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Research Projects

An Overview

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1 Corporate Entrepreneurship in Family Business Contexts

Research team

Ethel Brundin

Leif Melin

Mattias Nordqvist

Lisa Bäckvall

Project description

While it is now widely acknowledged that family businesses is the most common form of business organization in most countries, there is still a lack of research and knowledge about entrepreneurial processes in this type of firms. The aim of this research project is to investigate continuous entrepreneurship in owner-families and family firms. Combining and integrating literature on corporate entrepreneurship and family firms, we study what characterizes entrepreneurship in owner-families and family firms as well as how entrepreneurship can be maintained and reproduced across generations. This means a dual unit of analysis, where we introduce the owner-family unit along with the more traditional firm unit of analysis. The project is part of global research collaboration between teams from business schools in Europe, North America, Asia-Pacific and Latin America. All teams carry out a similar research project both theoretically and empirically within an initiative called Successful Transgenerational Entrepreneurship Practices (STEP) led by Babson College, USA. Our research results are directly communicated back to owner-families at yearly summits where academics and owners and executives interact to learn from each other.

Research grant

Riksbankens Jubileumsfond, 2007-2010

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Publications

Naldi, L., Nordqvist, M., Sjöberg, K. and Wiklund, J. (2007). "Entrepreneurial Orientation, Risk Taking and Performance in Family Firms", *Family Business Review*, 10 (1): 33-47.

- Hall, A., Melin L. and Nordqvist, M. (2001). "Entrepreneurship as Radical Change in the Family Business: The Role of Cultural Patterns". *Family Business Review*, 14 (3): 193-208.
- Nordqvist, M., Habbershon, T.G. and Melin, L. (2008). "Transgenerational Entrepreneurship: Exploring Entrepreneurial Orientation in Family Firms". In Landström, H, Smallbone, D., Crijns, H. & Laveren, E. (eds.), *Entrepreneurship, Sustainable Growth and Performance: Frontiers in European Entrepreneurship Research*, London: Edward Elgar.
- Brundin, E., Melin, L. and Nordqvist, M. (2007). "Keep the Flow Going: The Strategic Dialogue as a Key to Transgenerational Entrepreneurial Orientation". *Paper presented at the 3rd EIASM Workshop on Family Firm Management, Jönköping International Business School, Sweden, June.*
- Cruz, C. and Nordqvist, M. (2007). "Environmental Factors and Entrepreneurial Orientation in Family Firms: A Generational Perspective". *Paper presented at the 3rd EIASM Workshop on Family Firm Management, Jönköping International Business School, Sweden, June.*
- Nordqvist, M. (2008). "Entrepreneurial Orientation in Family Firms", *Zeitschrift für KMU und Entrepreneurship*, 55 (1).
- Cruz, S. C., Habbershon, T.G., Nordqvist, M., Salvato, C. and Zellweger, T. (2006). "A Conceptual Model of Transgenerational Entrepreneurship in Family-Influenced Firms". *Working paper presented at the IFERA Workshop, Jyväskylä, Finland, March.*
- Chirico, F. and Nordqvist, M. (2009). "Dynamic Capabilities and Transgenerational Value Creation in Family Firms". *Working Paper.*
- Cruz, C. and Nordqvist, M. (2008). "Entrepreneurial Orientation in Family Firms: A Generational Perspective". *Working Paper.*

2 Corporate Governance in Publicly Listed Family Firms

A Theoretical and Empirical Study with Focus on the Swedish Stock Exchange

Research team

Mattias Nordqvist

Börje Boers

Project description

The amount of research and public interests into corporate governance and family firms have increased dramatically during the last decade. This research project is about corporate governance in a specific type of family firms, namely firms with part of their ownership listed on the stock-exchange, but is controlled by a specific family. We refer to this type of family firms as *publicly listed family firms*. A basic assumption in our research is that this type of family firms faces some special challenges and have some unique characteristics regarding corporate governance compared to both firms that are completely owned and controlled by family and publicly listed firms with no controlling family ownership. Another key assumption in our research is that the family firm population is much more heterogeneous than typically acknowledged in governance and family firm research. The heterogeneity of family firms means, we argue, that focused studies of different types of family firms are important to advance research and knowledge in the field of family business

The specific purpose of the research project is to increase the understanding of governance in family controlled firms on the Swedish stock exchange. This is done both theoretically and empirically. Theoretically we review literature on corporate governance and family firms, from the perspective of the family controlled firm on the stock exchange. Empirically we use both secondary (archive) data and primary (qualitative) data to investigate the number, size and industry of publicly listed family firms on the Swedish stock exchange, as well as to describe their governance characteristics. The qualitative interview data (about 30 face-to-face interviews) are also conducted to capture how owners, board members and top managers experience, make sense and act upon the unique type of corporate governance situation that exists in most publicly listed family firms. The 'family' and the 'publicly listed' firms are, according to much literature and theory seen as governed by different logics or different values and interests. In other words, the mix between family ownership and other types of stock market ownership, such as institutions, pension funds and private people etc. makes it plausible to assume that there is are tensions between different interests and logics that seek to be balanced.

Very early and preliminary findings show interesting patterns regarding the reasons for different ways of organizing family control, views on long-term ownership and strategic

involvement in the firm, the future generation as actor on the stock exchange, the impact of the general debate on good corporate governance (codes etc) on actual governance processes as well as relations with minority owners and other legitimate stakeholders. The most prominent contribution of our study will be, however, findings relating to the importance of social and relational governance, which complements the two previously dominant perspectives on corporate governance in family firms; agency theory and stewardship theory.

Research grant

SNS/ Handelsbankens Forskningsstiftelse

CeFEO

Publications

Boers, B. and Nordqvist, M. (2011). "Understanding Hybrid Identity Organizations: Corporate Governance in Publicly Listed Family Businesses" In: Carsrud, A. and Brännback, M. (Eds.). "International Perspectives on Future Research in Family Business: Neglected Topics and Under-utilized Theories". Forthcoming.

