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CHAPTER I

INTRODUCTION TO THESIS

Introduction & research problem

For this chapter, we introduce the topic of the study, its importance and problem, together with the framework to which this study is utilizing. Followed by a purpose section, which states the research question and expected contributions.

This thesis studies the impact of path dependence on family businesses and their succession planning, in order to gain additional insight into how history matters in family businesses.

Family businesses are a growing focus for academic studies, and refers to organizations which have influence or control of a family, either through ownership, management or both (Neubauer & Lank, 1998; Cabrera-Suárez, 2005), which means that family businesses are a complex system of business, ownership, and family, overlapping (Cater and Schwab, 2008; Gersick, Davis, Hampton & Lansberg, 1997). Family businesses contribute between 70 to 90 percent of the World's economy (FFI, 2018), as well as being one of the biggest drivers for job creation (Cabrera-Suárez, 2005; Neubauer & Lank, 1998). Therefore, additional research is beneficial to society as a whole, especially, if this research sheds new light on the process of succession, which is one of the main factors for crisis (Cabrera-Suárez, 2005; Handler, 1994; Neubauer & Lank, 1998). A crisis which is partly resulting in the low survival rates of family businesses across generations (Cater & Schwab, 2008; Ibrahim, Soufani & Lam, 2001; Lansberg, 1988). In fact, only 30 percent of family business makes it into the second generation of the family, and only 15 percent makes it to the third (Ward, 1987; Beckhard & Dyer, 1983), emphasis on the need for further research in order to increase the success rate and positively affect the World's economy.

According to Chrisman, Steier, and Chua (2006), then they suggest that issues in succession impact the family businesses negatively in regards to planning. Several other scholars (Cabrera-Suárez, 2005; Davis & Harveston, 1999; Le Breton-Miller, Miller & Steier, 2004; Aronoff, 1998) have also pointed out that the process of succession and understanding of such, are crucial for a higher success rate. Investigations which have not been conducted through the use of path dependence before.

Researchers such as Habbershon & Pistrui (2002), Salvato, Chirico and Sharma (2010), points out, that the occurrence of paths from previous generations are

not an uncommon phenomenon in family businesses, which can be unique opportunities to explore. A phenomenon constraining possible actions by narrowing down choices, eventually, resulting in a lock-in of the thinking and decision making (Arthur, 1989; David, 1985).

The path dependence framework, states that decisions in the present, are influenced and shaped, either slightly or significantly by events in the past (Sydow, Windeler, Müller-Seitz & Lange, 2012), to which history as well as the knowledge of this history is of importance in regards to sensemaking of current and future decision making. Path dependence is further defined as *“that what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time”* (Sewell, 1996, p.263).

Path dependence has previously been applied on multiple levels, such as by Brunninge & Melander (2016), but never before with the purpose to better understand the process of succession in family businesses, which is, as mentioned, one of the crucial factors to family businesses low survival rate over generations.

We, therefore, see a problem with the lack of research on the interplay between path dependence and succession processes, in this case, succession planning, as a better understanding of the phenomenon may contribute positively to the many family businesses which during every generation, undergo succession.

Purpose

The purpose of this study is to fill the research gap within succession in family businesses, by investigating the phenomenon of succession planning and how history matters, through the use of the path dependence framework. For this, we are analyzing the second generational Swedish family business, Holtab, which have undergone a conflicted succession in the past and now are planning for the next.

Our purpose is, therefore, to investigate the interplay of the conflicted succession in Holtab, caused by a failed succession planning, and the self-reinforcing mechanisms by using the path dependence framework. Consequently, our research purpose is as following:

“How does path dependence influence succession in family businesses?”

With the following two research questions, in order to fulfill the research purpose on both past succession planning and future succession planning:

RQ #1 - “How did path dependence influence the succession from 1st till 2nd generation?”

RQ #2 - “How does path dependence influence the succession planning from 2nd till 3rd generation?”

We, therefore, expect that this study will result in potential contributions to scholars as well as family businesses, in better understanding the process of succession and planning of such, together with the interplay of path dependence from previous generations, resulting in a lower failure rate for family businesses undergoing succession.

Definitions

This graph provides meaning to used terms in the study, to which understanding is important for the reader to get the full value of the written sections.

TERM	MEANING
Entrepreneur	<i>A person who seeks to exploit new opportunities by using new means and relationships</i>
Entrepreneurship	<i>What the entrepreneur engages in.</i>
Intergenerational transition	<i>Exchange of shares, positions or roles, from one generation to another</i>
Professionalization	<i>The process of formalizing organizational operations and structures, as well as hiring external individuals</i>
Family Business	<i>A business which is owned or controlled by members of a single family</i>
Path Dependence	<i>State of the art, where historical events influenced the development of the path until it reaches an irreversible condition</i>
Self-reinforcing process Also used as “increasing returns”	<i>Can be called the driver of the path, which sets the path in motion, after the critical juncture is passed</i>
Critical juncture	<i>A point of no return, which leads to a dominant pattern in the decision-making</i>
Trajectory	<i>The direction of the path, influenced by decisions made, and decisions available</i>
Lock-in	<i>Describes an unalterable state of the trajectory of the path. The outcome of the path got fixed and confined.</i>
Contingent event	<i>Expresses an event which occurs due to another event or fact, but accidental or unpredictable.</i>

CHAPTER II

FRAME OF REFERENCE

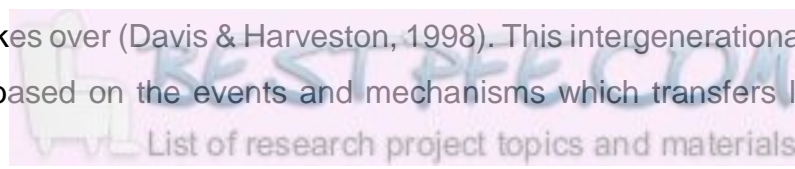
Family Business & Succession

Family business was once a topic with little academic focus, but a topic which today can fill entire libraries (Aronoff, 1998). This growing focus on family business has however, not been resulting in a consensus on a general definition of family business as a term, even though parallels can be drawn among the various authors' definitions. A parallel, which consists of influence or control of a family on its firm, either through ownership, management or both (Neubauer & Lank, 1998; Cabrera-Suárez, 2005). This means that family businesses are a complex system of business, ownership/control and family, which all are overlapping (Cater and Schwab, 2008; Gersick et al., 1997).

A better understanding of family business is of high importance, as they contribute with 70 percentage to 90 percent of the World's economy (FFI, 2018), as well as being one of the biggest drivers for job creation in modern days societies (Cabrera-Suárez, 2005; Neubauer & Lank, 1998). A dominant form of businesses which is responsible for approximately 90 percent of all business establishments in the U.S (Davis & Harveston, 1998; Beckhard & Dyer, 1983).

One of the most characteristic facts among family business, are, however, that they tend to have frequent organizational crises and low survival rates (Cater & Schwab, 2008; Ibrahim et al., 2001; Lansberg, 1988; Shanker & Astrachan, 1996), of which succession being the main cause (Cabrera-Suárez, 2005; Handler, 1994; Neubauer & Lank, 1998). In fact, only 30 percent of family business makes it into the second generation, and only 15 percent make it to the third (Ward, 1987; Beckhard & Dyer, 1983). Miller, Steier & Le Breton-Miller (2003) have also been finding evidence for the intergenerational transition process being the crucial component between success and failure, adding to the extra dimension of challenges which family business undergo; to survive and prosper across generations (Nordqvist & Chirico, 2010).

In the comparison between non-family and family businesses, then they differ drastically due to the critical aspect of intergenerational transition, also known as succession, which happens when one generation of the family steps down, and the next generation takes over (Davis & Harveston, 1998). This intergenerational transition and process are based on the events and mechanisms which transfers leadership,



ownership or both to the next generation (Le Breton-Miller *et al.*, 2004; Brun de Pontet, Worsch & Gagne, 2007). A process, which often is understood as a simple, linear process, but in fact consists of uncertainty, surprises, and demand for adjustments at the various stages (Le Breton-Miller *et al.*, 2004), as the overlapping complexity of *ownership, management* and *family* enhances the challenges of a successful outcome (Gersick *et al.*, 1997).

The process of intergenerational transition is both feared and loved, as one generation have to let go, and another generation will gain. But regardless of the loss or gain, then it is an inevitable part of all family business, and should, therefore, be both anticipated and managed (Dyck, Mauws, Starke & Mischke, 2002). Also, it is a process, functioning as a mutual role adjustment for the affected individuals across generations (Handler, 1994), even though the planning is often considered as a “taboo” in many family businesses.

The process of intergenerational transition is in many cases underestimated as a factor for continuity of the family business, to which various authors have pointed out the importance of both, the planning and understanding of such (Cabrera-Suárez, 2005; Brun de Pontet *et al.*, 2007; Davis & Harveston, 1999; Le Breton-Miller *et al.*, 2004; Aronoff, 1998). A process which Fischer, Reuber & Dyke (1993) called for investigations of, in order to better understand the transition itself.

When looking at the literature, then it is suggested that the intergenerational transition process should be initiated at an early age of the offspring’s life for increasing the success rate (Ibrahim *et al.*, 2001). An issue which often arises from avoidance in initiating the transition process early on. An avoidance of initiation which comes from lack of communication between the generations, resulting in the offspring’s impression that they’re not wanted in the business (Ward, 1987). However, early initiation of the process, increases the chance for a successful outcome, as the development of the future leaders is essential (Cabrera-Suárez, 2005), a development which takes time. Furthermore, there is evidence for a shift in selection and development of the offspring, as there traditionally used to be only one successor per transition (Lansberg, 1999), but today we also see shared leadership and multiple successor teams (Ward, 1991; Lansberg, 1999; Cabrera-Suárez, 2005).

