offer (extremely unequal amount) evokes negative emotions and a good offer (almost equal amount) evokes positive emotions. By analyzing the activities in the brains during these choices, one conclusion could be made: decisions are influenced by emotional factors. Also Sjöstrand (1997) says emotions are important during the decision-making of the top management. We also believe, together with the literature, that decision-making includes emotions (Basco & Rodrigueuzs, 2011; Camerer, 2003; Sjöstrand, 1997). Therefore, we looked further in decision-making theory that includes emotions as a part of the process. The theory of Barnes and Thagard (1996) is being used to explain decision-making in detail.

“Decision-making is done by assessing and ordering various competing actions and goals” (Thagard & Millgram, as cited in Barnes & Thagard, 1996). They give an example of wanting to relax and meet your friends and finishing your homework. The decision one might come up with is about creating priorities, which goals is more important at the moment of deciding, leisure or research and which action applies to that goal best. In order for Barnes and Thagard (1996) to come up with their own decision-making theory they based it on the coherency theory and the research of Antonio Damasio (1994).
Barnes and Thagard (1996) argue that decision-making goes hand in hand with emotions. They base that argument on neurobiological studies that mention that cognitive and emotions are interdependent and that emotions are indispensable in rational decision-making. They base this mainly on the research *Descartes’ Error: Reason, Emotions and the Human brain* of Antonio Damasio (1994). In this study they find that a person’s goal was not internal representable without emotional involvement. So if emotions are not involved in the brain, than a person’s own goal can only remain stable if someone else constantly and repeatedly explains the goals. Moreover, when involving no emotions, one can stay in the part of weighing the cost benefit of the option for a very long time or until eternity. Concluding, emotions are indispensable for a person, so also for a family manager or other businessman to make decisions.

In this paragraph the coherency theory as Barnes and Thagard (1996) summarize it, is shortly explained. Goals and actions are both a factor of decision-making. The factors have to be coherent with each other, for example action or goal A has to be coherent with action or goal B and the action has to facilitate the goal. Then an assessment to see if the factors are compatible and coherent with each other has to be made. If the two factors are not coherent, so are conflicting, an option has to be chosen; e.g. a decision has to be made. Then there will be a goal priority selection, which will be followed by the judgment. Finally, the decision is made on the assessment based on the overall coherence of a set of actions and goals.

Now the input where Barnes and Thagard (1996) base their possible decision theory upon (coherency theory and the findings of Damasio) is described, we can explain their decision theory: Decisions arise when new information is inconsistent with a person’s personal goals, consequently negative emotions likely occur and causes rupture in a normal activity (this is in align with the emotional messiness theory of Brundin and Sharma, 2012); then the goals are being reevaluated together with the new information and with the help of emotional processes; once the goals are prioritized with the help of emotions, the options are being simulated and evaluated; then coherence calculations create the best option, which restores the present situation and the goals.
The described theory of Barnes and Thagard’s (1996) shows that emotions prevent ourselves from making too complicated calculations is such a way that a decision will be impossible to make. The emotional aspect helps us to “limit our reasoning, and thus make our reasoning possible” (Barnes & Thagard, 1996, p. 428).

2.2 Emotions

Now we have identified that emotions are occurring in decision-making, we would like to supply some basic understanding of what emotions are. This helps to give a general understanding of what kind of emotions can play a role in different processes and later in the family business decision-making.

There have been attempts to identify and describe human emotions. Izard and Buechler (1980), for instance, identified the following fundamental emotions: interest, joy, surprise, sadness, anger, disgust, contempt, fear, shame/shyness and guilt. These are commonly known emotions that occur in daily life, but these and others also are present in the business life. Brundin and Nordqvist (2008) have researched emotions that are active during interactions between the CEO and board. Among other things, they write that emotions have to some extent similarities between different cultures; emotions are still socially and culturally rooted (Rafaeli & Sutton; Matsumoto, Franklin, Choi, Rogers & Tatani, as referred to in Brundin & Nordqvist, 2008). Thus meaning that the interpretation of emotions are being influenced by the by the cultural context in which they appear. Brundin and Nordqvist (2008) continue by distinguishing emotions between long-term and short-term emotions. Long-term emotions are being established over a longer time frame, such as confidence and distrust (Collins, 2004). These are of greatest importance for emotional energy. Short-term emotions are the emotions that come more suddenly and are often of a more temporarily kind. These are also the backdrop of the long term emotions (Collins, 2004). One can think of short-term emotions as anger and disappointment for example (Izard, 1977). Emotions, eventually, are occurrences that keep the communication between two different parties going (Collins, 2004). This is referred to as “emotional energy”. There are positive and negative emotions that influence ones feelings regarding a certain group. The positive emotions like confidence, satisfaction and enthusiasm stimulate high emotional energy and thus feel more connected or positive towards the group. On the other hand, emotional feelings like depression, lack of initiative and low solidarity are
related to low emotional energy. This will lead to a certain distance from the group and thus a negative attitude towards the group.

According to Hall (2003) emotions are vital “for understanding human interaction and thus organizational processes” (Hall, 2003, p. 228). Emotions can secure organizational order and control. For instance: ability to feel shame, embarrassment or guilt might secure that actions are conducted in accordance with normative organizational code. “Emotions might thus be appraised as the sources of the self-regulation necessary for the functioning of social enterprises” (Hall, 2003, p. 228). The expressions of emotions are communicative. They fulfill a strategic purpose in interpersonal relations.

2.3 Emotions in family businesses

This part will explain what emotions and what factors related to emotions occur in family business according to the literature.

According to Alderfer (1988) the involvement of a family manager in a business makes it unavoidable that emotions will get involved. Therefore, a common advise for family businesses is to seek outside board members. This might suggest that emotions are also involved with the decision-making, even when external consultants are not involved. Alderfer (1988) sees hiring an external board member as an answer to reduce the emotions for the decision-making within a family business. However, it is too bold to say fewer emotions will occur when a consultant is being hired as they are being hired for a short amount of time, while an external board member will be involved longer than a consultant and might be more financially involved with the business, for example one might have to buy himself in.

As stated before, there are emotions present in family businesses. These emotions can both be positive emotions, such as love, which will benefit the business (Chua et al., 2004) and negative emotions, such as hate, which can lead to conflicts or stand offs and may cause the business to fill bankruptcy (Sharma, 2004). Brundin and Sharma (2012) refer to the positive and negative emotions as emotional messiness. When a family manager is working in a family business, emotional messiness often arises. Emotional messiness mainly arises due to psychological ownership and psychological contracts (Brundin & Sharma, 2012).
With psychological ownership is meant the feeling of ownership or possession of a target or goal (Pierce et al. 2001). According to Tompkins (2010) this is because family managers often have their individual identity intertwined with the firm. When a family manager feels she or he is in control of emotions, satisfaction and self-efficiency occur (Ayey et al, 2009). When psychological ownership is not being taken into account one might lose individual identity, which can lead to emotional messiness. Control is important for developing feelings of ownership for a certain object or organization. When this development is going in the right direction in the perception of the person, positive feelings emerge (Pierce et al., 2004). This can also be translated into the position of a family business owner, who also has to have a feeling of ownership in order to feel positive about the business. Astrachan and Jaskiewicz (2008) explain that the value of a business owner arguably is not only of a financial nature, but also a non financial. This can be translated into an emotional nature. Psychological ownership can be part of this emotional value for the company. This is important to realize when a situation at the company changes, whether it has to change or that it is a chosen path. Dirks, Cummings and Pierce (As mentioned in Armenakis, Harris, Mossholder & Settoon, 2000) describe the three situations in which an individual is more likely to accept change. These situations are when the change is an own initiative, when it is comprehensible or when it is ethically right for the person. When the opposite appears, so when the change is forced, too dramatic or unethical for the person, it is more likely the change will be hard to accept. The change brought upon the psychological ownership causes either these negative or positive perceptions, which then again can evoke either negative or positive emotions. These emotions eventually can influence the decision-making. Dirks et al. (as mentioned in Armenakis et al., 2000) continue to say that subjects that people have the most psychological ownership of usually evoke the strongest emotions, which might be positive or negative. There are also other consequences of psychological ownership. Firstly, a certain level of stress is often experienced, although also advantages are represented. Secondly consequence is that it is very likely that offspring will take over the future business. Finally, in this context the most important consequence is the emotions that occur when psychological ownership is present. These emotions are both positive and negative: belonging, self-confidence and pride are positive emotions that arise whereas the negatives emotions are frustration and a feeling of imprisonment (Lambrecht & Uhlner, 2005). Concluding, psychological ownership brings forth emotions. In particular situations, when the psychological ownership is being influenced in a way,
emotions can occur. It then depends on the nature of this infringement on the psychological ownership if these emotions are either positive or negative (Pierce et al., 2003). This phenomenon also implicates that emotions are an important and unavoidable issue in a family business. Finally, Beggan (1992) lays the connection between psychological ownership, the consequences of psychological ownership (emotions) and decision-making. Beggan (1992) mentions that when people own an object (which can be an idea or thought) they find that object more attractive and one analyzes that value of the idea prejudiced. In other words he mentions that when one feels ownership of an object, one has more feelings with the object which influences the decision-making.

When talking about psychological contracts it is meant when one family manager feels that if she or he does one thing she or he will expect another. For example a daughter or a son of an owner might expect if she or he is committed, loyal, hardworking and skillful, she or he will take over the thrown of their father when he retires. However, when this does not happen, likely some negative emotional messiness will occur. Brundin and Sharma (2012) argue when this psychological contract is breached the following emotions can lead to frustration, anger, and disappointment, based on the work of Morrison and Robinson (1997), or skepticism and cynicism, which they base on the research of Zhao et al (2007).

At organizational level emotional messiness can lead to increasing or decreasing the value of the firm due to interactions between the family and business (Habbershon & Williams, as said in Brundin & Sharma, 2012). According to Brundin and Sharma (2012) are the consequences of emotional messiness dependent on the Emotional Intelligence (EI) or Stability of the key stakeholders. When the emotional intelligence is high, the consequence of a negative emotional messiness can be reduced or resolved. However, when the EI is low the issue can result into health issues, such as burnouts, family issues, and decreasing value of the company due to the interaction of family and business. Brundin & Sharma (2012) argue that it is possible that emotions in family businesses are of more variety and more intense because close family relationships make that possible. However, intensity, such as outburst, is not what this research will explore. In this research we attempt to give an insight how emotions arise and why within a family firm, so we can develop more understanding how the emotions occur when deciding whether to accept the external consultant's advice. What is mentioned here is that a family manager has psychological
ownership of a target or a goal, as she or he has an own identity connected to the business. Will emotions arise when an external consultant did or did not take the psychological ownership of a target or goal of the family manager into account? And how will that affect the decision-making?