Nordqvist, M. and Boers, B. (2007). "Corporate governance in family controlled firms on the stock exchange – an exploratory study on Swedish firms". *Paper presented at the 3rd EIASM Workshop on Family Firm Management, Jönköping International Business School, Sweden, June.*

3 Corporate Governance, Strategic Development and Institutional Environment for Listed Family Businesses – A Comparative Study of Scandinavia and South East Asia

Research team

Martin Andersson

Per-Olof Bjuggren

Andreas Högberg

Project description

There is by now a vast literature on how institutional environments affect corporate investments. Much of this literature centres on corporate governance structures and the broader legal environment in which firms operate. Although the two are related they are not synonymous. This study will add to this literature by studying the impact of institutional environment and ownership structure on investment policy and strategic management in Scandinavia and South East Asia. These two different part of the world share commonalities in form of prevalence of family ownership and deviation between control and cash flow rights due to ownership pyramids and vote differentials. Impact on investment policy will be studied through Marginal q analysis. Data for marginal q analysis is collected from several databases such as the Standard and Poor's COMPUSTAT Global and OSIRIS database published by Bureau van Dijk. Impact on strategic management will be studied through case studies.

Research grant

Handelsbankens Forskningsstiftelser

4 Family Business and Human Happiness

Research team

Lars-Göran Sund

Kosmas Smyrnios

Project description

Shareholders in family owned SMEs are fortunate in the sense that their marriages are relatively stable. This creates favourable possibilities to shape lifelong relationships of a deep and intimate character, which in turn enhances our chances of finding human happiness. This angle of satisfaction created by a family business has been met with no consideration in research. We aim to fill this gap using a multidisciplinary approach. The angles are business law, business administration and philosophy.

Publications

Sund, L-G. and Smyrnios, K. (2005). "Striving for Happiness and Its Impact on Family Stability: An Exploration of the Aristotelian Conception of Happiness". *Family Business Review*, pp. 155-170.

5 Family Owned Businesses and Optional Arenas

Research team

Lars-Göran Sund

Leif Melin

Project description

The formation and influence of family based optional arenas in family owned SMEs is a new area of research. We aim to contribute using an interdisciplinary approach. The angles are business law and business administration.

Work in progress

Sund, L-G. and Melin, L. "Family owned businesses, optional arenas and family influence.". *Working Paper*.

6 Family Owned Businesses and Unexpected Social Events

Research team

Lars-Göran Sund

Hanna Runhede

Kajsa Haag

Project description

The impact of sudden social events, such as divorce and the death of a majority owner, in family owned SMEs may have a devastating effect on both owner- and leadership in a family firm. Still, this area has been met with poor consideration in research. We aim to fill this gap using a multidisciplinary approach.

Work in progress

Sund, L-G, Runhede, H. and Haag, K. (2010). "Divorce and death in the family firm – A business law perspective." *European Business Law Review*, 21(2) 101-118.

Sund, L-G., och Haag, K. "Familjeföretaget, Skilsmässan och Bodelningsreglerna". Ansökan om medel för empirisk studie. *In progress*.

7 How Family-Business Members Give Voices to their Past, Present and Future – An Institutional / Entrepreneurship Approach

Research team

Ethel Brundin

Caroline Wigren

Project description

The wine industry is an industry that in many respects still produces its product in the same traditional way regardless of changes in the environment. It is a dominant industry in South Africa. Its export has increased enormously during the last years, mainly due to the abolishment of apartheid and thereby the access to foreign markets. According to Vision2020 South Africa stretches for global competitiveness in the local wine industry (<http://www.wineland.co.za/0504bee1.php3>) and a lot of activities are adding to the developments and trends in the rapidly growing South African wine industry. In addition to the product of wine in itself the wine industry has become a huge tourist attraction which is a powerful strategy for adding value to the wine industry (Loubser, 2004). New windows of opportunities are opening up.

The wine industry in South Africa is a traditional industry with its heritage dating back to the seventeenth century. It is in many aspects an institutionalized industry. Due to its combination of being a very traditional industry and at the same time being subject to a lot of changes during recent years the wine industry is overlapping the two theoretical fields of institutional theory and entrepreneurship theory. The major part of the industry is family owned and has been so for generations. According to institutional theory, structural inertia would make these family businesses unfavourably disposed towards change. However, when the institutional environment changes dramatically it is reasonable to assume that it is necessary to engage in entrepreneurial activities for these family business owners in order to remain competitive on the existing as well as the widening global market. A main focus of this study is therefore on how values resting on well kept institutional pillars meet with new paradigmatic shifts.

The purpose of this study is to investigate how family businesses combine their traditional heritage with changes on a new competitive arena. Our focus will thus be on the role of entrepreneurship in an old and institutionalised context. We also intend to “test” family ownership logic on the family business owners we are able to meet. The purpose is to see if we can trace any emerging trends that overlap results in such a study in Sweden. The results of this may help to build a framework for further studies on ownership logic in a South African context. To see how the two fields: institutional and entrepreneurship theory can be combined to give new insights and understandings about an old

and well-established industry. Furthermore, to see how the industry meets the challenge of business renewal at the same time as it maintains its legitimacy as a family-business.

Research grant

CeFEO seed money

Publications

Brundin, E. and Wigren, C. (2006). 'How family business owners give voice to their past, present and future. Caught in the Past or Stuck in the Future?'. *Presented at the 2nd EIASM Family Firm Management Research Conference, Nice, June 2006.*

8 Logic of Ownership, Accountability, Emotions and Family Dynamics in Family Controlled Firms

Research team

Ethel Brundin

Emilia Florin Samuelsson

Leif Melin

Project description

The role of ownership in business is being given a growing attention. However, the knowledge about controlling owners and owner families, and how they conduct their ownership in different business firms is still very low. This project aims at filling this gap. The purpose is to increase the knowledge about the type of ownership that families hold in family controlled businesses. Three main research questions define the core of this project:

- Characterize the logic of ownership that the family controlled firm represents and analyze the consequences of such logic for strategizing.
- Analyze how financial and management accounting practices influence and are influenced by structures of accountability.
- Analyze the role of emotions in ownership and governance processes.