Chrisman, Chua & Sharma (1998) mentions commitment from all actors as crucial factors for success during intergenerational transitions. A commitment, which goes hand in hand with the confirmation and acceptance from the stakeholders, such

as key employees, managers, and other family members (Harvey & Evans, 1994). It is therefore essential to focus more on the planning, instead of just the transition itself, as the experience of the process can affect the offspring's satisfaction with work (Sharma, Chrisman, Pablo & Chua, 2001). In addition, there are also factors such as previous experience with intergenerational transitions and influence of the board which can affect the outcome (Le Breton-Miller *et al.*, 2004), indicating that the planning and process is not an isolated family activity, but rather a shared combined effort among family and nonfamily professionals (Levinson, 1971).

Path dependence

*This continued literature review examines the significant theoretical and practical importance of historical events regarding the path dependence theory, pioneered by Arthur (1989) and David (1985). A theory which states that the past both shapes and constrains the scope of actions, in the present and future. This theory is furthermore going to be linked to the family business field, to which Habbershon & Pistrui (2002) and Salvato *et al.*, (2010) have stated, that appearing paths from previous generations is not an uncommon phenomenon, as small or historical events influence future actions, by narrowing down choices and eventually resulting in a lock-in (Arthur, 1989; David, 1985).*

Many authors use the phrase “*history matters*” to outline the importance of past events in the theory of path dependence (Sydow *et al.*, 2012). A significant point for this phrase is that choices which have been taken in the present or future, are influenced and formed, slightly or significantly, by events from the past. Sewell (1996, p.263) has further defined path dependence as “*that what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time*”, meaning that respective events undergo self-reinforcing processes, which affect the future trajectory, as the events are contingent and non-predictable (Sydow *et al.*, 2012).

In general, path dependence can be characterized as ambivalence and does not necessarily imply negativity. As choice patterns are reproduced, the amount of options decreases and future choices are more restrained, resulting in the lock-in. In this regard, the self-reinforcing processes are identified as the main driver for the reproduction of specific decision patterns (Sydow, Schreyögg & Koch, 2009).

Decision patterns which are chosen, regardless of whether or not more efficient alternatives appear, results in a lock-in which most likely won't change the path's trajectory.

As a definition of path dependence as a phenomenon, competitive alternatives have to exist (Sydow *et al.*, 2012), alternatives where the implications and development of the path cannot be predicted (Mahoney, 2000). Therefore, in order to apply the concept of path dependence, there has to be more than just one single event, more favorable, a sequence of events (Sydow *et al.*, 2009). Mahoney (2000), do however argue that a path is not dependent if the sequence of events is a reaction to past events and show off a causality connection, as the initiator of the chain of events must be contingent.

As the process and impact of path dependence evolves and differs over time, is it useful to divide this process into three phases; Preformation, Formation and Lock-in (Schreyögg, Sydow & Koch, 2003).

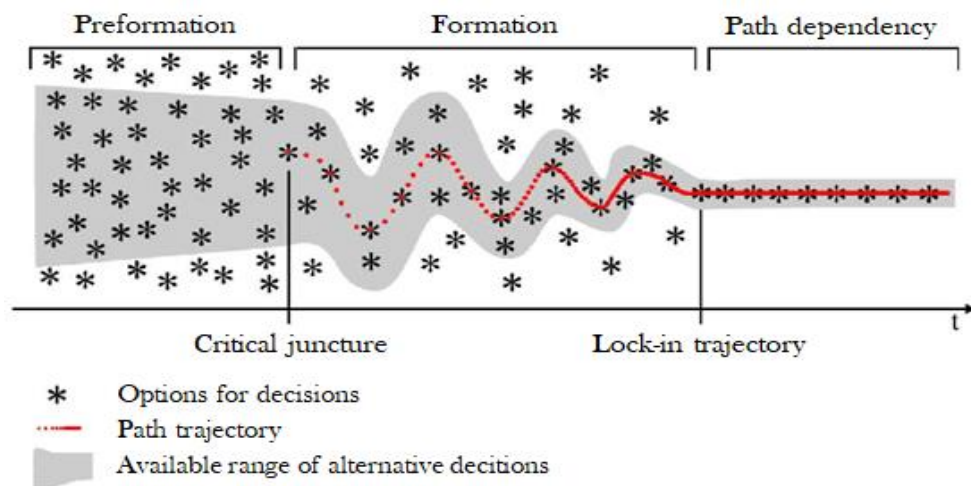


Figure 1. Path dependence over the three stages, Preformation, Formation and Lock-In (own adaptation of Sydow *et al.*, 2009. p. 692)

In the first phase, the *preformation* stage, no paths are existing yet, neither any rigidities can be identified (Schreyögg *et al.*, 2003). Rather, the stage can be characterized by an undirected search process. Choices taken are based on historical events and can be described as “imprinted” in history (Child 1997; Sydow *et al.*, 2012).

A “critical juncture reflects the transition to the next stage”. An arbitrary, selective behavior leads to a decrease of choices until it narrows down to one or a few

options. This process is enhanced by first appearing increasing returns - an effect on a certain event which cannot be determined, and which has its own dynamic.

The second, the *formation* stage has started, as well as the development of the path. However, the outcome of the path or the impact of the path's trajectory is still uncertain and cannot be determined. The path can be so-called non-ergodic, as various outcomes are still possible (Arthur 1989; David 1985). The increasing returns are developing their own dynamics, and the path reaches the point where alteration of the path's trajectory becomes barely possible, and the dominant patterns become anchored in the path.

The increasing returns can be pictured as positive feedback loops, which enhances the selection of the option with the seemingly most enormous benefits, an option which is still contingent. A pattern, therefore, evolves, in benefit of the initial decision, which makes that option increasingly irreversible and drives the path towards equilibrium (Mahoney, 2000). As more the patterns evolve, as more accepted will be the option and subsequently results in a search for less attractive options, in case the patterns are not desired. Arthur (1989) describes this phase - in regards to technology - as increasing return adoption. The higher a product is adopted, the more beneficial it is for new adopters to follow and adapt to this product.

One of the most famous examples of a technology which dominates the field, although much more efficient alternative options existed, is the Qwerty layout for mechanical typewriters example from David (1985). Despite the fact, that the alternative of Dvorak's keyboard layout was seen as faster in writing and less costly to train workers for, a contingent sequence of events favored the QWERTY technology and determined its path trajectory to its prominent position in the past and present. A path which we feel the impact from today, as this preference is still existing for our laptops and personal computers, despite better alternatives.

Finally, the path trajectory reaches the last phase, *the lock-in*. Sydow *et al.*, (2012, p. 159) define the lock-in as a "situation or outcome where the trajectory of a path becomes confined to a single solution that does not need to be efficient." While in the stages before, the path was still contingent and could not be clearly described, the lock-in phase ends the paths development process, and the path can now be

determined (Schreyögg *et al.*, 2003). Hence, whether it is favorable or not, any alterations of the path are impossible.

Self-reinforcing processes

As stated in the second stage of the path development, the formation stage, the self-reinforcing processes are the driver and engine of the development of the path. They describe the path's trajectory, in which the relative benefits of using a certain direction empowers the path to do so. Or as “[...] the costs of exit - of switching to some previously plausible alternative - rise (Pierson, 2000).

The characteristics of those self-reinforcing processes are stated by Arthur (1994, p. 112-113):

1. **Unpredictability:** As events which occur early in the sequence and are contingent, the outcome or the final lock-in stage is not predictable.
2. **Inflexibility:** As more advanced, the development of the path is, as more difficult the possibility to switch to another.
3. **Non-ergodicity:** Whether an event early in a frequency is accidentally or small, they still might have an impact on the path's trajectory in the future.
4. **Potential path inefficiency:** The outcome of the path's trajectory, measurable in the ending lock-in, does not indicate alternative options profitability.

The existence of self-reinforcing processes in organizations was already put into evidence in many studies. Sydow and Schreyögg (2013) highlight six different types of those “feedback-loops”, based on multiple studies (Arthur, 1994; Cowan, 1990; Katz & Shapiro, 1985; North, 1990), which drives and moves the path into its trajectory: **Economies of scale, network externalities, learning effects, adaptive expectations, coordination effects, and complementarities.**

Economies of Scale: With an increased outcome of a good or service, which results consequently in a decrease in the cost per unit, higher profitability will be achieved. About self-reinforcing processes, the phenomenon can be translated in the same way, meaning, higher profitability or increasing demand leads to greater sophistication of a specific pattern (Sydow & Schreyögg, 2013)

Network externalities: As higher the usage of a certain product or service, as higher the benefit/effect will be for the user. This effect increases with the existence of indirect externalities, which support the main product or service as a complementarity (Sydow & Schreyögg, 2013).

Learning effects: Argote (1999) stated that as more frequent an operation is performed, as more efficient, it will get. With applying repetition and iterations, individuals increase knowledge and experience about the operation (Arthur, 1994, p.112). A more efficient operation leads consequently to higher profitability (Sydow & Schreyögg, 2013) and the operation will also gain attractiveness. As a result, solutions which are more efficient and attractive will reduce the attractiveness to switch to an alternative one.