2.4 Emotions in decision-making in family business

Now we have discussed how decision-making goes and what the role of emotions in family businesses are, we will try to give a basic understanding of decision-making in family business, but also, where possible, we try to show how the emotions affect the decision-making within family businesses. The field of decision-making in family businesses has been less explored than decision-making in general. However, we attempt to shed a light on decision-making in family business with the role of emotions in it.

Rivers (2009), president of The Family Business Institute, suggests that family businesses are able to have exquisite decision-making when it comes to operations. However, he continues, in different areas such as long-term planning and strategy, family businesses perform less in decision-making. It is often difficult for family managers to make decisions that are not popular by all of them; this is mainly as the family managers do not like to push something through when they disagree with each other and so step on each other’s toes. This avoidance of conflict within the group of family managers will not be suitable for the long-term for both the family and the business (Rivers, 2009).

Another author, Parker (2004) takes two aspects to determine how the decision-making can go in a certain direction. These two factors are the family and the business. He proposes a model that takes these two aspects and puts these at the top of the decision-making. He states that in comparison to other models, this model takes certain interactions in account, such as emotional relationships and family succession, which are of influence to the prosperity of the company as well. This model attempts to help family-businesses in their decision-making since it is a vital part of a family business since it affects all members involved in the company. This means that this process is important to be done in a right manner. According to Hofstrand (2007), when one person makes a decision, others usually have difficulties gaining ownership of the decision. On the other hand, when people are
participating in the decision-making, the boundary to gain ownership of the decision, and thus accept, is less.

Zellweger and Welsh (2010) suggest that in the case of decision-making towards financial risk there is a difference between the family business and non-family business. They talk about a different approach towards the financial risk and the reasoning behind it. Whereas the family business owner simply looks if it is financially possible, the non-family business owner will more likely look at the situation less biased by possible consequences for the company and emotional attachment to the business. One could argue if this is also retractable for more aspects within a family business: among others: the role of emotions.

Hofstrand (2007) describes a metaphor that reflects the emotional weight a family business has. Trust, according to him, is one of the foundations of the relations between family managers. This trust has to be built up over a certain amount of time, although at times this can also erode. The metaphor used by Hofstrand (2007) is the “emotional bank account”. Contributions to this account help to build trust by adding courtesy, kindness, honesty and delivering. The higher the account is, the easier the overall communication is and with that the decision-making. However, when discourteousness, disrespect, overreacting, betrayal and threats are being practiced, the so-called bank account loses credit: the trust erodes and becomes less. Too much of losing the credit and the bank account runs empty, which results in the family managers being in a state of distrust which influences the decision-making often towards a negative outcome. It is therefore of importance to build this “emotional bank account” to ensure trust and with that a prosperous business.

The literature shows the importance of family influence on the decision-making. The family managers do not want to step on each other’s toes or upset each other (Rivers, 2009). Also it can be see that the family’s opinion in the decision-making is an important factor to stop an opportunity or continue with an opportunity (Parker, 2004). Moreover, the findings of Rivers (2009) that family managers do not want to upset another family manager with their decision can be seen as emotional reasoning in the decision-making. Finally, we read that the decision-making can be affected by the actions of the one suggesting the advice. The consequence of one’s actions brings emotions up in the family manager which plays an important role in the decision-making (Hofstrand, 2007).
2.5 Family manager’s perception about consultants

Emotions, thus, are an important factor in everyday life and most certainly also in the boardrooms of companies. Emotions take part in what direction the decision-making will go. For example, a positive emotional energy (Goffman, 1967) can be the final push for an investment to be granted, whereas the negative emotional energy can be that last straw that makes the process go in the other direction and thus will affect the decision-making in the completely opposite way. Now we know what that emotions are more involved in family business, and emotions are also involved in decision-making. This part focuses to certain types of opinions a family manager generally has about consultants and to reasons for a family manager not to hire an external consultant. We did this to give a better direction to what kind of questions we can ask to the family managers.

What is noticeable is that one of the factors how an owner individually blocks success for the family business, is by not being able to delegate work to others (Handler & Kram, 1988). They continue that a key issue in planning for success is to seek for professional consultation on technical advice, such as law and tax advice. One of the factors why an owner would not seek a consultant is being afraid to give personal and organizational information to the outside. When someone avoids seeking external consultation one might be avoiding critical issues (Handler & Kram, 1988). As an owner might me afraid to give personal and organizational information to the outside, it might be that fear plays a role in giving information to an external consultant as well. This might also influence the decision-making of implementing the advice or not.

Aronoff and Ward (2011) mention ten main reasons why family businesses do not hire advisors. The main reasons are: the belief of being able to fix the problem themselves (overconfident), thinking an outsider could never understand their business, not wanting to share information with outsiders (protective/trust), the family business does not have time for the issues an advisor would point out (stressed or burn-out) or/and professional advisors should be used as a last resort. Some of these reasons can be seen as emotional reactions and the possible emotion occurring is mentioned between the brackets. If the family business hires an external consultant as a last resort, it can be wondered which of the
above mentioned reasons (which can be seen as an emotional reaction) would still remain. It may also be that the before mentioned actions are also applicable for a family business after hiring a consultant even when it is not a last resort. The reason why these actions might be relevant is that these actions, which can be seen as an emotional reaction, might also influence the decision-making of whether to accept the advice of an external consultant or not.
3 Method

3.1 Qualitative Research

The nature of the research for this thesis was exploratory, since the subject of the matter has not been researched in such substantial amounts. An exploratory study can help to find new insights and approaches to a certain subject, or even address a whole new phenomenon, which can be elaborated upon with future research (Saunders, Lewis & Thornhill, 2007).

For our research, we had to interview persons in a very specific area. It had to be family managers who are decision makers for strategic purposes and who have at some point hired external consultants. In a way, they were the ‘experts’ in the subject we were researching.

Furthermore, we needed interviews where it was possible to go deep into a subject with the people in order to explore their emotions during a decision-making. By choosing the qualitative instead of the quantitative research method we were able to gain deeper understanding by face-to-face interviews. This method made it possible to get more detailed and personal information than it would have been with a quantitative research.

The aim of the research was to explore what the decision-making looks like and what emotions of a family business owner play a role in the decision-making when it comes to accepting advice from external consultants. Five interviews were taken with family managers who, sometimes together with other family managers, own a business. These businesses had at least one experience regarding hiring an external consultant. Although the amount is not substantial, the in depth and very detailed interviews helped to shape an idea and this gave abundant input for our and further research. It was, as mentioned before, an exploratory research, where the few interviews can be the stepping-stone for future research.
3.1.1 Abductive research

For the research we used the abductive research method. This approach allows one to go back and forth to the literature already collected and to new literature if needed. This kind of work gives the opportunity to go back to the literature already used, for comparison, for example (Blaikie, 2010). Also, it gives the option of collecting new data to compare the findings of the interviews with. This approach provides a solid structure because it is possible to use already mentioned literature and also new literature when an explanation might be found elsewhere. This approach can enhance the findings from the interviews in such a way that better conclusions can be drawn.

3.1.2 Semi-structured interviewing

For the interviews, a semi-structured style was chosen. This style incorporates a list of topics and questions that will be covered during an interview. The order of questions and topics can vary from interview to interview however. This is usually depending on how the conversation (interview) goes and what the interviewee needs to talk about to get to a certain point he or she wants to make. It is advised that due to this uncertain order of the interview and possible topics, plus certain questions that are not pre-set up to record the interviews (Saunders, Lewis & Thornhill, 2007). This is what was done also for these interviews.

3.2 Collection of data

3.2.1 Primary data

As previously said we conducted an exploratory study, because we found it more important to provide a solid basis to explore the issue further then to provide right away a representative study. Therefore, we chose one of the nonprobability sampling designs. Since generalizability was not the main concern of this research, choosing nonprobability was justified. What further made nonprobability sampling the right design for this thesis is the fact that for exploratory research it is the common approach to obtain information needed for the research. Also, nonprobability sampling is often used in qualitative research, since its purpose is not to represent a statistical conclusion. Nevertheless the limitation (generalizability) of nonprobability sampling, for the purpose of this thesis it was the best choice since it was exploratory and a specific group people was needed for the interviews.
Sekaran & Bougie, 2009). Selecting the companies was hard, because it had to be (1) family firms that (2) hired an external consultant at least once and (3) the family managers had to be the decision makers. Nonprobability sampling gives two options to continue: convenience sampling and purposive sampling. Purposive sampling then again, consists out of two types of sampling: judgment sampling and quota sampling. Judgment sampling, eventually, was the best way to select the companies. The reason for this is that, according to Sekaran and Bougie (2009), judgment sampling is “the only viable sampling method for obtaining the type of information that is required from very specific pockets of people who alone possess the needed facts and can give the information sought” (Sekaran & Bougie, 2009, p.277). They give an example when judgment sampling is best applicable: When researching what makes female managers become directors, then successful women are the best way to sample to collect the needed data. We believe this is the same for our study. The only people that know what emotions of family manager play a role in the decision-making to implement the advice of the external consultant, are the family manager themselves that decided upon to implement the advice of the external consultant.

The companies were approached through e-mail, phone and network. Before the interviews were scheduled the possible interviewees were asked if they were a family manager of a family firm who (co) decided upon implementing the advice of an external consultant. This was done to verify that the person would be right for our interview. We called family firms that we selected together with Sara Ekberg from Jönköping University, since she was in charge of the organization of conferences with Swedish (family) businesses at Jönköping University. This resulted in a list of companies of which she knew it were family businesses and who was in charge there. This resulted in three out of the five companies we interviewed coming from her. Lastly, we asked a person in our personal network, who is from Jönköping, to bring us in contact with a family business. This resulted in another interview. The fifth interview was done in a company of which the owner and CEO gave a guest lecture once. After the lecture we had a conversation and asked if at a later stage an interview could be conducted, the answer was positive.

### 3.2.2 Interview analysis

We faced some difficulties when taking the interviews as we tried to collect data from a subjective area, emotions. This was mainly due to the fact that we interviewed the family
manager about one’s own emotions during the decision-making of accepting the advice of an external consultant. It varied from interviewee to interviewee how much time it took to get to the emotional part of the decision-making, as at first the interviewees like to see their decisions being made pure rationally. We partly solved this issue by having a semi-structured interview, as mentioned before. The semi-structured part was of high importance to be able to get the interviewee to show emotions, to go deeper into the matter. Asking follow-up questions to certain answers and in other cases continue the story made the interviewed person feel that we really took the time and interest to listen to their story. By asking open questions we got a general view on how the decision-making looks like. However, some in depth emotional aspects were missing. Therefore we asked near the end of the interview some direct questions about the emotional part of the decision-making (for example we asked: what emotions played a role when they got an advice from the external consultant but was not in line with their expectations). We saw that direct questions about emotions helped in getting other emotional aspects of the decision-making. The interviewees did not answer the direct question immediately, but it did make them think about emotions that occurred. Later in the interview they reflected upon their feelings better. We believe that genuine answers were given during the interview.