The objective is to contribute with new knowledge to four theoretical fields that we relate the phenomenon of family ownership to, i.e. strategizing, governance, accountability and emotions. The ambition is to widen the emerging family business field by focusing on important but overlooked research issues, and to make visible practical issues of relevance for owner families and family businesses in society. Fieldwork will be carried out through an interpretive research design with in-depth interviews with controlling owners and case studies of owner families, using observations, reflective interviews, and document reviews.

Research grant

Riksbankens Jubileumsfond, 2004-2007

Publications

Brundin, E., Melin, L. and Florin Samuelsson, E. (2006). "Family Ownership Logic: A Comparative Study of Ownership in Companies with Concentrated Ownership". *Presented at the EIASM 2nd Workshop on Family Firm Management Research, Nice June 2006.*

Brundin, E., Melin, L. and Florin Samuelsson, E. (2005). “Family Ownership Logic - Core Characteristics of Family Controlled Businesses”. Presented at the Family Business Network 16th World Conference, Brussels, September 2005. *Best Paper Award at this conference.*

9 Ownership and Board Work in Countries with a two-tier Board System

Research team

Olof Brunninge

Leif T Larsson

Project description

This project contributes to the understanding of corporate governance in countries with a two/tier board system. Much literature, both academic and business related, treats corporate governance and its associated chain of command with some superficiality, often dominated of a mindset grounded in the one tier system. This often leads to misunderstandings between people from one-tier system and from two-tier system. Our project will illustrate how two-tier system companies in two different contexts, one "new" economy (Latvia) and one more mature (Germany) organize their chains of command and which roles their boards play in some cases. The research design is intended to enable observations along the company life cycle as well as board life cycle and the economic environment in which the companies operate.

The project is in its infancy due to difficulties in getting access to suitable companies in Germany. However, from the Latvian part of the study we have seen illustrations of how the chain of command develops as the companies develop. We also have seen that the roles of the boards change with board life cycle time. The analysis is in process and will continue during 2007.

Research grant

CeFEO seed money

10 Paternal Entrepreneurship or Lacking Dynamics: Families as Ultimate Owners in Listed Firms, an International Comparison

Research team

Per-Olof Bjuggren

Daniel Wiberg

Johan Eklund

Purpose and results

The intention of this project is to study the special characteristics of ultimate family ownership in listed firms. From a corporate governance perspective the family-controlled firm's investment performance and valuation will be studied. The project shall result in a research papers publishable in international scientific journals

Good corporate governance has been highly actualized recently due to large international corporate scandals. Following from a substantial stock market trough these scandals have raised serious doubts about the incentives and capabilities of managers and boards to pursue the shareholders' interests. However, firms controlled by well defined owners seem to be less susceptible to these kinds of problems. It is likely that the special corporate governance structure derived from a well defined owner, be it an individual or as often the case in continental Europe a family related to the founding Entrepreneur, have a substantial impact on the performance and valuation of a firm. As this project will attempt to shed light on the links between corporate governance structures (family ownership), and firm performance and growth, it is likely to be of great interest to the general public as well as for policy makers. The possibility to give the research results a wide circulation is therefore good.

Publications

Bjuggren, P.O., Eklund, J. and Wiberg, D. (2007). "Ownership Structure and Firm Performance: The Effects of Vote Differentiated Shares". *Applied Financial Economics*, 17 (16): 1323-1334.

11 Protection of Ownership in Family Owned Businesses

Research team

Lars-Göran Sund

Per-Olof Bjuggren

Project description

The most important reason for a business owner to uphold the ownership structure is that it provides the ultimate tool for control of management of the family firm. Another reason concerns to preserve a well-functioning ownership structure. Such a structure often provides a delicate, as well as fruitful, balance between the owners. If it is disturbed by an unwanted new shareholder, it may become costly and time consuming to restore an effective balance. A successful business is also dependent on a trusting relationship between the owners. A new shareholder may have interests among competitors, be unqualified as an active owner, or exhibit an inability to cooperate. A third reason to uphold the ownership is that it is, or may be, a prerequisite for the next generation to enter as new Transgenerational entrepreneurs. We aim to contribute to this research area, i.e. protection of ownership in family owned SMEs, by using a interdisciplinary approach. The angles are business law and economics.

Work in progress

Sund, L-G. Book in Swedish on Protection of Ownership in Family owned SMEs.

Bjuggren, P-O. and Sund, L-G. "Protection of Ownership in Family- Owned, limited close corporations and a decision tree - Mathematical analysis". *Working Paper*.

Bjuggren, P-O. and Sund, L-G. "The family firm entrepreneur and transfer restrictions". *Working paper*.

Sund, L-G. and Bjuggren, P-O. (2007). "Family-owned, limited close corporations and protection of ownership." *European Journal of Law and Economics*, 23(3) 273-283.

Sund, L-G. (2008). *Skydd av ägarpositioner i familjeägda små och medelstora aktiebolag. – En studie i familje- och associationsrätt*. Uppsala: Iustus (278 s.)

Sund, L-G. and Bjuggren, P-O. (2011). "Protection of ownership in family firms. Post-sale purchase clauses and management perspective. Forthcoming in *European Journal of Law and Economics*.

Sund, L-G. och Bjuggren, P-O. (2011). "Ownership restrictions, risk and team considerations in family-owned businesses. *European Business Law Review*, 22(1) 93-105.

Sund, L-G, Andersson, J. and Humphreys, E.”The European Private Company and transfer restrictions.” Forthcoming in European Business Law Review.