While applying learning effects on the organizational unit, their influence on several layers get noticeable. It is a common practice in organizations, to focus on the development of strengths and thereby disregard alternatives, as stated in the well-known Icarus-paradox (Miller, 1993). The organizational paths trajectory, enhanced by the success in the past, results possibly in a trajectory of failure.

Adaptive expectations: Arthur (1994, p.112) refers to the coordination effects, that options which are less spread or used by others, enhances the choice of individuals to select the seeming superior ones. Solely the expectations of individuals about future projections, shape their actions to decide for options that will meet and realize those projected expectations (Arthur, 1994, p.112).

In organizations, the choice for the best options follows the same pattern, *“organizational members are willing to adopt because they expect others to do the same”* (Sydow & Schreyögg, 2013, p. 13). As an example, we can take political elections, where the shared expectations about an option - the effect will be higher with an increase of people with the same projection - resulting into a higher possibility, that this option will be selected.

Coordination effects: The efficiency of a process is significantly impacted by the adoption of a specific institution from the actors. Meaning, as more people accept and apply a specific rule, law, or routine, as more efficient the operation will be. *“Coordination effects result from the benefits of following the same single rule or set*

of complementary rules across departments” (Schreyögg & Sydow, 2003, p. 15). The output means that if the coordination costs are low, a specific practice is more likely to become a “consistent formula,” which often is also described as a lock-in. However, as smaller the coordination costs are, as higher will be the switching costs. As more advanced, for instance the charging infrastructure for electric cars is, the more car manufacturers are willing to invest into this technology.

Complementarity effects: Can be regarded as synergies resulting out of a mutual action of at least two institutions (Sydow & Schreyögg, 2013). As higher the benefits of cooperation among institutions are, as more likely it will be that the synergies will be exploited.

Path creation and path-breaking

In contrast to the theory of path dependence, Garud and Karnoe (2001), published the concept of path creation, in which the path development process is intentionally initiated. This theory is based on the Schumpeterian times of creative *destruction*. Schumpeter (1942) argues that no system lasts forever and will consequently experience change over time.

For overcoming environmental change, it is argued that it is necessary to create new systems. In this regard, the actors are the core factors of such a process, where the creation process conducted, instead of in path dependence, where the historical events are the core factors which drives the trajectory into the lock-in stage.

Regarding options for breaking the lock-in stage of paths, Sydow *et al.*, (2009) state the importance of taking the intensity and complexity of the path into account, when de-locking organizational paths. Just as in the process of path development, then alternative options have to be better than the current ones in the lock-in stage. For replacing the ineffective options, alternatives - created from a pool of more effective ones - have to be perceived as superior ones, as inferior ones would not disrupt the lock-in character of the path (Arthur, 1994). Schreyögg *et al.*, (2003) states that to break specific paths, there must be an understanding of the path beforehand, to explain its origins and dynamic processes. A theory of path-breaking must, therefore, be built on the contingent events which lead to the lock-in situation — a process, which requires analyzing and sensemaking of past events and decisions. One possibility is

to apply a reflexive approach, based on discursive concepts, which may lead to a dissolution of the path and its self-reinforcing processes.

Another approach to breaking the path comes from behavioral concepts, which make dependent paths conditioned on emotional and social factors. For this approach, research suggests to implement disruptive change-management, and apply transformative measurements, pursued by new hired charismatic leaders. Worth mentioning is also the resource-based approach, as the allocation of resources influences the lock-in phase of the path to accelerate and permanentize. As Giddens (1984) outline, then both the resource-based and non-resource-based approaches are linked together. A link which requires an analysis on all levels; emotional, cognitive, and social. One possibility is, however, to intervene in the resource disposition (Giddens, 1984). Brunninge & Melander (2016) describes the outcome of path-breaking processes as path divergence. The split paths merge and develop themselves on different levels and different directions, driven by self-reinforcing processes. A process which is essential to stimulate or manipulate the entrepreneurial orientation of organizations.

Organizational culture and conflicts in family businesses

Even though succession and its processes are challenging by themselves, then they also affect other fields of the family business. Especially in regards to entrepreneurial orientation; a point of importance for the business to grow and survive (Kellermanns & Eddleston, 2008; Kellermanns, Eddleston, Barnett & Pearson, 2008; Naldi, Nordqvist, Sjöberg & Wiklund, 2007; Casillas, Moreno & Barbero, 2010), challenges which are associated with organizational culture (Nordqvist & Chirico, 2010). During the first generation of family businesses, the founder is acting like an entrepreneur, who drives the development and growth (Cruz & Nordqvist, 2012), an individual who is the most powerful influencer of the organizational development and culture (Brun de Pontet *et al.*, 2007; Hollander & Elman, 1988). An entrepreneurial drive which is lost during the succession to the next generation.

Another conflict which intertwines the succession and the organizational culture with entrepreneurial orientation is the decision for who to become the next CEO. The decision which is one of the most contentious issues surrounding family businesses regarding the choice between a family- or a non-family member (Bennedsen, Pèrez-

González & Wolfenzon, 2007). This crucial decision is further backed up by Cruz & Nordqvist (2012), which states that the second-generation CEO is required to develop a more external cultural orientation. A process and decision which holds enormous potential for further development and growth of the family business (Hall & Olsson, 2016, p.18). Hall and Nordqvist (2008), does, however, point out that values, norms, goals and cultural competencies are some of the core factors when external CEO's are entering family businesses, to which such factors should be taken into consideration besides just competencies. In addition, then Casillas *et al.*, (2010), points out that second-generation family businesses show a higher level of entrepreneurial behavior than their first generation counterparts, which may be due to the greater awareness of external factors, as a result from their more formal and professional management style (Cruz & Nordqvist, 2012; Casillas *et al.*, 2010).

When looking at the process of conducting strategic decisions effectively in family businesses, organizations, as well as leaders, need to be able to analyze and understand past experiences. Especially organizational change should be built on the past, rather than running over the past (Kimberly & Bouchikhi, 1995). This is why, by looking at the past experiences and behaviors, we can get a better understanding of the current and future decisions of organizations (Kimberly & Bouchikhi, 1995).

It is no secret that many organizations fail in making the right decision while aligning structure and strategy to environment changes, which is mainly explained by uprising inertial forces. This phenomenon of structural inertia in organizations can be deprived of the ecological-evolutionary process (Hannan, 1984). They called the designing process of realigning structure and strategy *Rational adaptation theory* and identified two main competencies of organizations; *Reliability* and *Accountability*. In order to act *reliable*, the organization must reproduce its structures up to a standardized, routine process, to deliver reliable products. This requires to maintain and reproduce the same structures in the past and present. The second competency, *Accountability*, refers to the organization with the requirement to explain the internal and external resources, and organizational actions being used in the production processes. Consequently, as more established an organization is in age and size, the more reliable and accountable it is, and therefore, also more likely affected by structural inertia. Noticeably is the paradox, that in line with the selective contingent process, an organization is evolving more and more to a reliable and accountable

player but therefore also unable to alter the strategy and organizational structure to the environmental change and threats, due to structural inertia.

Miller (1993) framed this phenomenon as the “Icarus-paradox.” Organizations which achieve outstanding success in simplicity, are more likely to fail from their own successful trajectory in the past. He pictured the paradox with the Greek mythological Icarus who got a pair of wax wings of his father, Daedalus. As he kept being successful in gaining altitude from every strive with his wings, he ended up too close to the sun. The wings made from wax melted and resulted in his death by falling, into the Aegean Sea.

In 1997, Child added the importance of strategic choice to the organizational model, with the potential of a continuing adaptive learning cycle, embedded in the organizational context, and as well as in the path dependence theory, with a non-predictable outcome. In terms of strategic choice, organizations evolve as a result of actors and their decisions (Child, 1997). Schreyögg and Kliesch-Eberl (2007) further added to this concept of organizational learning processes, by introducing the perspective of the organizational capabilities, consisting of the ability to achieve exceptional performance, as in comparison to the competition. Moreover, capabilities are also historically influenced and initiated by events. In this regard, organizational capabilities are in line with the resource-based view (Barney, 1991) to achieve sustainable competitive advantages, and therefore, may be showing connections to the path dependence theory.

In regard to the organizational culture, then several conflicts may, however, arrive during succession and planning processes. Often such conflicts appear due to different managerial styles or expectations for the succession process among the two generations (Handler, 1990, 1992). In addition, Levinson (1971) also notes how such conflicts may result from generational gaps or sibling rivalry, offsprings desire to differentiate themselves, marital discord, identity conflicts and ownership dispersion among family members (Dyer & Handler, 1994). Conflicts which non-family business see themselves free from (Eddleston & Kellermanns, 2007). And it may be because of these aspects, that succession is often being looked at, as a crisis to overcome, rather than a strategic opportunity for both the organizations, as well as the families and individuals, out of which the family businesses consist of (Dyck *et al.*, 2002).

Especially in the emerging and changing markets, where managerial and capability requirements are continually evolving (Greiner, 1972; Churchill & Lewis, 1983).

Seeing the succession and planning processes as strategic opportunities, rather than a crisis, may, therefore, lead to more positive outcomes for the family business, as families who successfully manage conflicts are more likely to succeed in passing the business on to the next generation (Ibrahim *et al.*, 2001). According to Chrisman *et al.*, (2006), then they suggest a link between issues in succession to have a negative impact on the family business's strategic planning, as well as economic aspects of the firm (Eddleston & Kellermanns, 2007; Cater & Schwab, 2008). Stating the need for further research to be conducted on succession within family businesses (Davis & Harveston, 1998; Handler, 1992).