After the first interview we analyzed each new interview right after they were taken. Here we looked at the similarities and differences between the answers and we tried to come up with connections and findings by looking at the previously used theory and new applied theories. At the end of the second, third, fourth and fifth interview we proposed the theory to the family manager and checked if they found it applicable on them. Then we asked at the end of the interview about what they miss or what they would adjust about the theory. We adjusted accordingly to what has said.

3.2.3 Secondary data
The secondary data are data that already had been collected and filtered previously. It is already existing material that can be found in journals or the internet for example (Sekaran & Bougie, 2009). Secondary date can be helpful to collect useful information for the research area one is focusing on. One of the advantages is that it can save time due to its direct availability and its easy way of access.
The secondary data that was used consisted out of journal articles, books, websites and dissertations. Due to the exploratory nature of the research there was not extensive amount written in our area. We searched for literature that had affiliation with the area we were researching such as emotions, consultancy and decision-making. This literature had both with and without a focus on family firms.

Although not connecting to the exact area of our subject, the secondary data was useful and necessary to form an understanding of what might be involved in the decision-making of a family manager when deciding upon an external consultant’s advice. This urged us to go back and forth in the theory and look at what already has been written and what we found. The secondary together with the primary data thus helped to shape the model we propose.

3.2.4 Coding
After the qualitative data was collected through the interviews it was analyzed by categorizing and data coding it. First, the interviews were being transcribed from an audio to a paper source. After this was done, the actual themes were made up to be able to extract the data from the interviews (Sekaran & Bougie, 2009). In the interviews the same factors arose, which was because they were reoccurring in the decision-making. The reoccurrence of these factors gave an indication of the importance of them for the interviewees, and this was the basis for the themes. The themes were divided into 5 factors as can be found in the empirical part.

3.3 Evaluation of Sources
3.3.1 Validity
The validity in the qualitative field of research has a slightly different meaning than in the quantitative field of research. In the context of this qualitative field it means to what level the research results represent the collected data (Sekaran & Bougie, 2009).

We believe that the five interviews together with the collected theory, gives us enough insight to what the roles of emotions of a family manager are in accepting the advice of external consultants can be. Since there was no previously done research in this specific
area, we had to trust on our judgment that the questions for the interview and our (previously developed) experience in guiding the interview towards relevant information for the research would result into sufficient insights to be satisfactory for our research. In the appendix the questions are shown with behind them the reasoning why we formulated the question. Also a table can be found there which gives an overview of these reasons. We did not have the possibility to test the interview and thus the level of the questions, however, as previously mentioned the questions derived from the frame of reference and questions related to the purpose. This gave enough trust to conduct the interviews. However, a limitation to this research is that external consultants were generalized in the research but it might be that consultants on social science fields such as marketing and management differ from the more science fields such as IT and engineering. If so, this influences our findings.

The interviewed person could choose any location preferred and we emphasized that. This resulted in the interview being conducted at the offices of these four times. One interview was being held in one of the study rooms in the library at Jönköping University. This was a former student and she proposed to conduct the interview there. We did this to stimulate the feeling of comfort and confidence of being in their own trusted environment. We think this clearly helped to get the honesty and in-depth answers needed for this research. To enhance the validity of the research results, the introduction to the actual answers we were aiming for was quite long every time. We wanted to let them get comfortable and get a little more acquainted with us. This worked, because after a certain amount of time they all expressed their emotions, ideas and feelings about certain experiences. For the interviewees, this could potentially become a confronting conversation, since they had to reflect themselves. However, we perceived this as them being more intrigued with what we were actually searching for. We believe that this has certainly helped to give the answers in the most accurate way, since they were willing to open up and all had the patience to go in-depth when requested by us. As a result, all interviews were very in depth and took on average more than one hour in which a lot of information exchanged both useful for the research and less useful for the research. What also was important for the validity was the fact that the time when the consultants were hired was not long ago or even still ongoing. Because of these recent occurrences, the memories of how the processes went were still clear and easily retraceable for the interviewees.
By implementing coding, we were able to extract the information relevant for this thesis subject. We filtered the data and integrated it with already existing theories to form the model we present in this thesis. Here, the use of the abductive approach gets a meaning.

One limitation to the research is that external consultants were generalized in the research but it might be that consultants on social science fields such as marketing and management differ from the more science fields such as IT and engineering. If so, this influences our findings.

3.3.2 Reliability

Reliability stands for the level of consistency in the findings through the data collection and analysis processes (Saunders, Lewis & Thornhill, 2007). It is important to have a high degree of reliability, since this is the date of which new possible theories will be built.

For this research, interviews were taken at five different family businesses. One of the main threats of research is the participant’s bias. This means that answers that are given during the research are not completely honest but more in the line of what their supervisors would like to hear (Saunders, Lewis & Thornhill, 2007). In the case of this research, the interviews were held with the (partial) owners of the companies. Since they are the highest authority in the business, it is highly unlikely that they were biased. To further reduce the possibility of potential participant bias, the interviews were taken anonymously when preferred. This gave a feeling of trust and security. However, it might be possible that the interviewee’s did not feel to share the real motivation of the decision-making, as they might feel that they had to advocate for their own decision and their own company. We feel there was an open atmosphere and that genuine thoughts were shared. Of course, this is our observation.

We can argue that the occurrence of observer bias was limited in this research. We together were present at the interviews, which we recorded. We analyzed them first separately and then reevaluated each other’s separately and then again together. This reduced the possibility of interpreting the collected data in different ways.
We believe that observer error has been reduced. This was done by increasing the consistency between the interviews with keeping a list of questions. This list was being used in order to keep a sort of structure when needed and thus enhanced the consistency between the interviews. Of course, due to the semi structured nature of the interviews, not all the exact same topics were discussed. However, we believe that we have gathered the right data in order to be able to analyze similarities or differences between the 5 interviewees.

3.4 Limitations
Although we have conducted this research with diligence there are still some limitations to our work, which should be taken in consideration. To begin with, the interviews were done in small and medium sized family businesses only, with between seven and two hundred employees. It might be possible that the decision-making of the family managers in big family businesses such as IKEA and H&M is different than in smaller sized businesses such as the interviewed ones. Furthermore, the persons who were interviewed were exceptionally kind and open about their ideas and feelings; however, one cannot deny that the area of emotions and feelings is a very subjective and difficult area. Not in the least due to the fact that talking about one’s emotions is not easy. Even though attempts have been undertaken to prevent this (which has been described earlier in this section), it is not assured that the answers collected are all unbiased. Even if this were so, for this exploratory research only five family businesses have been interviewed. This small amount was sufficient due to the exploratory nature of this research; however, in the future a bigger sample could be recommendable for gaining further knowledge in this field. In a later stage, this attempted theory and ideas should be tested and refined through further empirical research, where also a larger sample group can be approached to be more accurate in the findings. The last limitation for this research is that this research is limited to Swedish family businesses only. The main reason to limit the research to Sweden is because emotions are cultural (Rafaeli & Sutton; Matsumoto, Franklin, Choi, Rogers & Tatani, as referred to in Brundin & Nordqvist, 2008). It is therefore possible that in other countries different findings will occur when a comparable research is conducted. Until that time, it is important to not generalize these findings to other family businesses in a different cultural context.
4 Empirical findings

As mentioned in the method, we divided the findings into five factors that we have seen that influenced the family managers’ decision-making process upon the consultant’s advice. The findings were coded to be able to connect these different factors and draw conclusions from that. To give an idea about the interviewed companies a table follows to show the basic characteristics. The complete interviews with the family managers of the companies can be found in the Appendix.

Table 1: Basic information interviewed family businesses

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Turnover in million SEK</th>
<th>Employees</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>Owner</td>
<td>253</td>
<td>177</td>
</tr>
<tr>
<td>Company 2</td>
<td>Managing Director</td>
<td>72</td>
<td>41</td>
</tr>
<tr>
<td>Company 3</td>
<td>Owner</td>
<td>354</td>
<td>57</td>
</tr>
<tr>
<td>Company 4</td>
<td>Owner</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Company 5</td>
<td>Owner</td>
<td>35</td>
<td>8</td>
</tr>
</tbody>
</table>

Factor 1: Field of expertise of family manager

The field of expertise of the family manager influenced the level of interest of the advice given by the consultant. It was easier to accept an advice from a consultant when the subject was a bit more distanced from the interviewees’ interest and or expertise.

A field of expertise of interviewee 1 was marketing. We could see that the decision-making process that dealt with the marketing brought more emotions to interviewee 1 than with the IT decisions. With the IT consultant interviewee 1 accepted any advice that was given by the external consultant as long as the in-house IT manager also agreed with the consultant. The emotions towards his consultant only arose when the in-house IT manager told the family manager that they were not delivering anything good.

For interviewee 4 it would have been different and more difficult if the consulting had been about the way of running their business since that was her main expertise. The lack of knowledge and expertise in the area of marketing also led to it being easier to listen to the
advice given by the consultant. What also contributed to the consulting being less difficult was the fact that they themselves had no experience in this field and that the consultant had a lot experience and knowledge in the area of marketing.

The example that was given by interviewee 5 was about a product that had been developed on and off for a long time. There needed to be some practical solutions for the design and functionality. To help proceed and to find new ideas interviewee 5 consulted a company to help with a solution. Interviewee 5, who was the developer, had an MSc in Engineering, so the consultants were operating in his field of expertise. Interviewee 5 was closely involved in the process and was able to confirm the proposed idea that when someone has more expertise on the area of being consulted upon and the consultant gives advice, which is in line with the own ideas/expectations, it is associated with positive feelings.

Factor 2: psychological ownership

Researchers generally agree that when one has feelings of ownership for an object that can be material or immaterial it is called psychological ownership (Pierce, Kostova & Dirks, 2003, p 84; Avey et all, 2009; Brown, Lawrence, & Robinson, 2005; Beggan, 1992). During the interviews it was noticeable that this played a significant role in the decision-making process.

Another example was interviewee 1 that chose two marketing firms which had to compete for executing a certain marketing campaign for them and had to hand in a marketing strategy plan. Both were given identical information by the shoe manufacturer. The two companies had two different plans, where one plan was very close to what they were doing already, the other plan was a plan that was different (crazy) from what they were doing. He chose the different plan, as the family manager was really searching for something new, which was given by the other firm with the “crazy” plan. He could take more easily ownership of the advice. He was an inventor, which one might conclude from that he liked new things.