12 Transfer of Ownership in Family Owned SMEs

Research team

Lars-Göran Sund

Per-Olof Bjuggren

Leif Melin

Project description

Transfer of ownership in family owned SMEs within the family sparks problems. An inheritance is taxed in most European countries, albeit not in Sweden. Further, the owners of the estate have to agree on who is going to lead the business and who will become shareholders. A handover of owner- and leadership to the next generation, during the lifetime of the entrepreneur, can also generate taxes and other problems. A sale of the business to an outsider is capital gains taxed and there is not always a market. This area has been met with poor consideration in research. We aim to fill this gap using a multi-disciplinary approach. The angles are business law, economics and business administration.

Publications

Sund, L-G. och Ljungström, D. (2011). "Ägarskiftet i familjeföretaget. En kartläggning av framgångsfaktorer m.m.". Jönköping: JIBS Reserach Report Series No. 2011-2.

Sund, L-G. (2001). "Generationsskifte av små och medelstora familjeägda aktiebolag". Iustus, Uppsala.

Bjuggren, P-O. and Sund, L-G (2001). "Strategic Decision Making in Intergenerational Successions of Small- and Medium-Size Family-Owned Businesses". *Family Business Review*, 14(1) 11-23.

Bjuggren, P-O. and Sund, L-G. (2002). "A Transaction Cost Rationale for Transition of the Firm within the Family". *Small Business Economics*, 19(2) 123-133.

Bjuggren, P-O. and Sund, L-G. (2005). "Organization of Transfers of Small and Medium-Sized Enterprises Within the Family: Tax Law Considerations". *Family Business Review*, 18(4) 305-319.

Sund, L-G. and Melin, L. (2008). "Family Businesses and the EU Recommendation on the Transfer of Small and Medium-Sized Enterprises". *European Business Law Review*, 19(2) 279-291.

Sund, L-G. and Nordqvist, M. "Transfer of owner- and leadership within the family. The agony of an incumbent". Working paper.

Ljungström, D., Melin, L. och Sund, L-G. Empirical Success Factors on Intergenerational Succession of FOBs. Work in progress.

13 Trust and Control in CEO, board of directors and ownership relationships in family business' strategy making

Project team

Isabelle Mari

Project description

This research aims at better understanding the relationships between the CEO, board of directors and owners in strategy making in family firms. In the family corporate governance, the CEO, the board of directors and the owners often are composed of the same individuals or individuals from the same family (Gersick et al., 1997). These characteristics make the governance of the family firm a challenging task as the systems may be conflicting and influence the strategy of the family firm.

Different research in family businesses (Amann and Allouche, 1998, Steier, 2001, Mustakallio, Autio and Zahra, 2002) present trust as a competitive advantage and a characteristic of these relationships but show that this trust may evolve into distrust and plague the firm with conflicts (Levinson, 1971). Steier (2001) recommends family firms to “*re-invest in trust and trust-building activities, or introduce supplementary, more plural forms of governance*”. Mustakallio, Autio and Zahra (2002) propose a model of corporate governance that incorporates both formal and social control aspects of governance to answer to the specific needs that family firms face. Formal control can create cohesion by minimizing opportunism, and social control can promote social interaction and the formation of shared vision among the various stakeholders. In our research, we propose to better analyze the nature of trust and control that characterize the relationships between the CEO, board of directors and owners. The purpose is to understand the practice of strategy in family firms and to be able to understand how to design a corporate governance structure. The research will be based on case studies. I have already analyzed strategic decisions in the context of a Belgium firm as an exploratory case. Two main research questions define the core of the project:

- Analyze how strategy is made in family firms.
- Analyze the specific nature of trust and/or control that characterize these relationships in family firms.

Publications

Mari, I. (2007). “Creating, Maintaining or Repairing Trust through Multicultural Norms of behavior in the Family Firm”. *Paper for the 23rd EGOS Colloquium, Vienna, 5-7 July*.

Mari, I. (2006). “The Dynamic of Trust in Ceo, Board of Directors and Shareholders Relationships in Family Firms' Strategy Decision Making: Applying Convention Theory”. *Paper for the 22th EGOS Colloquium, Bergen, 6-8 July*.

Mari, I. (2007). "Family Firms' Corporate Governance System and Trust: New Research Perspectives". EIASM Family Firm Management Research workshop, Jönköping, 3, 4 and 5 June.

14 Understanding Entrepreneurship and Family Enterprising through Classic Fiction Literature and Film

Research team

Emilia Florin-Samuelsson

Björn Kjellander

Mattias Nordqvist

Project description

This is an innovative combined research and teaching project where classic novels, plays and movies are used to investigate and teach entrepreneurship and family enterprising. In management and organization theory it is well-established that narrative fiction, such as novels and movies, can serve as a basis for the development of scholarly knowledge. Novels and movies that take place within an enterprising context include important features of identity, such as subjective, emotional, sensual and value-based elements of organizational life that are difficult to capture and grasp using traditional research methods and empirical data collection. Further, they can offer “a more abstract understanding of social, economic and political processes, but also a repertoire of pragmatically useful devices”. Despite the fact that many novels and movies take place in a business context and contain narratives of entrepreneurship and family business issues very few attempts to investigate and build knowledge on novels explicitly from such a perspective.

Research grant

Handelsbankens Forskningsstiftelser

Publications

Nordqvist, M., Kjellander, B. and Welter, F. (2007). “Gender and Entrepreneurial Identity Dynamics: An Analysis of Two Novels”. *CeFEO Working Paper*.

Florin-Samuelsson, E. and Nordqvist, M. (2007). “Family Businesses in Movies – Popular Culture and Organizational Identities”. *Paper presented at the 3rd EIASM Workshop on Family Firm Management, Jönköping International Business School, Sweden, June*.

Kjellander, B. and Nordqvist, M. (2008). Representing and Attempting Institutional Change: The Novelist as Entrepreneur, the Novel as Entrepreneurship. *CeFEO Working Paper*.