CHAPTER III

METHODOLOGY

As the theory of path dependence requires, in the process of change, a full understanding of past events (Schreyögg et al., 2003), which caused the path's trajectory into the lock-in stage, we need to include the importance of the social analysis in the methodology. Whereas in neo-classical economics, researchers view the social interaction between the actors as something which impedes the competitive market, Granovetter (1986) and Pettigrew (1997) refers to the significance of social embeddedness and its impact in the economic sphere. Therefore, Sydow et al., (2012) merge social embeddedness with the path dependence theory, by referring to the perspective of level-interrelatedness. A path can only be analyzed when it is contextualized.

Research Philosophy

In regard to the research purpose and questions, how history matters, through the use of the path dependence framework, this study follows an interpretive approach to include different perceptions of individuals regarding the unit of analysis. Especially in research within the field of family businesses, in which each case is distinct and unique in itself and consist out of a complex intertwined system between family, business and individuals (Habbershon, Williams & MacMillan, 2003). The application of an interpretivist philosophy supports the process of coming up with the most accurate findings for the research purpose.

By the interpretive perspective, we assume the existence of multiple realities, as different individuals have different perceptions. Unlike as in the theory of mindful deviation, the path dependence puts particular weight on the historical dimension of the analysis (Garud & Karnoe, 2001). Hence, also the theory of path dependence is framed into a relativistic ontology, excluding the possibility of only one "truth" existing. As we explore historical events at different time stages, including different views from various participants, and analyzing the surrounding of the events in their particular time happening, we presume the existence of more than one reality (Easterby-Smith, Thorpe & Jackson, 2015). As Collins (1983, pp. 88. cited in Easterby-Smith et al., 2015, pp.147) says, "*what counts for the truth can vary from place to place and from time to time*". Therefore, both research areas, family businesses and the framework of path dependence are demanding in the qualitative setting the relativistic ontology.

In line with the ontology, this study is based on the epistemology of social constructionism. As the epistemology defines the way of knowledge making in the certain ontology, its social constructionism assumes that the reality is not objective but constructed by the social interactions of its actors (Easterby-Smith *et al.*, 2015). Therefore, it is an interpretative method, which relies on the shared experiences and views of the people interacting in a certain reality.

Research approach

In order to understand reality, social constructionism is firmly embedded in the method of qualitative research (Easterby-Smith *et al.*, 2015). If the reality is not objective and not based on facts, is it necessary to ask for the people's perception and experience. Hence, the collection of data is conducted by in-depth interviews. As this research is relying on the interpretations and experiences of actors related to the case company, this study is applying an abductive research approach.

As the abductive reasoning can be regarded as a combination of induction and deduction, is it useful to point out the primary intention of these different approaches. Thomas (2016, pp.238) describes the purpose of inductive reasoning as it *“allow research findings to emerge from the frequent, dominant, or significant themes inherent in raw data, without the restraints imposed by structured methodologies.”* While the deductive approach starts with a predefined network, the inductive reasoning is developing and subsequently ending up with a network (Miles & Huberman, 1994).

In the abductive reasoning, the researcher starts with understanding the way, the actors construct their everyday life (Ong, 2012) and subsequently make sense out of it. It is an abductive process, shifting from the first level construct to the second one (Blaikie, 2000).

In order to conduct the research as little biased as possible from other studies, the abductive approach demands the researcher to analyze and make sense out of the emergent data from the conducted study. In this regard, this study is integrating the general theoretical background in the frame of literature and subsequently clarify specific areas of interest, which arise during the emergence of patterns, in the analysis section. Therefore, the benefit in the abductive approach is, that although the researcher should have a problem area defined beforehand, he/she has the flexibility

to align research-related topics as the literature review, according to the gained knowledge and arisen patterns from the qualitative studies (Blaikie & Stacy, 1984).

Research strategy

The strategy chosen is embedded in the explorative character of the study, which will be conducted in the form of a case study. As defined by Leonard-Barton (1990, pp. 249), a case study can be described as *“a history of a past or current phenomenon, drawn from multiple sources of evidence.”* Also, a case study strategy is a highly iterative process, linked to the empirical data crafted during the data collection (Eisenhardt, 1989) and thus follows the abductive reasoning of this study. The explorative design enables researchers to analyze a known phenomenon from another angle (Robson, 2002), which matches the research purpose.

While searching for gaps and flaws in the topic of path dependence and succession in family businesses, it was noticeably, that the exploration of family business succession from an organizational perspective is still poorly researched. Additionally, De Massis & Kotler (2012) stated in an earlier study with among the 215 most cited articles in the field of family business, the case study approach as a qualitative research design is rarely chosen (De Massis & Kotler, 2014). However, the application of case studies in the field of organizational and management studies are exceptionally reasonable, as it looks at different objects from multiple perspectives, resulting in a more detailed understanding of the phenomenon (Eisenhardt, 1989). The case study design is also in line with the chosen interpretive philosophy. Most of the case studies conducted in the field of family business follow a positivistic ontology, why the application of interpretivism is a significant theoretical contribution in this field (Nordqvist, Hall & Melin, 2009). According to Yin (2003), a case study approach should be selected in cases in which questions of “how” and “why” are aimed to be answered by the researcher. Also, the case study the appropriate choice in situations where the behavior of the involved individuals cannot be controlled and manipulated, the context around the unit of analysis needs to be understood, and lastly, no clear line can be set between the studied phenomenon and its context (Yin, 2003).

The way the research purpose is put is influencing the type of case study which has been selected. According to the research purpose: **“How does path dependence influence succession in family businesses?”** this study intends to understand the dynamics of different historical, present and future events and therefore, follows an exploratory research approach.

Furthermore, as Baxter (2008, p. 544) defines a qualitative case study as “[...] an approach to research that facilitates exploration of a phenomenon within its context using a variety of data sources,” it also underlines the explorative orientation of our research design. Hence, this study aims for an explorative research design, which demands a rich set of data and therefore, is in line with the qualitative and interpretive research setting. An explorative approach is always useful in studies with no predefined outcome and where the researcher needs to grasp an in-depth understanding of the unit of analysis and its context (Yin, 2003). This study follows the design of an exploratory study, as the researchers have no idea which kind of events or decisions might have affected strategic decisions in the organizations, related to the transition to the third generation. The explorative design is also in line with the theory of the path dependence, in which the historical events have a contingent characteristic and consequently exclude any possibility of drawing hasty conclusions. Also, the qualitative case study with an explorative purpose puts particular weight on the context around the unit of analysis, which supports the researcher to obtain a “true” picture (Baxter, 2008).

Method-case study

The researcher needs to be explicit about *the unit of analysis*, which can be described as “a phenomenon of some sort occurring in a bounded context” and represent the case itself in the study (Miles & Huberman, 1994, pp. 25). Identifying the unit of analysis is often explored in the field of family business by asking questions like “*What is my unit of analysis?*” or “*What do I want to analyze?*” (De Massis & Kotler, 2014). Answering these questions supports the researcher in delineating the unit of analysis. As this thesis is exploring, in particular, the intergenerational transition of the first to the second generation, as well as the upcoming ownership and leadership succession to the third generation, the focal area of interest is embedded in the organizational unit.

In terms of validity, Yin (2013) emphasizes the importance of having a clear research design in place, as well as the unit of analysis, before starting the empirical work. The unit of analysis is clearer with an initial round of interviews, once with the current CEO and also with the current owner of the company. Within the initial round, knowledge was gained about the essential challenges Holtab is going to face in the close future and could narrow down the literature search to the most relevant focus areas. However, the abductive reasoning chosen allows having the possibility of aligning the research questions according to the crafted data and emergence pattern during the empirical study (Miles & Huberman, 1994).

After the unit of analysis and the type of the case is defined, the researcher needs to decide whether a single case study or a multiple case study is more appropriate for the research purpose. The single case study can be especially relevant if the phenomenon studied and explored underlies a rare, unique, or extreme characteristic (De Massis & Kotler, 2014; Yin, 2003). Multiple case studies, on the other hand, are more appropriate for building theory as they allow to evaluate whether the findings of a single case are idiosyncratic or replicable to other cases (De Massis & Kotler, 2014). Although researcher as Yin (2013) emphasize that the downside of the single case study is determined in the lack of generalizability of the gained insights on other cases and therefore might lack on validity, Stake (2006) instead focus on the rich amount of information a single case study can provide. The advantage in the single case study approach is the easiness “[...] to perform a very intensive and complete study of an organization” (Miller & Friesen, 1982. pp.1024), as the generalizability of findings might be difficult in organizational studies, in which the explored phenomenon underlies a distinct and unique character. As this study is conducting an analysis which includes at least two levels - the organizational and the individual one -, a need arises, to have an understanding of all the interacting factors and therefore include various perspectives on particular events into the analysis. Thus, multiple case studies increase the external validity of the research design, while a single case study can increase the internal validity in grasping the patterns between the initial cause and its outcome (Leonard-Barton, 1990).

Hence, this study is following a single case study design, as the complexity of family businesses itself with its unique succession phase among all kinds of organizations, seems to be better understood in studying this phenomenon as a single

entity. Also, the complex theoretical sampling and the extensive time consumption of multiple case studies (De Massis & Kotler, 2014) would exceed the time frame given for the master thesis in the research setting chosen.