Interviewee 2, who was the son of the owner of a bathroom development company, replied on the question if he would have accepted the advice if the advice given by the consultant was not in line with the ideas he formulated beforehand as a solution, “probably
not”. The reason for this was that “you always look for a confirmation” of what you are thinking. He gave an example of when you want to buy a car. “If you walk into a car dealer and you are thinking about buying the car in red, and the dealer says you fit better in a blue car. Would you buy a car at all?” In other words interviewee 2 basically says that one already has a preformed solution to an issue, and when someone advices you in a totally different way you are thinking, you will reject his advice.

Interviewee 3 was thinking to keep the mission and vision close to what it was. He was afraid to not being able to live up to the words if it changed too much. He created the mission statement and wanted to change it step by step and not to change it too radical. The advice of one management consultant was to change the mission statement from: (Old) “Giving our customers piece of mind by providing creative and reliable service. We focus on international moving and relocation.” to: (New) “Giving piece of mind for people on the move.” Because it was kept close to what it was it was easily to take ownership of the advice, consequently the advice was accepted. But for example another advice from a different external consultant was to change the name of the company and he came with a total different mission statement. The advice was rejected because it was considered too big of a step for the company. The family manager wanted to keep it more similar to what it was and what he had created. In other words he could not take ownership of the advice or goal of the external consultant.

Interviewee 4 found it easier to listen to the marketing consultant. She had no problems accepting the advice. But when the consultant wanted to change the name the company (wholesaler of barbershop products), she could not accept because of her personal attachment to the name. She had negative feelings sometimes when having advice that was not according to her vision. Since it was a family business, she did not want to have someone that would change the whole idea. The old way usually was the good way. Added to that, she described herself also as being traditional.

Interviewee 5 hired a consultant to develop a product. This was a product the interviewee himself came up with. As the process of developing the product went on the interviewee formed some minimum requirements the product had to live up to, quality of handling the product and low cost manufacturing. When the consultant came with a solution the
interviewee saw it did not fulfil his minimum requirement. Because of his ownership of the minimum requirements he wanted for the product he could not accept the proposed solution to make the product of the consultant.

**Factor 3: Personal connection with the advice versus organizational connection with the advice**

The personal connection with the advice sometimes conflicts with the organizational connection of the advice. It could be noticed that overall, the personal connection came first in the form of emotions. After that, a more rational approach came with the helicopter view that looked at the wellbeing of the advice for the company.

According to interviewee 1, when he reads the advice of an external consultant he first looks how he personally likes the advice and then sees how it organizationally fits. Personal liking the advice is a combination between rationality (how interviewee 1 personally thinks it fits in the organization) and emotions (how he likes the idea). Then the organizational umbrella look is approached where interviewee 1 only looks how it will affect others in the company and if that is positive or negative for the organization.

Interviewee 1 noticed that when he had to make the decision to decide for which marketing firm to go, he took a week to decide. Things like “do I really understand this correct now or is it only because I am hooked up too much with my feelings?” and “I have to calm down and zoom out and try to see what is it what the customers see and what are the competitors going to do” came to mind. First the emotions and then the rationality played a bigger role for interviewee 1. He continued by saying that in the end it does not take long in the project until the reality hits you and you can see if it works or not in practice. “Try to place yourself as much as possible on top of the umbrella”, is what he said when you try to zoom out.

For interviewee 2 it was also first the personal emotions and after that the rationality that came into play. However, in this case the consultants’ initial advice went back and forth for about one year. There were a lot emotions involved in this process, which made it difficult to decide quickly. Nevertheless, eventually the rationality put the organizational importance first and thus overtook the emotions, which resulted in the advice being accepted and implemented.
For interviewee 4 it was not hard to listen to the advice even though sometimes it was difficult because of different points of view on the areas discussed. Again here, the organizational importance of understanding that it had to change was overtaking personal feelings and thus made it easier to accept the advice. The owner mentioned again that it would not be difficult to accept an advice that she would not like personally, but would be good for the organization. Sometimes the advice about something called resistance at first, followed by a moment of rationality, which made accepting it in the end as well.

**Factor 4: Emotions**

Emotions are feelings that can influence the decision-making process in either a positive or negative way. We were looking for the emotions that occur during the decision-making. In the case of interviewee 1 there was a clear noticeable influence of the negative and positive emotions on the decisions that were made. The family manager mentioned wisely “When you don’t have all information you have to go to emotions”.

**Factor 4.1: Negative emotions**

Interviewee 1 found the bureau with the advice consisting out of a traditional plan “boring”. He did not like it and called the advice boring numerous times.

When asked what he felt first when he got a certain advice, interviewee 2 replied that first personal emotions, such as anger at himself came to the surface. He felt like having failed. He said it felt that he did something wrong himself, and that he felt disappointed and also sorry for the employees that were going to be laid off. The emotions towards the employees played such a long time already, which delayed the decision of outsourcing the production for three years. A year after the consultant advised the company, they accepted the advice of the consultant to outsource.

Interviewee 3 was feeling uncomfortable with and afraid of the advice when a consultancy firm came with a radical mission and vision statement.

Interviewee 5 felt negative feelings such as frustration when the solution to make the product (where the engineering consultant was hired for) was not close to what he wanted.
The frustration towards the consultant was because he only came up with one possible solution. Afterwards, there was no input from the consultants’ side anymore, which caused the creative process for looking for improvements to come to a halt. The fear rose that the wanted solution in the interviewees’ head would not be realized anymore with the continuation of the cooperation between him and the consultant.

**Factor 4.2: Positive emotions**

Interviewee 1 found the bureau with the crazy different plan “more fun”. This positive affiliation evoked positive emotions in the shoe manufacturers’ mind.

For interviewee 2, the advice that was given was in the line of what they were thinking about themselves as well. This caused positive emotions according to Frank, even though it was not a nice decision-making process. He stated that it was positive to get confirmed what they were thinking already.

The consultants coming up with a working solution in the company of interviewee 5 made the interviewee feel happy. This was caused by the positive emotions that emerged when there was something happening in the process of developing a new product.

**Factor 5: Attitude of the consultant**

The family businesses that were interviewed also were affected by the attitude of the consultants in their opinion. The way a consultant was able to represent him or herself was important for the continuation of the process. The attitude could influence the process in a positive way.

Interviewee 2 perceived that the consultant felt how they wanted to be treated and was able to do that in a respectable manner. This was supportive for the rest of the process, since it started of in a positive manner. He added that there was a lot of giving and taking in such a process, and for this reason it was important for the owner to start off right. It was important for interviewee 2 that the consultant showed good will to the company. The fact that the consultant wanted to sit down one afternoon to talk about the situation without charging money for the time he was there. This was a good way of showing respect and the will to help. With the previous experience in mind, this was a big step in trust. It showed
that he was willing to give something and this opened the door for a constructive collaboration. To conclude, interviewee 2 states that the consultant “has to have the right approach at the first meeting”.

Interviewee 4 changed consultants when she found that the consultant lacked creativity. This lack of skills was an obstacle to come to a constructive consultant-client relation. The second consultant, however, had a positive attitude and this worked very motivating and triggered positive emotions. The drive and connection of the consultant with the company worked very positive. The owner concluded that the positive attitude from the start helped to develop a positive attitude. She continued by saying that if it would have started with a negative approach, it could have become a struggle to get a discussion going. For her, a positive and constructive attitude was important in the decision-making.

A last good example of the importance of attitude can be found at the company of interviewee 5. The owner and engineer consultant were unable to succeed in finding a solution for the product. And the interviewee changed to a trusted advisor, a retired engineer whom he knew from his personal network. The positive and creative attitude of the trusted advisor provided the interviewee with the needed feedback and ideas in order to be able to come up with a solution. An important detail was that the owner stated that the personality and character played such a big role, that if the consultant who gave up previously would have had those characteristics, it was very likely the owner would have continued with him. However, the attitude of the engineering consultant was not bad, he was let go because of lack of creativity.
5 Analyses

Some factors are more important to the decision-making than other factors and are discussed first. The more important factors that are found are the emotions, personal connection with the advice versus organizational connection with the advice, field of expertise of family manager and most important psychological ownership. Later the secondary finding (the attitude of the consultant) is discussed, the attitude of the consultant.

5.1 Primary findings

This chapter will discuss the most important findings that affect the decision-making of a family manager. We found that the decision-making primarily consists out of two parts, personal evaluation and organizational evaluation. We start with the personal evaluation, as this is the more interesting result of the research and afterwards we talk about the organizational evaluation.

5.1.1 Personal evaluation

The personal evaluation plays a role when the advice is given in the field of expertise of the family manager. We saw that in all interviews but the best examples can be given by looking at interview 1 and interview 3, when they hired a consultant in their field of expertise, marketing and strategizing.

Interviewee 3 gave two management consultants the question to come up with a plan to refresh the strategy and mission of the company. This is his field of expertise as the interviewee got a degree in business administration and he is the managing director of the company. Interviewee 3 developed the mission statement himself, but wanted to refresh this. He could not reformulate the vision and mission statement well, so he gave two management consultant agencies the assignment to come up with a new mission and vision statement for the company. He had a preformed idea (solution or approach) how the mission statement should be. This preformed solution/approach was wanting to have a new mission and vision that was close to the mission statement he developed earlier. Psychological ownership is the feeling of something being ‘mine or ours’ (Van Dyne &
Pierce, 2004). Avey et al (2009) state that it is possible to feel ownership of a strategic initiative, mission or idea. It was noticeable that interviewee 3 formed a psychological ownership of his preformed solution/approach to the issue. Interviewee 3 invested energy, time and effort in the mission statement that needed refreshing, which results in feeling more psychological ownership of that particular mission (Csikszentmihalyi & Rochberg-Halton, as mentioned in Pierce et al, 2001). The two consultancy firms came with two different kinds of mission statement. One consultancy firm thought it was best for the company to go for a different mission statement that was not close to the current one and the other consultancy firm advised and suggested a mission statement close to the current mission statement. So interviewee 3 could choose between a mission statement that was far from the current mission and a mission statement that formulated the current mission and vision in a more well described way. The interviewee had such ownership of the mission he created before that he could not let this go. The family manager’s idea (the idea of wanting a similar mission statement) was so ingrained in his identity that it felt that the idea was an extension of himself (Avey et all, 2009). Brown, Lawrence and Robinson (2005) argue that ownership and one’s identity is so connected, that one might defend the object as a piece of territory. A similar reaction was seen by interviewee 3, as he thought less of the consultant company that changed the mission statement significantly. He thought that the consultancy just “did not do their homework”, and he was irritated with that firm and their advice. This emotional reaction can be caused as the advice of the consultancy (the firm that did not stay close to the old statement) might have infringed the interviewee’s owned object (the preformed or “old” mission statement) or territory (Brown, Lawrence, & Robinson, 2005; Pierce et al. 2003). The emotional reaction is likely given by the interviewee to recapture his mission statement (Brown et al, 2005). The interviewee developed negative emotions towards the advice of the consultants as he felt they tried to take his mission statement and change it completely. Because of the emotional involvement the interviewee chose the consultant company that stayed close to the mission statement. He said the best advice is when the “advising is in the line of the direction what we were thinking”.