Kjellander, B., Nordqvist, M. and Welter, F. (2007). "Gender and Identity Dynamics at the Nexus of Entrepreneurship and Family Business: An Analysis of Two Novels". *Paper presented at the workshop The Novel and Organization, May, at University of Essex, U.K and at the 3rd EIASM Workshop on Family Firm Management, Jönköping International Business School, Sweden.*

Florin Samuelsson, E. and Brunsson, K. (2007). "Learning from Popular Culture in Management Education – A study of student's reactions after viewing the film The Inheritance during the course Family Business Development compared to family business actor's reactions to the film". *Paper presented at the 19th Nordic Academy of Management Conference (NFF) in Bergen, Norway August 9-11, 2007.*

15 Corporate Governance in Family Businesses

Research team

Börje Boers

Olof Brunninge

Leif Melin

Mattias Nordqvist

Project description

Despite the importance of structure and process of corporate governance in family firms, knowledge remains under-developed. Several recent reviews of family firm literature have pointed out the need for more systematic, empirical and theoretical research on family firm's corporate governance. In this project our starting point is that corporate governance in family business is different from that in other types of firm. The main reason for this is the concentration of ownership in the hands of a family. We view corporate governance as an umbrella term for the interaction between owners, the board and top management in directing, controlling for and accounting for the firm. Using a variety of theoretical perspectives we study governance in different types of family businesses, such as small and large, completely private as well as publicly listed, from a variety of industries.

Research grant

SNS/Handelsbankens Forskningsstiftelser

Publications

Brunninge, O., Nordqvist, M. and Wiklund, J. (2007). "Corporate Governance and Strategic Change in SMEs: The Effects of Ownership, Board Structure and Top Management Teams". *Small Business Economics*, (in press).

Nordqvist, M. (2005). "Familiness in Top Management Teams: A Commentary". *Entrepreneurship Theory & Practice*, May, pp. 285-292.

Brunninge, O. and Nordqvist M. (2004). "Ownership Structure, Board Composition and Entrepreneurship: Evidence from Family Firms and Venture-Capital Backed Firms". *International Journal of Entrepreneurial Behaviour and Research*, 10 (1/2): 85-105.

Hall, A. and Nordqvist, M. (2008). "Professional Management in Family Businesses: Extending the Current Understanding". *Family Business Review*, 11 (1): 51-69.

- Sharma, P. and Nordqvist, M. (2008). A classification scheme for family firms: From family values to effective governance to firm performance. In Tapies, J. and Ward, J.L (Eds.) *Family values and value creation: How do family-owned businesses foster enduring values*. Palgrave Macmillan Publishers.
- Nordqvist, M. and Goel, S. (2007). "No Family Is an Island: A Social Network Approach to Governance in Family Firms". In Butler, J.E. and Phan, P. H (eds.) *Theoretical Developments and Future Research in Family Business*, 6th volume in Research in Entrepreneurship and Management Series, IAP (forthcoming).
- Nordqvist, M. and Minichilli, A. (2007). "What makes boards in Small Firms Active?". Forthcoming in Huse, M. (ed.). *The Value Creating Board: Corporate Governance and Organizational Behaviour*. London: Routledge.
- Sharma, P. and Nordqvist, M. (2007). "A Typology for Capturing the Heterogeneity of Family Firms", *Academy of Management Meeting Best Paper Proceedings*.
- Nordqvist, M. (2007). Bolagsstyrning och strategiska processer, speciellt familjeföretag. In. Melander, A. and Nordqvist, M. (eds.) *Att förstå strategi: process och kontext*, Lund: Studentlitteratur (In Swedish), pp. 112-131.
- Arregle, J.C., Mari, I., Melin, L., Nordqvist, M. and Very, P. (2007). "Board Creation and Composition in Family Firms: A Conflict-resolution Perspective". *CeFEO Working Paper*.
- Nordqvist, M. and Melin, L. (2002). "The Dynamics of Family Firms: An Institutional Perspective on Corporate Governance and Strategic Change". In Fletcher, D. (ed.). *Understanding the Small Family Business*. London: Routledge.
- Nordqvist, M. and Melin, L. (2002). "The Role of Cultural and Institutional Processes in Shaping Corporate Governance Systems in Family Firms". *Paper presented at the FBN Annual World Conference in Helsinki, Finland, September*. Published in the proceedings.
- Nordqvist, M. (2002). "No Family is an Island: A Social Network Approach to Corporate Governance and the Strategy Process in Family Firms". In: Agndal, H. and Axelson, B. (eds.) *Networks and Business Renewal*. JIBS Research Reports No. 2002-4.
- Brunninge, O. and Nordqvist, M. (2001). "Board Formation and Strategic Change: Some Findings from Family Firms and Venture Capital Backed Firms". In Huse, M. and Landström, H. *Corporate Governance in SMEs*, SIRE Report 2001:1, Halmstad University, Sweden.
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16 Strategizing and Strategy as Practice in Family Business Contexts

Research team

Leif Melin

Mattias Nordqvist

Annika Hall

Project description

In this project we aim to explore how specifics of family business contexts, including their unique dynamic and logic related to the owner-family, influence strategy processes. Investigating and conceptualizing strategy processes, we mainly take a micro-approach focusing on the actor level of strategy practitioners. Our ambition is, however, also to forge link to the role of institutionalized practices, such as the family council and strategic planning, to embrace more macro-level processes. The project also includes reflections on methodology in studies of strategy processes in family businesses. We believe in a multitheoretical approach to this subject and draw from various conceptual sources including, culture theory, institutional theory, practice theory, symbolic interactionism and power.

Research grant

Handelsbankens Forskningsstiftelser

CeFEO

Publications

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Hall, A., Melin, L. and Nordqvist, M (2006). "Understanding Strategizing in the Family Business Context". In Poutziouris, P., Smyrnios, K. and Klein, S. (eds.). *Handbook of Research on Family Businesses*. Edward Elgar, Cheltenham, UK and Brookfield, US.