Time Horizon

A crucial and challenging question for researchers is to determine the time frame of a study. In the topic of change, which is a significant part of organizational studies, in particular in the field of family business and its fearful succession phase, the “[...] *empirical inquiry into change has to be capable of revealing the temporal patterns, causes, and movements from continuity to change and vice versa*” (Pettigrew, 1990, pp. 272). Pettigrew (1990) points out that the time frame of starting and ending the data collection and data analysis should be linked to the point of time when the researcher is able to do judgments about the change process.

As this study puts particular weight on events within the first generational transitions up to milestones affecting the succession to the third generation, we are conducting a longitudinal case study, from the starting point of the case company in 1973 until today. Furthermore, as Morgan (1986, pp.267) outlines, “*we need to try and understand how the discrete events that make up our experience of change... are generated by logic unfolded in the process of change itself*”, to which this study is conducting the interviews with broad sample size, for covering the largest possible time period and to understand the patterns between these events.

Method of Access

The access to the sample was selected primary according to the convenience sampling, where individuals are chosen based on the easy accessibility (Easterby-Smith *et al.*, 2015). As part of a preliminary research project, the case company was already in a good relationship with our educational institute, Jönköping University, of which this study is conducted. The recent owner held a guest lecture in 2017, about the struggling succession in the first generation and was therefore selected based on the criteria of eligibility in line with our research purpose. Therefore, we benefit in the high level of access to the management and owner of the company and their willingness to cooperate with us. For studying the phenomenon of intergenerational

transition, the case company is a perfect match, since the company is currently owned by the second generation and is going to experience a transfer of ownership and leadership within the next decade.

Regarding the definition of the unit of analysis but also for accessibility to available samples, the current CEO and owner of the case company were interviewed in the earlier stage of the study. Subsequently, the authors conducted a snowball sampling, where the CEO and owner were asked about individuals who might be eligible for the research and willing to be interviewed. The flipside of the beneficial access to the sample is the bias (Easterby-Smith *et al.*, 2015), as findings cannot be proven to be credible out of the usually small sample scale in qualitative studies. Besides, the sample might only enclose information the researchers seem more interested in or which seems more relevant in a specific context (Gerring, 2017).

However, the possibility to obtain a rich set of data can offset this disadvantage (Stake, 2006). The field of family business, and especially the topic of succession, which touches upon a highly private and sensitive subject within the family, does not allow the selection of any random family organization. Thus, the case company chosen in this study already had a reliable connection to the university, had the willingness to talk about sensitive topics, and reflect the environment ideally, studied in this study.

Data collection

This study puts the focus on primary data in the data collection stage to answer the research purpose (Saunders, Lewis & Thornhill, 2012). According to Yin (2014), then the data collection can be done in six ways, documentation, archival records, interviews, direct observation, participant observation, physical artifacts. However, the most common method used for collecting primary data is to conduct interviews (Eisenhardt & Graebner, 2007). In regards to qualitative case studies, interviews are especially appropriate as they are once, conducted in a targeted way, in which essential topics within the case study are easy to grasp, and second, as the interviewer gets additionally valuable insights in the participants' perception of the certain situation (Yin 2014). Yin outlines solely the bias, developed by poorly asked questions, the risk of response bias in the way, that the interviewee responds non-truthfully for aiming to satisfy the researchers' purpose with presumed answers, as a challenge to deal with, while conducting interviews.

Additionally, to the bias, other errors might take influence on retrospective reports, as participants memory failure or incomplete recall of how events have taken place (Golden, 1992). According to De Massis & Kotler (2014), a fundamental approach for handling potential bias is to get insights of various perspectives which requires to interview a wide range of individuals who had an active role in the particular event happening.

A well-established method to get rich insights of the participants is by conducting the interviews in a semi-structured and unstructured manner (Easterby-Smith *et al.*, 2015). This method is especially useful if the researcher needs to understand the participants' reality, the causality and links between events, the sequence of the events are not clear, as well as the topic of analysis, is sensitive and confidential (Charmaz, 2014). Also, Morse and Field (1995) highlight that semi-structured interviews are a perfect match for exploratory studies, as it enables the researcher to get answers to questions which would not be possible otherwise. However, as our case study demands various interviews from many angles, in order to get the "true" picture out of it, the questions or guidelines were adjusted according to the interviewee, as different participants were involved with varying intensities in different events. This complexity requires the researcher to think about a list of themes and topics which should be covered during the semi-structured interviews and defining key questions which have to be answered from the participants (Robson, 2011).

Also, Robson (2011) emphasizes the advantage of a semi-structured interview in having the ability to be flexible within the structure. This opens up the possibility to add questions and to dig deeper into the topic while continuing the flow of the communication. However, semi-structured interviews demand from the researcher the ability to have the skill to understand the interviewee responses and to guide the participant effectively through the process. Therefore, Easterby-Smith *et al.*, (2015) propose to have an interview guide in place, which supports the researcher in having a smooth and targeted information flow.

Furthermore, *open-ended questions* were used to minimize the bias, as the participant cannot make presumptions what the researcher wants to know.

Additionally, we preferred having face-to-face interviews for including the method of observation to our data collection. This was especially useful, as some interviews were pursued in their native tongue; Swedish language, and therefore supports our understanding of the participant. However, as the site of the company

was not close by and certainly not all family and company involved members, who took place in our study, were located within the company's region, we complement to the face-to-face approach with Skype interviews. Also, all interviewees were asked for consent to record the conversations and share the information within the research team. In this regard, we could enhance the credibility of this study, as all interviews were transcribed and also enables us to compare and capture as most valuable information as possible.

In the end, we conducted ten interviews with eight participants. The owner and the CEO were interviewed twice, in the beginning, and at the end of this study. In total, we have conducted 550 minutes, or 9 hours and 10 minutes of interview material.

Person	Position	Length	Type
Anders Holmberg	Owner	58 min	Skype
Patrik Persson	CEO	74 min	Face-to-face
Bruno	Vice CEO ad.	66 min	Face-to-face
Kent	Employee	38 min	Face-to-face
Dan Söderberg	HR-consultant	73 min	Face-to-face
David Holmberg	Son of owner	49 min	Skype
Fredrik Homberg	Son of owner	52 min	Skype
Gunnar	Board member	50 min	Face-to-face
Anders Holmberg	Owner	35 min	Skype
Patrik Persson	CEO	55 min	Skype
	SUM	550 min	

Additionally, we had two informal meetings. One in the beginning, on which we had a tour on the company site, where the CEO, Patrik, showed and explained us the manufacturing processes, as well as the different offices and manufacturing facilities on the company ground. Also, we visited Holtab on the ELFACK-fair in Göteborg, where CEO, owner, and all board members were present. At ELFACK, we also got in contact with experts and competitors within the same field as Holtab, which gave a better overview of the competitive environment.

Furthermore, we used secondary data as inspiration to obtain insights into the industry of the case company and to compare statements during the interviews with brochures, information on the company's homepage, etc. for enhancing the credibility and obtaining a "true" picture. Still, the secondary data solely support us researcher as inspiration to further research into theory and practice and primary purpose to support the contextualization of the unit of analysis.

All in all, the strength in a case study is embedded in the usage of multiple sources of data, where the researcher can apply a triangulation approach to explore a phenomenon through various perspectives (Yin, 2014). Therefore, we interviewed a broad range of participants and used secondary data as complementary material in the purpose of accuracy and consistency, such as historical databases online.

In general, for obtaining a rich and relevant picture from the interviews, the case company were informed about the research purpose beforehand. Also, interviews were scheduled at least 1,5 weeks in advance, in order to provide a professional relationship between both parties.

As the topic of intergenerational succession touches on sensible information, the step of being truthful, professional, and honest about all research related question was essential from our point of view. However, for avoiding bias and getting rich data from the participants, no interview questions were provided beforehand.

Presentation of findings

A difficult task for each researcher is the report of the findings in an organized manner (Baxter, 2008). However, the purpose of each case study is to create a format, in which the reader can see themselves as an active participant in the study and can assess whether the phenomenon can be translated to their situation (Baxter, 2008).

As De Massis & Kotler (2014) points out, several researchers solely describe the usage of multiple sources in the data collection without describing how the data is being analyzed. As the evaluation of the strength of the case study is essential, both steps need to be explained. However, in a longitudinal case study, as in the case of Holtab, substantial material of events which happened decades ago are not accessible, wherefore we used secondary data as organizational structure, board constitution, etc. from the homepage of Holtab or other online sources as

complementary material to confirm or to ensure the accuracy of the primary data collected. Stating those secondary data more explicitly, would not lead to a greater understanding of the findings for the reader.

In order to describe the context, as well as the phenomenon itself, three ways can be used to achieve this format. The researcher can either tell the reader a story, create a chronological report or target each proposition (Baxter, 2008), to which we have created a story through the Holtab case, and a chronological report of important events through the two paths described and analyzed.

Analysis

Finding and determining the proper way to analyze the empirical data is a general challenge for a researcher, as there is no typical approach to the analysis of qualitative data (Saunders *et al.*, 2009). Also, the starting point of the analysis cannot be defined, as the analysis already begins in the early stage of the study (Stake, 2013). Researchers such as Eisenhardt (1989) already point out that a case study is a highly iterative process, in which empirical data and analysis cannot be separated.

According to Miles and Huberman (1994), qualitative data from interviews are used with the purpose to make sense out of it. Therefore, the large quantity of data needs to be structured before it can be analyzed and presented (Mason, 2002).