A similar situation occurred with interviewee 1; consequently the same literature and motivation can be applied here. Interviewee 1 is very involved in marketing and has been the marketing director before he took over the family firm. As a CEO he gave two
marketing consultancy bureaus identical information to come up with a marketing strategy plan. Interviewee 1, before hiring marketing consultants, had seen with his marketing expertise that the company needed to refresh its strategy. He analysed the trends, from magazines and such, and saw a change in marketing was needed for the family firm. We believe the family manager took ownership of the idea to change and refresh the marketing strategy of the company, as he dedicated his expertise and energy in the idea (Csikszentmihalyi & Rochberg-Halton, as mentioned in Pierce et al, 2001). The two consultancy firms came with two opposite advices of which one stayed close to what they were doing and the other changed the way the company was marketing itself. As interviewee 1 owned that idea of refreshing the marketing of the company, he felt positive emotions with the consultants that he hired “it was much more fun”, but found the other advice of the different marketing consultants with the traditional approach “boring”. We believe the negative feelings arose due to the infringement of the preformed solution/approach with the given advice and that resulted in an emotional reaction (Brown et al, 2005). The interviewee mentions “When you don’t have all information you have to go to emotions”. So it was easier for the interviewee to hire the consultants that want to change the marketing way of the company and he had positive emotions with. Therefore, he hired this firm as well and the advice of the firm was accepted, at least those parts that were close to his line of refreshing the company.

The steps in the story could easily be identified. As interviewee 1 and 3 had a high expertise and knowledge on the subject and they had put energy in coming up with a solution or approach to solve the issue, the interviewees developed a psychological ownership over the preformed solution/approach. We saw that emotions arise when an external consultant gives advice on the subject the family manager has put energy in and has knowledge of. Negative emotions arise when the advice is not in the line of the preformed solution, due to the feeling of one wanting to steal or criticize the thing that the interviewees own. The negative emotions appeared to secure that preformed solution/approach (Brown et al, 2005). Positive emotions arise where the advice is in line with the preformed solution of the family manager as it is easy to take ownership of the advice. We saw that it was easy to accept the advice for all the interviewees when positive emotions arose towards the advice. On the contrary we saw that when there are negative emotions against the advice it is hard
to accept the advice. We could summarize the personal evaluation in the following proposed model:

**Figure 1: Personal evaluation model**

![Personal evaluation model diagram]

Even though the advice is in the field of expertise of the family manager, we also see that after the personal evaluation one looks at the organizational evaluation. Just as interviewee 1 said “do I really understand this correct now or is it only because I am hooked up too much with my feelings?” and “I have to calm down and zoom out and try to see what is it what the customers see and what are the competitors going to do”. Just as Zajone argues, according to Brown et al (2005), infringements to psychological ownership create immediate emotions, but after the emotion the cognitive rationalization will take place.
However, this does not mean one cannot go back and forth afterwards between personal emotions and organizational evaluation, as interviewee 2 explains well. The dominant part in the decision-making when the advice is in the field of expertise, is the individual evaluation. Mikulincer, and Pillutla and Murnighan (according to Brown et al, 2005) argue that making decisions that are too much based on feelings, can lead to poor decisions. This is also in line with the theory of Beggan (1992) who mentions that when people own an object (which can be an idea or thought) they find that object more attractive and one analyzes that value of the idea prejudiced.

5.1.2 Organizational evaluation

Now we talk about the role of organizational evaluation in decision-making. Organizational evaluation is, as said by interviewee 1, when one tries to place oneself “as much as possible on top of the umbrella” and see how the advice applies to the customer and competitors. Here were no emotions noticed in the interviews. The organizational look is when the family manager looks to how the advice fits to the company (the employees and other resources), the customers and the competitors. They analyze, interact and anticipate how the advice influences the company (the employees and other resources), the customers and the competitors.

The organizational evaluation played a smaller role when the advice was given in the field of expertise of the family manager and usually took place after the individual evaluation which is according to the theory of Zajonc (as cited in Brown et al, 2005). However, when the advice is not given in the field of expertise of the family manager, there is no psychological ownership as the family manager does not come with a preformed solution to the issue the consultant is hired for, so there is no individual evaluation in that case. In other words, when the advice is not given in the field of expertise of the family manager, only organizational evaluation plays a role, and no emotions were observed in this part. We can see that when we look at the example of interviewee 1 and 4.

We saw that interviewee 4 did not feel a lot of emotions towards the advice of the marketing consultant, and certainly not any emotions which influenced the decision-making. This was mainly because she did not have a lot of expertise nor knowledge in this field, but also she did not do any marketing in the firm herself. She just looked to how the
marketing would affect her customers and she was concerned with the financial cost of the marketing advice.

Another example is when interviewee 1 hired an IT consultant. He accepts the advice from the consultant relative easy, as he does not have expertise in IT. He mainly listened to his IT employees, looked how the system fits to the company and how that is beneficial against the competitors and for the customers. The interviewee did not spend time in forming a solution to the issue where the IT consultant where hired for. Interesting to mention is that when the advice turned out not to be beneficial, a lot of emotions arose towards the consultant such as anger, and he fired the consultant.

5.1.3 Personal evaluation vs. organizational evaluation

After the analysis, we argue that the decision-making is a combination between individual and organizational evaluating the advice of the external consultant. We argue that the individual evaluating is dominant over the organizational evaluation when a family manager gets advice in their field of expertise. However, when the advice of the consultant is not given in the field of expertise of the family manager there is no individual evaluation as there are no emotions arising from psychological ownership. Therefore, in this situation, organizational evaluation is the part that makes the decision-making. To give a clear overview when personal evaluation and when organizational evaluation plays a role and how influential, we propose the following model:
Figure 2: Organizational evaluation model

5.2 Secondary findings

Here we talk about findings of our research that influence the decision-making, but they affect the decision-making less important than the earlier discussed factors.

The attitude of the consultant towards the interviewees got described in the interviews. The interviewees said that the attitudes contributed positively in the decision-making. However, we did not find a situation when a consultant initially had a bad attitude. We did see that when the consultant was not delivering the family manager got reluctant towards accepting the advice. Furthermore, the perception about the consultant’s attitude changed negatively for the family manager. This can be further explained with an example of an interview. We saw that when the IT consultants were implementing their own advice and did not deliver what was agreed on in the company of interviewee 1, the family manager felt cheated. When the IT consultant said they could fix it and asked more money, the family manager
found the attitude of the consultant bad. The attitude and the feeling of being cheated made emotions arose towards the consultants and their future advice.

Also, earlier in the research we asked ourselves (part 2.6) if it is hard for a family manager to share the information with someone from outside the company and to hire an outsider which might never understand their business and how that effects the decision-making. We come with the conclusion that this does not affect the decision-making according to all the family managers we interviewed. The interviewee mentioned that they had no issue to share information, nor getting advice from an external consultant (as long as no conflict has occurs).
6 Conclusion

The purpose of this research was to explore what factors, specifically related to emotions, influence the decision-making of a family manager when he or she has to decide upon the advice of an external consultant. Furthermore, we aim to provide an understanding on this topic.

As this topic has not been researched before, we set out to develop a bigger understanding on the role of emotions of a family manager in the decision-making when he or she is deciding upon the advice of an external consultant. The reason to research this topic was because there are many emotions involved in a family businesses (Alderfer, 1988; Donnelley, 1988; Sharma, 2004; Davis, 1983) and we found it interesting to see what factors related to emotions play a role when someone from outside the organization comes and ‘interferes’ in the companies process.

We questioned in the frame of reference and based on the theory of Brundin & Sharma (2012) if the decision process would be affected due to emotional messiness if the consultant does not take the psychological ownership in account. The result of this research shows that emotions play a significant role when an external consultant gives advice in the field of expertise of the family manager. In this situation, we found that psychological ownership plays an important role in the decision-making. When the consultant advises something that is in line with the psychological owned preformed solution or approach, positive emotions arise, however, when the advice is not in line negative emotions arise. If the emotions were positive it was easier to accept the advice, whereas when negative emotions occurred the advice was hard to accept, and often not accepted. In our described theory emotions originate differently than is described in the theories of decision-making in family businesses (Rivers, 2009; Parker, 2004). The other theories describe the importance of the collective family influence on decision-making. We only saw family influence playing a role in the decision-making of the advice of an external consultant briefly. This was when interviewee 3 was still considering to accept the vision statement proposed by the consultant as his uncle did not like the word ‘mobility’ in the new suggested vision statement advised by the consultants. But primarily we saw the emotions arising from the family manager’s psychological ownership of a preformed solution/approach, rather than from the families’ collective influence. After the emotions
that occur in the personal evaluation, we saw the family manager conducting an organizational evaluation. This separation is not new and is in line with the theory of Zajonc (as seen in, Brown et al, 2005). However, the personal evaluation plays a bigger role than the organizational evaluation when the advice is given in the field of expertise of the family manager.

The role of emotions was mainly found when the external consultant gives advice in the field of expertise of the family manager. We found that emotions were not influencing the decision-making when the advice was not given in the field of expertise of a family manager. The family manager then mainly looked at the organization and looked to how the advice fits to the organization. In this case, no emotions were noticed towards the advice in the decision-making, as long as the consultant did deliver what was agreed upon.
7 Implications

This report sheds a light on how a family manager decides upon advice given by an external consultant. This report has some limitations (see part 3.4), however, we can give implications based on the findings of this research.

Many researchers, when writing about psychological ownership, write about the effect or consequences of psychological ownership of the employees and how to get them to feel ownership (Van Dyne & Pierce, 2004; Brown et al, 2005; Pendleton, Wilson & Wright, 1998). A few look to how one evaluates the object one has psychological ownership off (Howard & Barry, according to Beggan 1992; and Beggan, 1992). Also many researchers state that psychological ownership increases when one feels in control over an object (Beggan, 1991; Furby, 1978a,b, 1980; White, 1959, according to Pierce et al, 2001; and Rantanen & Jussila, 2011). Our research observed a different perspective of psychological ownership than the other mentioned researchers. Pierce et al (2001) state that the more in control someone is the more pleasure and satisfaction one feels, whereas we found that when the family manager is in control of where he or she feels psychological ownership of, he or she can still feel negative consequences of psychological ownership. These negative consequences arise when someone tries to infringe the family manager’s idea (the psychological ownership) with giving advice on that issue of ownership. This gives lots of opportunity to add another perspective under the role and the consequences of psychological ownership. Yet, first the findings of this research should be validated by other researchers both with a qualitative and quantitative research method. This will ensure that future researches in this field (when a family manager has to decide upon the advice of an external consultant), are justified by validated data.