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Nordqvist, M. and Melin, L. (2003). "Understanding Strategizing in Family Firms – Exploring the role of strategists and the strategic arena". *Paper presented at the 48th ICSB World Conference, June, Belfast.*

Nordqvist, M. (2003). "Strategizing and the Role of Ownership – a Study of Family Firms", *Paper presented at the Doctoral Track, Academic Research Forum, FBN Annual, World Conference, Lausanne, September.*

Hall, A., Nordqvist, M. and Melin, L. (2000). "The Culture of the Family Business: Facilitator or Impediment in Strategic Change Processes". *Paper presented at the 18th SCOS Conference, Athens, Greece, July.*

Nordqvist, M., Hall, A. and Melin, L. (2009). "Qualitative Research on Family Businesses: The Relevance and Usefulness of the Interpretive Approach". *Journal of Management and Organization. Forthcoming.*

17 Rethinking Succession: from a Problem to a Practice

Research team

Kajsa Haag

Project description

Formal planning in general, and on sensitive issues as succession in particular, turns out to be largely neglected in the every-day-life of business families. There seems to be an unfortunate gap between how to handle succession in theory and what practitioners actually do. What people actually do is however a focal point in a “practice turn” of social science. In management, a community of strategy-a-practice is emerging. It aims to acknowledge the day-to-day activities of organizational life, its detailed processes, yet in relation to strategic outcome. This dissertation project explores the detailed practices of everyday life in family firms. More specifically it aims to explain how new strategists are created through succession. This quest is perused with an in depth case study where a business family is followed for six years during succession. It describes how a younger generation is brought up in the firm, works side by side with the older generation, and gradually takes over. Issues in focus are actors, activities and arenas for strategy as practiced during succession. It aims for new insights into the actual activities and actors of family business beyond formal positions and organizational norms. There is indication of important family business activities on arenas far from the firm and by actors without formal positions in the firm. Strategy-as-practice can help disentangle this further by raising questions as:

What activities constitute the every-day life of family business strategists?

Who are the strategists in succession and how are new strategists created through the succession process? How do family business strategists interact with each other? How are former strategists replaced through succession and how is their absence (or new presence) dealt with?

Where does succession strategizing come about? Who is included on those arenas and who is excluded?

Scientific production

Det pågående generationsskiftet – med praktik som teori. I Brundin, E., Johansson, A.W., Johannisson, B., Melin L. och Nordqvist, M. (red.), Familjeföretagandets väsen, (forthcoming 2011).

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How are strategists created in family businesses? A strategy-as-practice take on succession. *Conference paper presented at the 5th EIASM Family Firm Management Research Conference 2009, June, Hasselt, Belgium.*

Melin, L., Brundin, E., Hall, A., Nordqvist, M. and Wigren, C. Ägarskiften med förnuft och känsla. [Research Report] NUTEK (2007:002).

Helin, J. and Melin, L. Practice of Communication in the Strategic Context of Succession. *Conference paper presented at the European Group for Organizational Studies (EGOS), 2006, Bergen, Norway.*

Helin, J. and Melin, L. Succession in Family Businesses - Communication Practices and the Role of Power. *Conference paper presented at the 2nd EIASM Family Firm Management Research Conference 2006, June, Nice, France.*

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Melin, L., Bjuggren, P-O., Ericsson, A., Hall, A. and Nordqvist, M. Ägarskiften och ledarskiften i företag –en fördjupad analys. [Research Report] NUTEK (B2004:6)

18 Preparational talks in extended family settings to enhance the succession-process in family businesses

Research team

Jenny Helin

Lisen Kebbe

Leif Melin

Project description

Even though current research has underlined the importance of communication between key actors in family firm succession, there is still much that is unknown about this essential topic. Unfortunately, we do not know much about the communication processes taking place in the course of succession and how it changes as the succession process unfolds over time. This research project departs from a curiosity and genuine interest in exploring (1) how people are communicating in their succession process and (2) how it is possible to support this communication. Based on this communication perspective and with a holistic view on the succession process, we are primarily focusing the study on:

- family relations, pride and connectedness to their family business,
- the families decision-making process for the best of the future business,
- the ethical dimension of the succession.

This is an action-research project where family members and other key actors in six family firms, a governmental party (Almi Gotland), researchers, and process leaders are co-operating in the course of succession in the six family firms. Empirically this study is based on the real-time succession dialogues. During 2007, 24 workshops (four with each family) will be held.

Research grant

Alfastiftelsen.

Publications

Helin, J. and Kebbe, L. (2007). "Succession in the Family Firm - A Process of Joint Action". *Presented at the 3rd EIASM Family Firm Management Research Conference, Jönköping, June 2007.*

19 Family Councils in Family Firms: An in-depth study from a communicating perspective

Research team

Jenny Helin

Project description

IKEA is a family business with more than 115 000 employees around the world. It has 237 stores in 34 countries. The most important questions regarding the future of IKEA is decided upon, by family members and a few trusted advisors, in the family council. The owners of IKEA are absolutely not the only enterprising family using a family council for its strategic questions related to the family and their firm. In that way, the family council can be understood as one essential part of the governance body in parallel with, or instead of, the board and other governance practices. Even though studies about the ‘managerial elite’ have been of key interest since the inception of management studies – family councils remain understudied. This dissertation project sets out to make a contribution in this needed area.

The overall research purpose is to create new understandings about family councils by studying the lived world of doing council work, in and between council meetings. Family councils are socially created, developed and maintained by people in interaction. The family members and their on-going communication is thereby of key focus in this study. In a process view on the family council, more will be learned about the mechanisms involved in the formation of the council over time and how that is related to the family and their firm.

Theoretically, the study will be informed by social constructionism and communication literature such as family communication and ritual communication. Various methods (observations, interviews and workshops) will be combined to create an in-depth empirical study. In the end, my wish is to ‘produce’ a piece of research that can inspire fruitful dialogues among practitioners and academics, and hopefully between these two worlds, where new perspectives and understandings about family council theory and practice can be developed.

Research grant

Handelsbanken Foundation, Öhrlings PricewaterhouseCoopers.