In the following, this study applies the five analytic phases of Yin (2016);

- 1# Compiling,
- 2# Disassembling,
- 3# Reassembling,
- 4# Interpreting,
- 5# Concluding

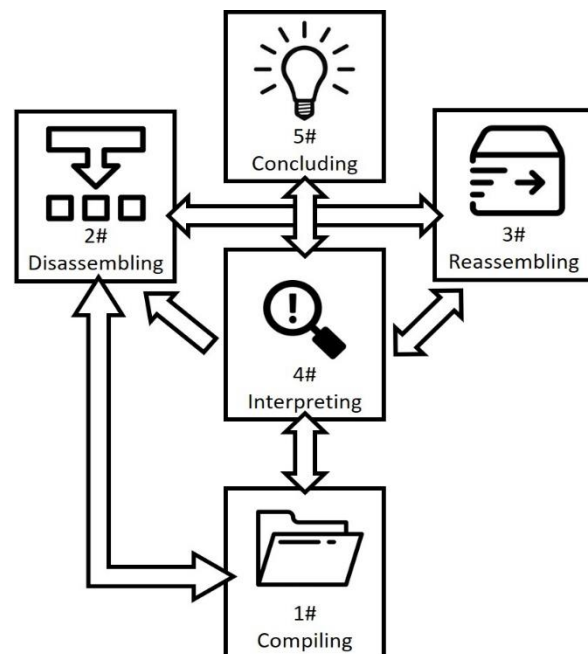


Figure 2. the five analytical phases for coding data (own adaptation of Yin, 2016)

In the first stage, the researcher is organizing the collected data by *compiling* the data into the database. As part of an informal data analysis, the data were already pre-assessed for adequacy during the data collection stage. As during the pre-assessment, the data have not been placed in an organized manner, the researcher is doing so in the compiling stage.

During the second stage, the data is narrowed down to smaller fragments - considered to be as a *disassembling* process. Within this process, the fragments may get labeled with codes or titles. The disassembling process is an iterative one, which may be repeated, tested, and refined many times.

This study disassembled the data by applying a three-stage coding technique. At the start, all transcripts were read and reread many times, and codes were assigned to each paragraph. The codes represent the meaning of the original paragraph in the transcript (Charmaz, 2014). Then, level 2, or category codes, placed the initial codes into different categories and groups.

Subsequently, in the *reassembling* stage, substantive themes are created by categorizing disassembled pieces into different groups or sequences. This process might be expedited by using tables, graphs, or other visualization methods. As visualized in exhibit 1, the dis- and reassemble stage is also an iterative and repeatable process.

In the third phase, along with linking and organizing similar codes into groups, an aggregate dimension - which can also be regarded as third level code - emerged out of the created themes.

In the fourth phase, the reassembled data are considered as the base for the new narrative. This stage is also regarded as the interpretative one, in which the reassembled data are interpreted.

Finally, in the *concluding* phase, and based on the interpretations made in phase four, the researcher is drawing the conclusion out of the entire study.

Furthermore, this study applies a within-case study as an analysis method. A method where the empirical data will be compared with theoretical data. A cross-case study, on the other hand, in which multiple cases can be compared against each other, leading to an increase of the external validity of the study, can however not be applied in the single longitudinal setting chosen in this study.

For evaluating the perspectives of various individuals, this study is applying the analysis from the point of view of a narrator. As Easterby-Smith *et al.*, (2015, p. 598) said, “*the narrative analysis is concerned with the ways in which people create and use stories to make sense of the world.*” While collecting the stories during in-depth interviews, we get a deeper understanding and a more holistic overview of a certain focused area. It also supports the process of making sense of the data we collect, as central elements of the narrative analysis are temporality, the focus on the sequential patterns of the events and its participating actors and thirdly the formation of a holistic picture of the social situation (Easterby-Smith *et al.*, 2015).

Trustworthiness & Quality standards

As in any research project, the goal for the researcher is to provide a *reliable and valid* study which ensures the quality of their work, to which the meaning of validity and reliability depends on the chosen epistemology of the study.

While in a positivistic approach, validity would be enhanced by the ability to eliminate alternative choices, the constructionist approach ensures validity by integrating the various perspective of the studied phenomenon (Easterby-Smith *et al.*, 2015).

According to Lincoln and Guba (1985), the quality of the study can be determined by its trustworthiness, of which the following criteria should be fulfilled to enhance the overall quality (Baxter, 2008):

- ❖ The research question is clearly articulated, and prepositions [if appropriate] are provided.
- ❖ The chosen case study design fits the research purpose/question(s).
- ❖ Purposeful sampling fits the chosen case study design.

For ensuring validity and reliability, several researchers, such as Eisenhardt (1989) and Yin (2014) refers to assess studies with four well-established criteria: 1# Construct validity, 2# Internal validity, 3# External validity, 4# Reliability

1# Construct validity refers to the quality of the general concept, on which the researcher executes the research purpose (Denzin & Lincoln, 1994). At this moment, the main question deals with the sophistication of the implemented measures, which

enhances the objectivity of the researchers' claims (De Massis & Kotler, 2014). Especially in qualitative single case studies, the researcher should apply a triangulation approach, meaning to have multiple sources of evidence (Yin, 2014) which lead to confirmation of the findings (Knafl & Breitmayer, 1989). Also, the transcripts and drafts should be shared with the involved individuals for ensuring consistency and accuracy and preferably get peer-reviewed from 3rd party investigators to enhance the credibility.

This study took primarily focus on obtaining insights from a broad range of respondents and several perspectives. Besides, then statements were sent, and certain events were confirmed from research participants to ensure the accuracy of time, date, and content. Furthermore, then drafts were shared within the research team and opposition, which was also regularly informed and involved in the study.

2# Internal validity refers to the data analyses (Yin, 2003); more specifically, it outlines the trustworthiness of the research findings (Lincoln & Guba, 1985). At this moment, the challenge is embedded in the ability of the researcher to provide a causal relationship, which is sophisticated enough for defending the research conclusion (De Massis & Kotler, 2014).

One strategy for enhancing the internal validity is to follow an explanation building approach, by demonstrating the causal links to between events/research findings. Secondly, the researcher can follow a pattern matching approach and compare empirical data with predicted or emerging patterns (De Massis & Kotler, 2014).

Essential for the quality of the study is the presentation of the findings in the original reality, meaning the sole reflection of the perceptions of the sample and not subjectively influenced by the researcher. Thus, bias is being avoided and objectivity enhanced (Easterby-Smith *et al.*, 2015).

3# External validity refers to the generalizability of the case studies findings. On the one hand, case studies are useful for developing new theory, by analyzing the studied phenomenon from another angle (Eisenhardt, 1989), on the other hand, it is a challenging task for the researcher to generalize findings from a qualitative case study. As Yin (2003) outlines, analytical generalizations derived from a causal linkage between empirical observations and theory instead of empirical observations to

populations, which would be applicable in a positivist epistemology. In this regard, a single case study needs to be constructed with theoretical evidence which subsequently enhances the generalizability of the theory (De Massis & Kotler, 2014).

The explorative character of our study is aiming for a contribution to existing theory by applying an organizational perspective into the analysis of the phenomenon of intergenerational transition. Therefore, our findings of the longitudinal single case study are not generalizable to other cases, as each family case is unique in itself and cannot be adapted to other organizations. Furthermore, the abductive reasoning chosen in this study allows us to contribute also theoretical evidence to empirical findings which are not stated in the frame of reference. Thus, additional literature is used in the analytical part, which increases the level of analytical generalizability of our findings.

4# Reliability refers to avoiding biases and errors in the study so that subsequently, the findings could be replicated from another researcher and would achieve the same results (Yin, 2003). In the constructionist epistemology, the replication of the same results is difficult to achieve, as the measures are not from statistical nature but rely on scientific techniques and methods. Therefore, the contribution of qualitative research is embedded in the uniqueness of the study and therefore, is not replicable (Janesick, 2003).

However, for enhancing the reliability, the researcher can apply different approaches as making usage of an case-study protocol, for outlining the research procedure in a transparent way, making usage of presentation techniques to enhance the transparency and consequently the accessibility of the study and the development of a case study database (De Massis & Kotler, 2014; Baxter, 2008). In general, the reliability is strongly dependent on the accuracy of the study, why the focus needs to be on avoiding errors and biases (De Massis & Kotler, 2014).

This study puts a strong emphasis on the accuracy of the information collected and analyzed. For avoiding errors, we peer-reviewed our research process with peers and with our research team Jönköping University. Also, all data were independently analyzed by both researchers and subsequently, collaboratively discussed and aligned. However, the nature of qualitative case studies with semi-structured interviews provide space for variations in the data collection.

Research ethics

Upfront, we want to emphasize the importance for us researchers, to guarantee a respectful social interaction with all research participants. Since the beginning, we never intended to focus on the results of our study solely, instead exploit the unique opportunity to investigate the sensible topic of succession in a real-life context and to achieve a beneficial outcome for the case company, to be used by the research community and for ourselves.

One critical topic for every study is to ensure that no individuals taking part in our study and are connected with the research is getting harmed. Therefore, according to Bell and Bryman (2007), especially the matter of **confidentiality** and **anonymity** needs to be considered.

Confidentiality - meaning the protection of information to third parties, was ensured by solely sharing the raw material with the research team and, with consent, to a third-party entity which transcribed the interviews. At the end of the study, visible quotes of the participants were provided and requested for their approval of publication.

Anonymity - meaning the disclosure of identity and information which uncover the source of it, can be achieved by replacing the real names with fake ones. However, as Wells (1994) states, the ability of the third party to enclose the identity of individuals makes it challenging to guarantee their confidentiality. This is especially applicable in the case of Holtab, in which a single company is studied in-depth, and the enclosure of names and information would lead to a significant decrease in quality. Also, to disclose names in a family business is anyway difficult, as involved individuals of the company might have knowledge about specific topics and could link statements to its owner.