Once this research is validated, one can research if it is possible for the family manager to control the consequences of psychological ownership infringement of the consultant. One interesting way to research this is by combining the emotional intelligence of a family manager with the reactions from the infringement by the consultant.

Also it might be interesting to research if the organizational evaluation is more present with family managers with an academic background or without an academic background.
Based on our findings we recommend the consultant, when advising in the field of expertise of the family manager, to take the fact that the family manager already has ownership over an idea and it is emotional for him or her to get advice on that idea, in consideration. What is important for the consultant is to ask what the family manager thinks what the best solution would be to the issue or in what line of direction he or she was thinking to approach the issue. Then it is important for the consultant to give an advice that is in line with what the family manager was thinking.
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Appendix

Appendix 1: Interview questions

Questions Interview:

1. How often do you hire consultants? For what purpose?
2. How did you hire the consultant?
3. What is the reason to hire this external consultant? And why this one?
4. What do you expect from the external consultants? (exploratory)
5. How does the decision-making look like to implement the advice or not? What were the difficulties? (similar like question 6?)
6. What did you do with the advice from the external consultants? Why? (here we want to have a genuine reaction to why the interviewee did something with the advice as he or she did)
7. What are the criteria for you to take the advice or not? If interviewee is not answering well, what are the criteria anything besides what is written on paper?
8. How would these criteria be different if it would come from someone from within the board or family? (exploratory)
9. From the advice that was implemented what characterized the most in the decision-making?
10. From the advice that was implemented what characterized the most in the decision-making?
11. Other than the quality of the advice, what would be important in your decision-making to implement the advice? (sketching a situation: think of someone you accept advice from in the company and why you would accept his advice rather than the external consultants advice) (Here we want to see the difference of factors why one might accept advice from one person or another, exploratory)
12. How do you stand in the fact that an external consultant will give advice about your business? (here we want to see in what degree a family manager thinks that someone who does not know a lot about the organization can advise how to improve the business)
13. Would you share information with a consultant as easy as with a board member? (Here we want to see if a protective posture arises against a external person)
14. (When emotion not treated) Could you identify yourself with the target or goals set in the advice? How important is that to accept the advice or not? (Here we want to see if the factor of psychological ownership plays a role in accepting the advice)

### Appendix 2: Table of motivation questions

<table>
<thead>
<tr>
<th>Questions</th>
<th>General question</th>
<th>Exploratory question</th>
<th>Protective emotion</th>
<th>Lack of trust in consultant understanding of the business</th>
<th>Psychological ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the reason to hire external consultants, and why this one?</td>
<td>X</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>What do you expect from the external consultants?</td>
<td></td>
<td>X</td>
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<tr>
<td>What did you do with the advice from the external consultants? Why?</td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>What are the criteria for you to take the advice or not? If interviewee is not answering well, what are the criteria anything besides what is written on paper?</td>
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<td>X</td>
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<tr>
<td>Other than the quality of the advice, what would be important in your decision-making to implement the advice?</td>
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<td>X</td>
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<tr>
<td>How do you stand in the fact that an external consultant will give advice about your business?</td>
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<td>X</td>
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<tr>
<td>Would you share information with a consultant as easy as with a board member?</td>
<td>X</td>
<td></td>
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<tr>
<td>Could you identify yourself with the target or goals set in the advice?</td>
<td>X</td>
<td></td>
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### Appendix 3: Interviews

These interviews took place at the offices of the interviewee’s except with interviewee 4, which was held in the library of the Jonkoping University. The interviews were on average longer than an hour. We chose to summarize the interviews, to give a better overview of what is being said. Seven hours of interview, literally transcribed we found to chaotic. We kept the chronological order of the interview to preserve the reality of the interview. However, this does result sometimes in jumping from one subject to another in the summaries.

### Appendix 3.1: Interview 1: CEO and owner (Interviewee 1) of a safety shoe manufacturing company

The first interview that was conducted took place at a shoe manufacturing company. With 177 employees and a turnover of over 253 million SEK it is the biggest company, employee wise, that was interviewed. The shoes are being sold in many different countries.

The interviewee was very suspicious of consultants due to some experiences. The update of computer systems was one occurrence where a consultant was hired and in other occasions it were several marketing consultancy firms. The company gave identical information to a few consultancy firms about the marketing strategy and then the marketing bureau had to execute it. The firms usually were selected when they were in line with the idea interviewee had beforehand. When a consultant company came with suggestions, almost every time the company implemented some parts of the chosen consultancy firm, but about 30% of their approach usually was altered. The interviewee explained there are two approaches for safety shoe commercials: the positive commercial for the safety shoes and the (negative) warning approach. He wanted to emphasize the positive feelings with safety shoes and to refresh the marketing strategy of the company.
The consultants advised to change the IT system and were hired to implement and educate how to use the system best. In the 1970’s they hired the first IT consultants. This was because IT became more complicated and the programming was too difficult to maintain in-house. This resulted in consultants and programs having to be hired and bought. The consultants advised strongly to buy total systems while the company wanted to buy parts of the IT system. There were many discussions between the interviewee and the consultant, because the interviewee’s company did not want to buy the whole package. Initially the hired consultants were very good and stopped offering products and services when asked to: when they asked not to implement an installation the consultant listened to that. The outcome was that they had good experiences with consultants in the 70’s and 80’s. This was later prolonged when a new version was developed and recommended, and accepted. After this the problems started with the same consultant company which they already had good experiences with. The problem were the new consultants who came in. The consultancy firm charged a fortune for little results out of the change to a new IT system. Initially, the CEO was positive, however, it went into a negative direction when the consultants did not deliver. The IT manager observed the troubles the consultant caused and advised to change to other consultants quickly. The trust disappeared, as a result of this, a new company with new consultants was hired. The CEO of the shoe manufacturing company had some knowledge in-house with the IT manager and relied upon him more than the consultant.

The CEO got angry during the interview when he was telling about the consultant trying to charge him for something that was not well done. He got a little more agitated when telling about that after this they wanted to sell him something (an accounting system which they had to build up) which he had no interest in. He believed “they were selling one thing and delivering another”. One million SEK was paid but none of the IT-boxes they sold were delivered (working). At the hand of these issues, he told them with strong language that he did not want the advice of the consultants anymore. He does not trust other (IT) consultants anymore and does the purchasing different now. The decision of why not to work and accept anything from the consultant anymore, was a complete trust in his own IT manager who said the advice of the consultant did not work.
After this, a different experience with consultants was described. Here it focused on two marketing firms that had to compete for executing a certain marketing campaign for the shoe manufacturer. The marketing companies had to hand in a marketing strategy plan after identical information was given to them in advance. The two companies had two different marketing plans: one plan was very close to what they were doing already and the other plan was a plan that was different (“crazy”) from what they were doing. He chose the different plan. The marketing employees wanted to go for the crazy solution and other employees (“that did not know a lot about the market”) liked the traditional plan more. The CEO (formerly in charge of marketing in the company) also liked the bureau with the crazy plan more. His reasoning was that the bureau, with the different marketing strategy, was in line with what he thought, to refresh the marketing of the company. Also the interviewee thought the bureau could drive the companies’ creative marketing strategy, but also that the interviewee could cool the provocativeness of the advice down. He found the bureau “more fun”. The interviewee later mentions “When you don’t have all the information you have to go to your own emotions. He found the other (traditional) plan too boring, for example: they used the same colors as they did already. He was really searching for something new, which was given by the other firm with the “crazy” plan. He was an inventor himself, which could conclude that he likes new things. One can say that emotionally the crazy plan was something new and brought exciting emotions, while the other created boring emotions as it was not new. He liked to “catch up on trends and read a lot about trends”.

It was difficult for the interviewee to answer if the boring plan would be accepted if it was offered by an employee and the crazy plan by consultants. Generally, he would say to his employees, when they would be going too far with their plan, to adjust the direction in which they were going from the basics given by him.

It was very noticeable that the interviewee was still very much concerned with the marketing. He kept himself “very very very much updated with the marketing”. The bureau should follow the idea given by the interviewee, but the best way is when they surprise him positively with a solution for marketing that idea. One time the bureau tried to stop the positive emotion marketing campaign, which they had going for some time and go to the negative emotion marketing campaign. He right away declined this idea, according to him it
was a step backwards in time and not the current trend. He did not mind the marketing bureau consulting upon the marketing of the company, since the consultants have the expertise to execute these kinds of campaigns.

When the negative emotions were experienced, he was reluctant to accept the advice or even did not accept it at all. Also the emotional atmosphere a consultant carried out was important in accepting the advice or not. He gave the example of lawyers, who are very transparent in the USA when it comes to billing. Compared to them, the consultants were not transparent at all. This supported the suspicion regarding the consultants.

The interviewee thought that if the consultants come in they do not understand the company. The company had to solve so many problems in the past themselves, where consultants were not a part of. The interviewee believed that a consultant could not teach him the details that are so important for his company that it is worth that the consultants can charge 1500 SEK/hour for it. Underlying was his suspicion of consultants. He thought that generally family businesses are more suspicious about consultants and specifically that IT consultants were a “catastrophe”.

When the interviewee had to make the decision to decide for which marketing firm to go, he took a week to decide. The main reason was to let it sink in and think more about it. Thoughts like “do I really understand this correct now or is it only because I am hooked up too much with my feelings?” and “I have to calm down and zoom out and try to see what is it what the customers see and what are the competitors going to do” or (“checkpoint Charlie”) came to mind. First the emotions and then rationality played a bigger role. In the end it does not take long in the project until the reality hits you fast and see if it works in the reality or not. “Try to place yourself as much as possible on top of the umbrella”.

Appendix 3.2: Interview 2: Managing Director (Interviewee 2) of a production and developing company of bathrooms and interior accessories

The interviewee and his sister lead the company, but it is still owned by their father. They took over the activities from their father and it has already been a family business for four generations. The company employees 41 people with a turnover of almost 72 million SEK.
in 2010. They are also operating abroad with a warehouse and office in the UK and operations sales in several countries, even the United States.

They had a consultant for a few days who was asked for advice to get the company in a better financial healthy situation. This also included discussing outsourcing production work. Also, advice was asked about employees who did not deliver a sufficient quality of work. The problem there was that, according to the managing director, in a family business there is almost a family kind of relationship with the employees. It makes it hard to change the way people work or criticize when there is such an informal relationship. The question asked to the consultant was how to make people change their position in the company without affecting the relationship negatively.

For the outsourcing issue, the consultant was very useful and it gave the interviewee new insights. However, the most part of the advice from the consultant to start outsourcing was in line with what the interviewee was thinking should be done. The interviewee already had seen in similar company situations: these companies either went bankrupt or outsourced. This made it easier to accept the advice. They took the consultant as a second opinion. The interviewee took the consultant (company) because they had previous experience with similar cases. They wanted to get more ideas and possible solutions and the consultant could give this advice since they had been in more of these situations. The previous experiences of the good actions (explained later) of the consultants made it easier to trust the consultant and the given advice.