20 Family Business, Ownership Taxation and Economic Development

Research team

Per-Olof Bjuggren (JIBS)

Nils Karlsson (Ratio)

Dan Johansson (Ratio)

James Dzansi (JIBS)

Johanna Palmberg (JIBS)

Project description

This is a three years project jointly financed by Sparbanksstiftelsen Alfa, the Centre for Family Enterprise Ownership (CeFEO) and Ratio in Stockholm. The time period for the project is 2006-2008. Project leaders are, are financed by the project. The project has a twofold purpose, viz. to study the importance of family business for economic development and analyze the effects of ownership taxes on the viability of family enterprising.

Publications

Bjuggren, P-O., Du Rietz, G. and Johansson, D. (2007). "3:12-Reglerna: En ekonomisk analys". *Ekonomisk Debatt*, 35(7): 18-30.

Bjuggren, P-O., Dzansi, J. and Palmberg, J. (2006). "Investment Performance of Swedish Listed Family Firms". *Working Paper*.

Bjuggren, P-O. and Palmberg, J. (2007). "Swedish Listed Family Firms and Entrepreneurial Spirit". *Working Paper*.

Dzansi, J. and Johansson, D. "Performance Implications of Family Foundation Ownership".

21 Founding vision and legacy in the context of a family foundation - a biographical study

Research team

Miriam Garvi

Project description

It is known that the pre-history of an organization may have a substantial bearing on its subsequent life, yet there is little research addressing the roots of an organization. Visionary organizations which are guided by a philosophy or a value system of their own have originated from the imprinting commitment of a founder or a group of founders. What triggers this development, however, rarely seems to be the focus of research.

This project presents the opportunity to study the pre-history of what is now a larger, Norwegian foundation in the development aid industry. In a 'business' where social values and interests are strongly professed, it is particularly interesting to investigate the nature and origin of the aid philosophies of such actors.

The Strømme foundation was founded by close relatives in memory of Olav Kristian Strømme, a pioneer in the development aid business in the 1950s and 1960s before the Live Aid era. Based on his private archive of more than 3,000 documents, the purpose of this project is to generate an understanding of what brought upon the emergence of a pioneering founding vision, and how this led to a legacy that remains alive more than 30 years after the death of its originator.

This is a biographical study based on a narrative approach that seeks to broaden and deepen our understanding of founding vision and its legacy. The results will be published in a book/biography.

22 The Swedish Ownership Barometer

Research Team

Per-Olof Bjuggren
Daniel Wiberg
Johanna Palmberg
Saloni Deva
Louise Nordström

Project description

There is very little statistical information regarding a majority of Swedish companies; it is only those companies listed on the stock market that are represented in the major ownership databases. This lack of data results in it being nearly impossible to investigate various questions regarding the ownership of firms and the impact of this ownership on performance and other factors. A sample of relevant questions in this regard is: How much does family ownership of firms affect the Swedish economy? In which regions, industries, and firms is family ownership most frequent? What are the challenges faced by family businesses? How do family businesses grow? How is ownership structure affected by changes in laws and taxes, for instance, how do the changes in taxation laws for small firms affect family owned businesses?

The purpose of this project is to specify what company ownership looks like in Sweden, with specific focus on family owned businesses, and enable the answering of questions such as those presented above. The intention is to create a unique ownership database, where the specific family owned businesses can be surveyed repeatedly for changes with respect to certain key variables.

Initially, the project will focus on establishing the ownership database and specifying the regional and national characteristics of family owned businesses. In addition to this, an analysis of how a family owned company differs from other types of companies will be discussed with a specific focus on company growth, investments, and efficiency. The next step will be to create the ownership barometer. Rather than using all the approximately 300,000 private limited companies in Sweden, the focus will be on a randomly selected sample. The statistical knowledge needed to do this is found at the Jönköping International Business School. Additional databases containing financial figures for the firms allow for an analysis of the connection between the owners, company behavior, and financial results of the sample companies. Furthermore, an annual survey will be sent out to a representative selection of companies.

23 Family business and corporate communications

Research team

Anna Blombäck

Olof Brunninge

Marcela Ramirez-Pasillas

Project description

By and large, the marketing subject has so far been neglected in family business management research. By focusing on the intersection between family, family business (ownership & management), and corporate marketing, this project aims to improve the presence of marketing thought in the area. Maintaining a base in corporate marketing, the project employs theories related to communication, brand management and identity.

There is no consensus in academia concerning the definition and meaning of family business. Researchers debate the definition, particularities, benefits and/or disadvantages of family businesses. Little research exists, though, concerning the meaning of and associations to the concept among different audiences. At the same time, the expressions of family and family business are frequently used also by practitioners, the media, and policy-makers. In light of this the project considers: the reasons why firms choose, or choose not, to refer to the description or notion of family business. Whether and, in that case, how alluding to family business has an impact on marketing outcomes, internally and/or externally.

When making references to family or family business in communications, firms often incorporate references to history. The importance of corporate history is recognized in management literature revolving strategy and organization. Although founders are mentioned as important factors for the formation of corporate identity, research that explores the function of historical references in corporate marketing is scarce. In light of this and the recognition of the importance of trans-generational identity in family businesses, the project considers: why such references are made and what role they play in the family businesses' brands and associated communication efforts.

Research grant

CeFEO seed money

Publications

Blombäck, A. (2006). 'The Family Business Concept as an Element in Corporate Branding'. *Presented at the 2nd EIASM Family Firm Management Research Conference, Nice, June 2006.*

Blombäck, A. and Brunninge, O. (2008). Corporate identity of family firms – How family businesses refer to family and company history in their marketing efforts. Conference paper presented at *the 4th workshop on family firms management research*. Naples, Italy, 8-10 June, 2008. Access through: <http://www.eiasm.org/documents/abstracts/18685.doc>

Blombäck, A. (2008). Family business - a secondary brand in corporate brand management, *CeFEO working paper series 2008:3, Jönköping International Business School*.

Blombäck, A. and Brunninge, O. (Status: Resubmitted). Corporate identity manifested through historical references. *Under review for journal publication*.