Therefore, all participants were asked to disclose their identities in the study. Also, then the participants were informed about the fact that they can withdraw their participation in our study without any consequences (Robson, 2011).

All participants were asked for consent to participate in this study and were informed about the purpose of our study upfront, in order to make sure that their statements refer and are relevant to the studied phenomenon in this study (Saunders *et al.*, 2012). The usage of their statements was communicated upfront, and no participant was

declining recording of the interviews, transcribing and sharing information within the research team. As an additional note, then questions were not provided to the participants beforehand, as we wanted to avoid gathering predefined answers.

Also, we want to outline the commitment of us researchers to acknowledge the seriousness of scientific fraud, which is connected to academic dishonesty and fabricating information, references, or results (Robson, 2011). In no point of time, were any information fabricated, changed, or left out, to manipulate the findings for our own benefits. As we assume that our case company has benefits in receiving the findings of the study, the final version will be provided to the participating company; Holtab.

CHAPTER IV

RESEARCH SETTING & CASE

This chapter serves as an introduction to the case of Holtab, empirical findings, and discussion. This is due to this study using the theoretical framework of path dependence, to which understand the setting and events in the past, which lead up to the current stage of their path, are essential.

Holtab

Company

Holtab AB is a second generational Swedish family firm, and one of the leading Nordic suppliers of power transmission solutions, such as substations, technical buildings and low-voltage switchgear for the electrical infrastructure and transformer required industries

Founded in 1973, in Tingsryd, Sweden. The founder, Bengt and his family, have turned an initial investment of 100.000 SEK into annual revenue of 400.000.000 SEK (2018), employing 150 individuals and producing 3000 products annually.

Family

Holtab is founded by, and owned by the Holmberg family, starting with Bengt and his wife Calla, their son, Anders Holmberg is the current owner, who bought out his siblings in the 1990s.

Bengt and Calla had four children: two daughters and two sons, Margareta, Katarina, Anders, and Magnus. All four offspring have been working in the company, but after a conflicted succession, to which the relational bonds between the siblings got damaged, only Anders is remaining, by buying out the other siblings.

Anders is married to Helene, and together they have two sons in their 20's. Both sons have grown up in Holtab, and are currently fulfilling their university degrees, both within business administration.

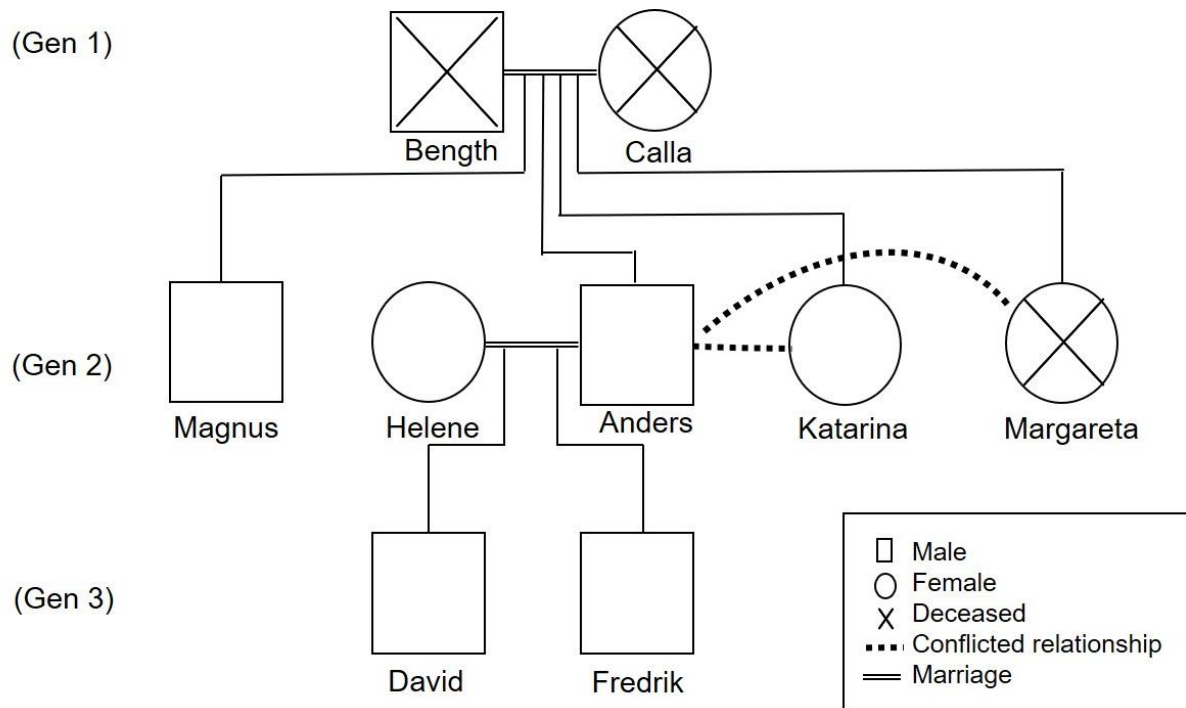


Figure 3. The family tree of Holmberg. (own creation).

Ownership

Holtab is currently owned by Anders, who holds 100 percentage of the shares. The previous generation shared the ownership 50/50 percent between Bength and his wife Calla, of which Calla gave her shares to their four children, each getting 12.5 percent.

Board

The board in Holtab consists of Anders Holberg as chairman and owner, together with experts within Holtabs industry of operation and major business partners.

- Anders Holmberg, Chairman
- Stefan Lindgren
- Gunnar Olsson
- Gunilla Saltin
- Jörgen Mattsson
- Anita Elgborn
- Arne Larsson

The Holtab case

“I think I was a bad copy of my father.”

- Anders, owner of Holtab, and part of the 2nd generation.

It was the 17th of April 2018, when Anders had traveled to Jönköping International Business School in Sweden to get help from two scholars who specialized within Family Business, while also giving a very personal guest lecture regarding the struggles of succession in family businesses. Struggles which had caused great rifts in his family during the previous succession, and which he now wanted to avoid when his sons were supposed to take over. A process which Anders had been discussing with Patrik [CEO of Holtab] earlier, as they realized that this succession would not only be for the owner but also the majority of the top management and board, as they all were getting closer to retirement age. Truly a complex situation which required outside help to solve.

Holtab

Holtab is a medium sized production company located in Tingsryd in Sweden, with approx. 150 employees and yearly revenues of 400.000.000 SEK (Swedish kronor). Holtab was founded the 1st of August 1973, by Bengt Holmberg, who had previously been working at a similar company together with his close friend and colleague, Bruno. Together, they quickly build up a successful company, which the Swedish electrical supply industry embraced. Bengt had the startup capital, and Bruno had sales and management skills.

Holtab was specialized in transformer stations for the electrical infrastructure, and it only took them three years for their competitive quality, to secure markets as far away as Saudi-Arabia, Libya, and North Korea. The little Swedish company was growing, and Bengt started to integrate his family more and more into the daily activities at Holtab; His wife Calla took care of the finances, and their four offspring all had various tasks from time to time. For Bengt, then his wish was that the entire family should be involved in the company. A wish which he later regretted:

“Why Didn't I listen to people who told me never to mix family and business.”

- Bruno, citing Bengt.

The First Generation

Bength had always been curious and a bit of a hobby engineer, building ultralight airplanes in his spare time and having his grandchildren play in his workshop whenever they visited him. He took joy in technical challenges and founded Holtab in order to pursue his interests, together with Bruno.

Before Holtab, Bength and Bruno worked together at the same company since the 1950s, where they became close colleagues and friends, despite their very different personalities. A match and synergy which later proved beneficial to Holtab. Bruno was an empathic person who was good at understanding and managing the staff, while Bength was the idea and product orientated of the two. Two different personalities which also was reflected upon their leadership and communication styles.

Bength, being the founder of Holtab, was the first generation of the family, together with his wife, Calla. He was a very entrepreneurial person, with a technical mindset and capable hands. Family members would describe him as a typical engineering type of person, who loved to tinker with things, despite not having a degree in engineering. He was very much present in the here and now, and would rather solve problems when they emerged, than planning ahead.

Bength thought of Holtab as a company where all family members should be involved and even treated the employees as family members as well. Bength even invited them, together with their families to non-work-related trips when he felt like it, or let the employees take hours or days off to play ice hockey matches. He did, however, after complications of family involvement occurred, stress his regret in involving the family into the company

"I was stupid and naive back then."

- Bruno, citing Bength.

Bength was the leader and CEO on paper. The reality was however different, as he also was engaged in the local political scene and therefore shared the leadership with Bruno who was acting as a manager within multiple branches of the business, even though it took several years before formal titles and professional-management became necessary.

"Bength was engaged in politics... So his role was more like a cake figure."

- Bruno, former vice-CEO

Bength was more withdrawn as a leader, even within the family aspect, where his wife Calla was the driving individual for ensuring harmony.

"I like my father a lot, but he wasn't quite good as a leader."

- Anders, owner

His engagement in the leadership processes further declined after the first succession, where he would attend board meetings, while staying quiet and visit the company on a daily basis, without having any tasks or responsibilities.