According to the interviewee, in a family business that one decides more with “the heart in many decisions when you should think with your brain”. It should be about the money, but in this business, decisions are sometimes made with the heart, which is not necessarily good for the company. However, he felt that the family managers are more striving to make money than the employees. As he said: in good times we can take more (financially) from the company, but in the bad times we have to give in more. The employees, on the other hand, have no fluctuation in their salary and will get a monthly pay check. So, striving for money more than the employees do is more a matter of continuation of the business.

On the question about his opinion if it is a good thing to hire a consultant or not, he said that it is a good thing. One of the biggest challenges is the change of ownership, there are several options for this and an external consultant can help in these situations to avoid
conflicts. For this they are already thinking about hiring a consultant, to explain and help deciding on the different aspects.

When the consultant was talking with the interviewee he said that he maybe was not the right person to be the managing director of the company and that it is sometimes better to hire someone to do that, and concentrate on your own strengths, like developing products for instance. In many cases, he said, that businesses become more successful when you recognise your own strengths. It was hard for the interviewee to listen to this advice in some way, but later when it sunk in it made a lot more sense for him.

When being asked what he felt first when he listened to the advice, he answered that he first felt personal emotions, such as anger at himself as he felt like he failed. He felt that he had done something wrong himself which made him disappointed. After that he felt sorry for the employees as well. The emotions towards the employees played such a long time already, which delayed the decision of outsourcing the production for three years. Still after the confirmation to outsource of the consultant the emotions played a big role. A year after the consultant advised the company the decision was accepted. The consultant was hired as a last resort in this case since it was really necessary.

The biggest problem of a family business can be that the businesses are relying too much on the few family managers and their knowledge and network. In cases of sickness for example, the business can be affected in a negative way.

In the past they had a consultant for helping with the reorganization. That was when the father of the managing director was still leading the company. The experience was not positive at all, due to lack of interest for the company to help and the fact that the consultant charged a lot of money for no service.

The interviewee said that consultants also just have to make money, however, the consultant they hired recently to bring the company in a better financial state, delivered a good job. He invested time to look for other good examples and investigated their figures in order to come up with a good story and the successes they as a consultancy company had with similar cases in the past. For the interviewee this was a reason to be careful and not to believe everything the consultant said, since he also just wanted to make money. However, the interviewee thought he came up with new and good ideas and in that way it was good to hire him.
The step to hire a consultant was very difficult for the interviewee. In his reasoning he said that you basically hire a consultant when you are unable to decide yourself. These decisions that are usually difficult to make are also often being pushed forward and postponed for a long time. Hiring a consultant is so hard because it is basically a confirmation of failure, or to come up with a solution self.

On the question if he would have accepted the advice even if it were not in line with his ideas, he answered “probably not”. The reason for this was that “you always look for a confirmation”. He gave an example of when you want to buy a car. “If you walk into a car dealer and you are thinking about buying the car in red, and the dealer says you fit better in a blue car. Would you buy a car at all?”

He continues by saying that even if they had a wrong plan or thought and the advice would be completely different they still would not accept it, because they would think the consultant was not good enough. Simply because you want a confirmation, the interviewee stated.

The interviewee thought that it is a combination of something that you (in general) started think of or plan on and that the consultant’s input.

The attitude of the consultant was important, and in this case it was good. He got the consultant through a connection (the financial auditor of the company) which also has a department for consulting. The trigger for the interviewee to hire him was the fact that he was a specialist in family business consulting. According to him, the consultant felt how they wanted to be treated and was able to do that in a respectable manner. This was supportive for the rest of the process, since he started of with a positive attitude. The interviewee added that there was a lot of giving and taking in such a process, and for this reason it was important for the owner to start off right. It was important for interviewee 2 that the consultant showed good will to the company. The fact that the consultant wanted to sit down one afternoon to talk about the situation without charging money for the time he was there. This was a good way of showing respect and the will to help. With the previous experience in mind, this was a big step in trust. It showed that he was willing to give something and this opened the door for a constructive collaboration. To conclude, interviewee 2 states that the consultant “has to have the right approach at the first meeting”.

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The advice that was given was in the line of what they were thinking about themselves as well. This evoked positive emotions according to the interviewee. It is positive to get confirmed what you were thinking of already.

The difficult part of having a family business is that there is a short time lapse between decision-making and productivity but the changing of mind and ideas is also short road (quickly occurring). This makes decision-making difficult. He compares it with big companies, where they do make decisions all the time. The reason for changing the mind in a family business so often comes from an emotional nature. The fact that it is so personal makes it difficult to decide. It is good to have the emotional aspect, but sometimes it is necessary to let it go.

The interviewee thought it is good to hire a consultant for certain things. Sometimes it is difficult to discuss certain subjects within the company. Talking about the performance of others in the company is better and easier to discuss with a consultant as the employees have a relationship together. He compares it to a person you can talk to in confidence and is not allowed to tell anyone else.

**Appendix 3.3: Interview 3: Managing director and co-owner (interviewee 3) of a moving company**

With a turnover of more than 320 million SEK and 57 employees this was a very big company. This was in financial term the biggest company that was interviewed. The company was started and still co-owned by the interviewee.

Hiring consultants was not an unusual for this company, they hired consultant for both ISO certificates: ISO 14001 for the environment and ISO 27001 for IT management safety. They hired other consultants such as a management consultant bureau and IT consultant bureau, mainly for the vision and mission. The reason to hire an external consultant was to see an objective view of how it could be done differently. They asked three different firms to come up with an alternative mission and vision statement. One of these was chosen because of the good price and delivery of what the interviewee’s company believes is the right thing. They defined how to choose the suggestions of the management consultant, by looking what was close to what the interviewee thought and by asking the employees and
customers, to see what the idea and way of working of the company is to come up with the vision.

Developing the IT system grew as a need within the company and then the company defined how to solve that need, and if they needed help they hired external consultants for that specific field needed. However, the consultant must have experience in the specific field.

Management consultants: the family business wanted a direction from where they were and not too much from the current vision and mission. Before hiring the consultant, the family manager already thought about what they wanted from the consultant, it depended on what level the consultant operates, for example wanting something totally creative or looking for something which they can build on continuously based on the current structure. They wanted to work step by step and not change radically by “putting a man on the moon”. The management vision and mission was their own way of how to come up with the mission and vision. The name changing, was rejected however, and was considered a too big step for the company. The owner wanted to keep it more similar to what it was.

“The vision suggestion is close to taken and the mission is definitely taken”. The mission changed from:
(Old) Giving our customers piece of mind by providing creative and reliable service. We focus on international moving and relocation.
(New) Giving piece of mind for people on the move.

The part of “the piece of mind” was taken and put as a core, the same counted for the word “moving”, which was kept as well.

The vision was:
- To keep our position as one of Europe’s top 5 international removal companies in term of volume.
- To be the leading removal company in Europe when it comes to customers satisfaction and environmental work
- To become the leading provider of relocation service by 2012 in the Nordic countries.

New suggested vision to decide upon:
Facilitate sustainable global mobility for people and businesses. We are the number 1 choice for customers who value moves and relocations handled with care.

There is no environmental touch in the literal sense, but the word "sustainable" is covering that area. This vision is rather close to what is before. The wording is different, and before it was mentioned as goals, while vision should sound as longer than goals.

The only word they were not sure about was “mobility”, since this is also used in other contexts such as telephone companies and others. The factors to accept this vision or not was that it should be close to what they were aiming for. The interviewee was afraid to not being able to live up to the words. He was accepted the mission, although the vision was not taken up that much by the employees as the mission. The board was still making the decision for the vision statement. The interviewee’s uncle, who is also in the board, was not agreeing upon mobility. For reasons that were previously mentioned and because the meaning of “movement” part of mobility does not come forward enough.

For the interviewee, there was no problem that someone from the outside gave advice. In his opinion, it could take the company towards where the company could be tomorrow.

When asked if it is important in accepting the advice, who it comes from, the interviewee answered it did not matter from the employee or an external consultant. As long as the employees or consultant delivered “advising in the line of direction what we were thinking”. The reason why it was important that the advice had to be in the line of direction was that “we are not here to put a man on the moon.” The more far away from a realistic solution the more unlikely the advice would be accepted. The feeling he got when someone comes with such an advice was that he would still listen to it, but if not relevant than he would still not accept it. The reason for listening to the advice anyway, was because he valued any initiative and creativity.
When we asked what he thought of external consultants graving in his company he answered that he was open minded, meaning he did not mind and realized it could help them forward. For him it was important that it helped the business model. He trusted that the consultant companies could keep the confidentiality. He did realize that it would be potentially profitable information for competitors but he trusted in their professionalism.

It was important that the consultant they wanted had an office nearby, because of the practical reasons. Eventually they went for a consultant they hired before, but the decision for choosing the consultant was in the hand of another employee, who had the responsibility for this task, but was influenced by the interviewee.

Usually it was that if the interviewee agreed upon something in the board, the other two members of the board also agreed. One of the board members was the uncle of the interviewee.

Our interviewee was really glad that “the peace of mind” part was reused for the mission. He believed that the vision, and not goal setting, would help them further. One consultancy firm came with a radical mission and vision statement, and he felt that that would not work right away. He felt uncomfortable and “afraid” of the advice. And he felt that they did not do their homework. Once he read it, he got the feeling of liking or disliking it immediately.

The whole decision-making fell under both emotional and rational point of views and they came together. The environmental part was important to him and therefore the interviewee went for ISO 14001. A structure needed to be in the company and with that process orientation, which resulted in 12 different processes and main areas.

Usually, the opinion about an advice started with personally liking the advice given and then organizational. The risk of the advice was important as well with the situation of the company. He suggested that a company in a difficult situation is likely to accept an advice (even when not preferred) quicker because they have no other options. In other situations he would be more critical and choose “the less risk willing standpoints because you know what you have and how to work with the resources better than the consultant”.

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The interviewee had suggestions that he liked himself, but after evaluating it in the organizational context it did not always fit. If this was the case, he did not accept the advice. When he felt more attachment for a certain field the emotional and personal side played a bigger role. A field he did like, such as ISO 14001, was suggested by a customer and therefore was client-driven. However others in the board would not have accepted it when the interviewee would not have liked it that much himself as well. That was the same for consultants if they consulted upon something where not the heart of the interviewee was, he would accept that advice sooner as he could take easier ownership of the advice.

The interviewee would hire more consultants, if he found out which field he would like to improve and would not have the expertise for in-house. He accepted that he could not have all the expertise. He had good feedback and experiences with consultants so far.