24 The process of ownership transfer in family business

Research team

Leif Melin
Marcela Ramírez-Pasillas

Project description

The process of ownership transfer in family business is largely acknowledged as a part of the overall succession process. Nonetheless, the process of ownership transfer goes beyond legal, financial and managerial issues. It is a process of identity (re)creation; the role of new owners is recognized and formalized in front of relevant stakeholders while the former owners guarantee the survival of their life legacy.

This project has two main aims:

- Describe and analyze the individual, social, legal and financial and managerial dimensions of ownership transfer in family business.
- Analyze the interaction within relevant stakeholders and the previously mentioned dynamics for (re)creating the identity of both family and family business. This identity is ultimately mirrored in a new ownership structure.

This project will contribute to the field of family business by providing new knowledge on the phenomenon of ownership transfer in family business. This project will also illustrate practices that are carried out during the process of ownership transfer. These practices are of central relevance for families, family businesses, consultants and policy makers. The study includes five case studies, relying on in-depth interviews with significant stakeholders, observations, websites and document reviews.

Research grant

Svenskt Näringsliv

25 The family business definition

Research team

Anna Blombäck
Ethel Brundin

Project description

In terms of definition, the family firm is still illusive. The importance of definition is recurrently stressed related to the establishment of an academic field. Correspondingly, researchers continuously introduce new definitions of the family business, which vary in focus on family and firm, as regards demographics, features and behavior. In this project we consider which, and how, family business definitions are used in research; in what ways researchers take practitioner perspectives into account while dealing with the family business definition; and how the seemingly academic definitions comply with the perception of family business among practitioners. We review published research to assess the status of quests to identify a universal definition construct and whether researchers consider practice in their discussions about definition.

Publications

Blombäck, A. and Brundin, E. (2009). "The family business definition among researchers, practitioners and policy makers: Differences, similarities and implications". Presented at IFERA, Limassol, Cyprus. In Putziouris, P. & Hadjielias, E. (Eds) (2009), *Global Perspectives on Family Business Developments - Theory, Practice, Policy*. Conference Proceedings IFERA 2009.

Blombäck, A. and Brundin, E. (2009). "Handler revisited - mission completed? An updated review of family business definitions in research publications and among practitioners". Presented at the 5th Workshop on Family Firms Management Research (EISAM), Hasselt, Belgium, June 7-9, 2009.

26 Entrepreneurial Exit in Family vs. Non-Family Firms: When Emotions Outweigh Rational Judgment

Research team

Mattias Nordqvist
Karin Hellerstedt
Francesco Chirico

Project description

More than 20 years ago Meyer and Zucker (1989: 19,45) explained there are “organizations whose performance, by any standard, falls short of the expectations of owners, members, and clients, yet whose existence continues”. Such firms are depicted as permanently failing, i.e. “characterized by high persistence yet [very] low performance.” Entrepreneurial exit, i.e. the process by which owners remove themselves, in vary degrees, from the firm they have created (DeTienne, 2010; Wennberg et al., 2010) – is thus prevented or procrastinated (Shepherd, 2009). Entrepreneurship research has recently acknowledged the need to study not only the creation of businesses, but also their exit (DeTienne, 2010; Shepherd et al., 2009; Wennberg et al., 2010).

Research on organizational decision making has shown that individuals display marked attitudes to be locked into failing actions (Brockner, 1992; Staw, 1997). Brockner et al. (1986: 112) define such a behavior as ‘commitment entrapment’ that is “escalated commitment to [an] ineffective course of action” beyond an economically rational point in spite of negative feedback. However, extant research has focused mainly on the cognitive aspects of decision making that lead owners to ‘throw good money after bad’ (Staw, 1981; Whyte, 1986) at the expense of an adequate investigation of the role played by emotional issues (Ku, 2008; O’Neill, 2009). We argue that owners’ emotional attachment to a business is essential in advancing our understanding of commitment escalation and entrepreneurial exit.

The family firm is a promising context for the study of emotional attachment and divestment decisions. Family firms are characterized by ownership identity, long-term orientation, extraordinary emotional commitment and a desire to keep the family firm alive across generations (Sirmon and Hitt, 2003). This leads family members not only to value financial outcomes, but also socioemotional wealth –that is the “non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty” (Gomez-Mejia et al., 2007: 106). Gomez-Mejia et al. (2007) explain that for family firms the most important reference point when framing major strategic decision choices is the loss of socioemotional wealth whose preservation is a key objective. Family firms prefer to maintain family control despite the increased risk of poor performance. Also, they tend to act more conservatively and avoid searching for alternative opportunities (e.g. merger, split) that may increase unexpected outcomes. For instance, Salvato et al. (2010) found that founders and their heirs experience protracted difficulties in shedding unproductive

resources when they are intimately linked to the firm's history; their commitment to the status quo persists even if contrary to economic rationality.

Hence, although de-commitment from a failing business is always a difficult decision to accept and implement (Shepherd, 2009), we argue that it is particularly so for the family firm where agents' emotional attachment (as family members) and their rational judgment (as business managers) are inseparably entwined. To sum up, in a context in which firms experience financial distress (c.f. Wennberg et al., 2010), we explore if and why family firms are more likely to avoid entrepreneurial exit compared to non-family firms so that their commitment to the status quo persists despite evidence of protracted negative results.

Method

We rely on a longitudinal matched employer-employee data obtained from Statistics Sweden. We have access to a census panel of all privately held family and non-family firms in Sweden covering the 1990-2007 period. For our analyses, we singled out firms that have experienced financial distress, as measured by Miller & Reuer (1996) (Altman's Z-score) in the period 1997-2001. Thereafter, we followed the development of those firms in the 2002-2007 period. To investigate the likelihood of entrepreneurial exit, we employed a multinomial logistic model with yearly controls (Long & Freese, 2006) and differentiated between firms that remained intact (i.e. keeping the status quo), merged, split or dissolved.