It might be that academically background affected the emotions less and more a rational was taken into account in the decision-making. Sometimes too much information makes you wait too much for a decision, as the interviewee stated. So it might be good to not be so academically in that way. As a final statement he said that “Sometimes you need someone from the outside to come up with good new suggestions.”

Appendix 3.4: Interview 4: Owner and managing director (Interviewee 4) of a company that sells hair products to barbershops

The company is a family business run by the interviewee and her brother. They took it over from their father after he bought the business previously. Together they own a business that employs 30 people in 10 shops throughout Sweden. Their business is a hair product wholesaler, which sells to hairdressers. This makes it a B-to-B business.

They have several stores throughout Sweden. The stores are the way to get new customers; they do not have representatives who go on the road and approach prospects. They invite the hairdressers in their stores and by doing this they can show their possibilities by giving demonstrations and get acquainted on a more personal level.
The reason to hire a consultant was to upgrade the marketing in the basics and advice and then implement the advice. Marketing that had to be upgraded were how to approach customers with the folders, logo and the website.

The first consultant was found through a previous connection: their father had worked with him. This was not so much a consultant in practice, due to the fact that he was not contributing to the work besides just doing what was asked. There was no such thing as giving a creative approach to the assignments or own initiative. He was a bit “old but also old-fashioned”.

In their market, they are not directly competing with the biggest companies. Rather than that, they mostly work together. This resulted in being a second alternative for the big companies if they do not have something in stock, for example. In this business, relationships are extremely important. The relationship is even more important than the product in some cases. There is not so much a preference of brand, more of the preference of the person selling it.

The business activities in the beginning were not so much focused on marketing because the customers they already had were more important at that time. When the marketing had to be improved, a consultant was hired. The first consultant merely had the knowledge, but not the creativity. It was even more work for Emma and her brother since they had to guide the consultant in what he had to do instead of having him do the analysing and come up with ideas to improve the marketing.

After that, the 2nd consultant came in. This consultant was also acquainted with the interviewee’s family. Before the consultant moved to the USA she mentioned that at the time the interviewee would open a store in Jönköping she would like to get involved. The first contact was made through Skype and also the first assignments were consulted over Skype. Currently she resides in Sweden again. The new consultant came up with new ideas to improve the marketing and she redid the layout previously than by the other consultant.

For interviewee 4 it was not hard to listen to the advice even though sometimes it was difficult because of different points of view on the areas discussed. Again here, the organizational importance of understanding that it had to change was overtaking personal feelings and thus made it easier to accept the advice. The owner mentioned again that it would not be difficult to accept an advice that she would not like personally, but would be
good for the organization. Sometimes the advice about a certain subject called resistance at first, followed by a moment of rationality, which made accepting it in the end as well.

The consultant also advised in the marketing changing process, but the condition was to take it step by step. This was not only important for the brand recognition, but also for the process of the interviewee it was important to take the change slow.

In times of different opinions it was sometimes difficult to listen to hear, even though it was good. Because of her experience and work in the USA, she adopted this different way of work. In the end, she (the consultant) was able to adapt to the Swedish models.

On the question if the advice evoked emotions if the advice was different than what she was thinking herself she answered, not significantly and certainly not influential for the decision-making. When we asked what few experienced emotions she felt then felt she could not identify any emotions that occurred. She said that was due to the fact that the family manager was not so involved in the marketing and the people in the company did not have the necessary knowledge either. The consultant thus was the one with the most expertise in this field. This made it easier for the interviewee to listen to the consultant’s advices.

However, if it would have been about the way of running their business it would have been different and more difficult. The lack of knowledge and expertise in running the business would cause it to be difficult. It would be “much harder” if the consultant would give advice about the things the interviewee knows and disagrees upon.

The consultant did have her own comments on how it should be and how long it should take. It was difficult because she had no idea how it worked and how it was done. The consultant has recently been hired as an employee and is now part of the company, operating from Jönköping.

The transition process has been difficult for several reasons. The consultant was used to have her own company for more than 20 years. Now she is hired, she has to work from 9:00 till 16:30. In this time she has to be efficient and it is Emma’s job to make sure she is and tell her what to do since it is very expensive.
The reason to get her fulltime was because she can work independently, and came with new and fresh ideas. Even though the first period was more difficult since she was still living in the USA, she fits in the company and that is very important according to Emma.

Meeting her in person when she was in Sweden and already knowing her from previous time was very helpful, it made it easier to accept her critics and her approaches. They tested first to see if the cooperation consultant advisee would work. The cooperation turned out to be a success. They did not look for any other possible consultants, as a result of this.

After this, the interview started to focus more on the period that she was still a consultant and not an employee yet.

The interviewee said that at first there was a personal feeling of liking the advice or not, when being consulted upon, and after came a more rational approach of how the advice would fit the organization. However, she felt that much of her personal liking was intertwined with the company. It would not be difficult to accept advice that she would not like personally, but would be good for the organization.

Some things such as the name of the company and other more drastic measures were not allowed to be changed by the consultant, not only to keep it recognizable, but also because of their personal attachment. The connection between the old & new was important.

Interviewee 4 found it easier to listen to the marketing consultant. She had no problems accepting the advice. But when the consultant wanted to change the name the company (wholesaler of barbershop products), she could not accept because of her personal attachment to the name. She had negative feelings sometimes when having advice that was not according to her vision. Since it was a family business, she did not want to have someone that would change the whole idea. The old way usually was the good way. Added to that, she described herself also as being traditional.

She could find herself in the idea we described, that after the first personal experience, the organizational umbrella look comes. Then it depends on the level of connectivity for the area of advice whether the personal feelings play a role in the decision-making. She could confirm this approach and recognized it in her experience; she could identify her with it.
On the question whether it would be easier to accept advice from an external consultant than from an employee she answered that this was also connected to the field of expertise of the employee. Knowing the person plays a big role here and that he or she knows the company already as well.

The personal experience with consultants has been good so far, so they have a positive idea about them. More than that, they are looking for an external board member at this moment to give a different view to certain things.

The occasions where the interviewee had reject the advice of the consultant, or that it had to be changed, there were no real feelings involved.

The positive attitude of the consultant worked very motivating and evoked positive emotions. Her drive and connection to the company worked very positive as well.

Lastly: the positive attitude from the start helped to develop a positive attitude. The interviewee said that if it would have started with a negative approach, it would have become a struggle to get a discussion going. For her, a positive and constructive attitude was important in the decision-making. But the most important factor to accept her advice was the consultants “expertise” in marketing and if it fits to the organization.

Appendix 3.5: Interview 5: Owner and Managing Director (Interviewee 5) of an air ventilation systems development company.

This company develops inventive solutions for air ventilation systems. The company outsources their production and sells its products abroad as well. The company generated a turnover of little over 35 million SEK with 7 employees in 2010.

The first consultant was hired to investigate export options in several countries. The reason to hire them was saving time. The possibility was there to do it themselves, however it took too much valuable time. Another advantage was that the consultancy organization already had the contacts in those countries. The aim was to find out specific rules in those countries to see if their product would answer to the specific restrictions or not. Concluding, the reason for hiring them was saving time, using their knowledge and (“probably”) it was less expensive than other consultants. The consultant did not give advice about what company to take or not, but it was more a field research of what the possibilities were on these markets. For this reason this experience with an external consultant was not relevant for our research as there was no decision-making involved.
For the technical problems they encounter during research and development they hired consultants several times. These are technical problems that are often dealt with by engineers.

One example that was given was about a product that he wanted to have developed since a long time. There needed to be some practical solutions for the design and functionality. To help proceed and to find new ideas to develop the product the interviewee’s company hired consultants. The interviewee had this invention already many years in his mind, but did not develop it yet. He has an MSc in Engineering, so the consultants were operating in his field of expertise.

There were several options from different people within the consultancy company, however none of them was sufficient. There was one of them that came quite far, however it did not make it to the production stage. After several months of making prototypes and testing, the product was not chosen to be developed. The product was working and was air tight, unlike the other suggestions. However, it was too complicated to mount the product together and thus hard to manufacture and therefore the product would get too expensive. One of the reasons why the interviewee did not accept the advice (the suggested solution to develop the product) of the consultant was because it was too hard to manufacture. One of the interviewee’s main requirements for the product was the ease of using the product and the cost of manufacturing. At the moment of not accepting the advice he had a different approach towards a final solution in his mind that would be cheaper to produce.

The “gut feeling” was very important for the interviewee and that was not met in the suggested solution of the consultants. At first the interviewee was quite happy because a solution was found, after that when the different aspects/problems came to light more, all the problems came to the surface (with negative associations as a result) which resulted in terminating the projects eventually. The final decisions, according to the interviewee, are rational but influenced by some emotions experienced in the process.

The theory about emotions being an important part of the decision-making he could recognize, even though never heard or thought of before. He continued by telling that he thought that emotions are depending on how much effort there is being put in a product.
He also said that he thinks that emotions are important for the creativity in the developing process either positive or negative.

The consultants, as previously mentioned, started off in a positive way and at first they did what was in line with what he expected, which reflected on him being positive as well. This created the positive emotions.

The approach of the consultants was good; it was mostly a cooperation between them and there was no mention of a consultant showing up and telling what and what not to do.

The interviewee confirmed the proposed idea that when someone has also expertise on the area of being consulted upon and the consultant gives advice, which is in line with the own ideas/expectations, it is associated with positive feelings. It is then more likely to turn into an acceptance of the advice. The same counts if the advice is given not in the line, it creates negative emotions.

He hired consultants when he was looking for a practical solution and hoped that they would come in with fresh and new ideas. The so-called out of the box thinking was what he was hoping for, unfortunately, he never experienced that.

It is not that the attitude of the consultants was negative, since they always had an open mind. The interviewee could appreciate that and was thinking that maybe the demands were too high and the expectations as well. The costs for the consultants resulted in a wish to get a satisfactory end result, which was never achieved.

At the point of realizing that the product was not if after all as they did not fulfil his requirements, there were negative feelings such as frustration which was caused by failing to find a working solution. The frustration towards the consultant was because he only came up with one idea and was unable to give a different approach to a solution to develop the product. There was no input from the consultants’ side anymore which caused the creative process come to a hold. Would the consultant have been more creative, there would be a chance the interviewee would have continued with the consultant. The fear rose (afraid) that the wanted solution in the interviewees’ head would not be realized anymore with the continuation of this cooperation.

For the final solution to develop the product then, which was found in a later stage, the interviewee also made use of an external source. This, though, was not an unknown,
official consultant. This person was a retired man whom he knew from his personal network. It was a creative man who was able to challenge him and able to think out of the box. This positive and creative attitude provided the interviewee with the needed feedback and ideas in order to be able to come up with a solution. The personality and the character of the man were supportive for achieving in finding a solution. The personality and character played such a big role, that the interviewee finished with saying that if the consultant who gave up previously would have had those characteristics, it was very likely he would have continued with him.