Bruno was the first ever employee of Holtab. He used to work together with Bength at another company, where they had grown close. There was a strong level of trust and loyalty between Bength and Bruno, which resulted in Bruno becoming the first manager, and then later, acting-CEO. A position he held until Anders and Patrik took the leadership roles. Bruno had no educational background or diplomas within management but instead utilized his social skills to achieve his goals as a leader.

"I have no educational background... life's school perhaps [laughing]"

- Bruno, former vice-CEO

Bruno was, however, still running the daily activities of Holtab, of which confusion was created, as some employees still hadn't realized that it was Anders who held the position at this point.

Bruno had a healthy level of empathy for other people working at Holtab and was able to act as both a mentor and diplomat when issues occurred within the company. A feature which Bength didn't master himself, even though he had close relationships with several of the employees himself.

"Bruno is like oil... And sometimes you need a person like that."

- Dan, psychologist and HR consultant

Bength and **Bruno** was the first leadership group and was based on many years of working together, to which trust was built. Trust which not only was performed between them as leaders but also towards the rest of the employees.

Bength's wife Calla also took part of the leadership group, and together with Bruno, focused on building strong bonds among all the employees, treating them like family, and giving them the freedom to play hockey matches during working hours, or inviting everyone out during leisure time.

"I had really strong relational bonds with Bength and Calla, today it is different. Almost like night and day... We were united; today it is completely different."

- Kent, longtime employee.

At Holtab, Bengths leadership style was straightforward, to which Bruno was more diplomatic. At home, however, it seemed to be Calla who was the leader, taking responsibility for the family's well-being.

Despite Bength being the owner and CEO, then Bruno took more and more charge of the leadership decisions over the years. A process which was driven by their strong level of trust between Bength and Bruno, as well as the employees.

The Second Generation

Anders is the son of Bength and Calla and second-generation owner of Holtab while being the chairman of the board. He grew up in Holtab, together with three other siblings; two older sisters and a younger brother.

Anders has similarities to his father, Bength, but also differences. Where Bength was the entrepreneur and engineering type, then Anders is more of a visionary and humanistic individual who is able to think and plan ahead strategically, regarding the future outcomes of certain actions, 5 and even 10 years into the future. Features which have resulted in Anders both creating and accepting new ideas at a high pace, securing Holtab positive growth and competitiveness in the changing industry. A focus on the future which gives the employees a sense of security for their jobs and livelihoods. Anders, without any preparation, started the leadership role straight after the intergenerational transition; a period influenced by turmoil in the family and economic issues in Holtab.

"[Anders] went into a leadership role in the business as quite young. And he did the same mistakes that everyone else does in the first leadership job."

- David, son of Anders.

Anders tried to imitate the leadership style of his father, which meant that Bruno still was taking a big part of the leadership for the first couple of years. Anders did, however, realize over 2-4 years, that he was a bad copy of his father, with his straightforward and clear leadership style, but decided to start over from scratch to find an authentic leadership style that fitted his personality.

At the same time, then Bength was still visible at the company, making the transition in leadership hard and confusing for both Anders, as well as the employees.

"Bength was here all the time [...], And that was bad for Anders, that he didn't get the trust without his supervision."

- Bruno, former Vice-CEO

During the first many years, actually up to 15 years, of which Anders held the position of CEO of Holtab, many people didn't realize that he was the actual CEO, both because Bength still roamed the company grounds, but also because he was acting and doing just as his father Bength did as a CEO and owner. A period where Anders said himself *"I think I was a bad copy of my father,"* to which created both stress and frustration. While some may think the pressure was too high for him, then Anders later gave the position as CEO to Patrik, one of his most trusted and loyal employees at Holtab.

Today, Anders is focusing on the role of being the owner while also being the chairman of the board. Giving him more time to build networks, relationships, and projects that will benefit Holtab in the long run, such as his engagement to make the industry more attractive for women, as this is something he sees as an issue in the strategic arena for Holtab.

Patrik, the current CEO of Holtab, has been working his way up, starting on the production floor several years ago, starting to have important leadership roles from the mid-'90s, with finally becoming the CEO in 2002. Patrik was chosen by Anders, to succeed him as CEO, as an ultimatum to the rest of the board members, who wanted to find an external. A decision which was based on the high level of trust and respect between the two, just like Bength and Bruno during the previous generation.

"I will leave now as CEO, and I have chosen Patrik to be the next one... If you don't back me up right now, you're not in the board anymore."

- Anders, Owner

Patrik was also chosen, as he has the ability to develop himself and his leadership style, to which, when he faces a new challenge, educates and develop himself.

"He challenges himself, and grows as a leader... I think that's the main solution why Patrik has been so important in this process."

- Anders, Owner

Patrik was one of the key individuals who assisted Holtab in getting out of the economic and organizational issues resulting from a long and destructive family feud during the first succession. When asked, then Patrik doesn't think he has been working at Holtab for a long time, referring to the many changes in Holtab ever since the first succession, as the company had to adapt to growth and changes in the market.

"This is not the same company; this is maybe the fifth or sixth company of Holtab."

- Patrik, CEO

The leadership group between **Anders** and **Patrik** started when Patrik became the CEO in 2002. Since then, the leadership group have grown, and expanded upwards in the form of a professional board, but also downwards as project and divisional managers. But for the core decision making, it was and still is Anders and Patrik who are the primary actors, as they, as CEO and owner together, can make decisions affecting the entire company.

Just like the previous generational leadership group, then Anders and Patrik have a high level of trust and respect towards each other, which ensures that Holtab can quickly adapt to changes or exploit opportunities. Where regular CEO's would have to call for a board meeting in regards to significant investments or changes, Patrik just picks up the phone and calls Anders. A feat which only is possible due to Anders buying out his other family members who used to co-own Holtab together with him.

"Now he owns 100 percent of the company... Wow. Now we can make something very, very good of this company."

- Patrik, CEO.

It was, however, essential to create a strong leadership group around Anders after the first succession, in order to minimize the resistance and also increase the speed of new decisions which would have to be made for Holtab and Anders in order to adapt to changes in the future.

"I think it was important to create a strong management group around Anders. Patrik was one."

- Dan, psychologist and HR consultant

This new leadership group, besides being quite gentle, brought in a lot of new ideas with Anders being the visionary entrepreneur who didn't fear trying something new and Patrik who always adapted to change. Changes which would shape the future of Holtab, and plant its roots in the organizational structure

"Okay, A or B?"

"Take B because we did A before."

- Dan, psychologist and HR consultant

The succession - *The 7 Black Years*

In the early-mid '90s, Holtab and the family initiated the first steps towards the succession. A process which took several years, culminating in 1997, but officially didn't entirely end until 2010 when Anders was the last family member remaining in Holtab.

In the mid-'90s, all the four siblings had gotten shares of the company, 12.5 percent each, provided by their mother Calla, which gave up her shares. Bength still owned 50 percent of the company and continued his role as chairman of the board.

The four siblings, all had different ideas of what to do with their shares. One wanted to sell the company, one wanted to use it to have a secure job, one didn't care, and one [Anders] wanted to develop and grow the company. These four different ideas towards the future of the company and the family involvement started to create conflicts, especially as Bength wasn't interested in discussing these matters with them.

This conflict, deriving from the succession, ended up being a war between the family members, where some stayed neutral, and some became allies. Bength and Calla stayed neutral, but the sisters and the brothers teamed up against each other. The sisters wanted to sell, and the brothers wanted to keep the company.

The feud between the sisters and the brothers marched on, weeks turned to months, and months turned to years. It took seven years before they solved the conflicts of Holtab, but their emotional bonds would never recover.

"It was kind of a war for seven years between different lawyers and people involved."

- Anders, owner

The family feud ended after external advisors and lawyers were brought in, resulting in the sisters being bought out by Anders, making Anders the individual with the second highest number of shares of Holtab. This breakup of the family inside the business also had implications outside the business, as communication between the various family members had diminished, and between Anders and his sisters, it altogether ceased to exist. This resulted in demotivation for Bength, who resigned as the chairman of the board, making Anders the chairman at the age of just 25.

"I was about 25 when I became the managing director. [...] but it took five or ten years before I could solve all the problems, actually."

- Anders, owner

After the sisters were bought out, Anders and Bength continued being active owners, while the younger brother pursued a career outside Holtab, rendering him as a passive owner. But schism in the family had set its marks under the surface and was especially noticeable at Bength's and Calla's funerals, to which the sisters didn't attend. Anders was marked as well, as he was rushed into a role in the company which he wasn't prepared for, taking its toll on him.

"Anders was feeling very ill, until Patrik took over."

- Bruno, former vice-CEO

The entire process of the succession lasted until 2010 when Anders bought the last shares. Ending on good terms with his younger brother.

The next generation

Just like their father's generation [Anders], then David and Fredrik both grew up in Holtab, making them familiar with the company and its products and processes. Fredrik being younger than David has previously been working at a Swedish company in their revision brand, giving him a competitive advantage in regards to economic and business knowledge, to which he also is pursuing his academic degree within. David, on the other hand, is much more like his grandfather Bength, finding pleasure in technical and mechanical challenges. Interests he picked up at an early age, where he used to play in Bengths workshop whenever he was on a visit. Two different personalities and interests, which result in David being the “inventor” and Fredrik being the “social and business” guy. Two different personalities which may synergize if they both choose to become active owners in Holtab, just like the synergies in the previous generations between Bength and Bruno, and Anders and Patrik.

Both David and Fredrik are aware of the privilege they have, in the fact that there is no real pressure on them to make their careers in Holtab, but rather have the freedom of choice on how they see Holtab being managed for the next generation, either actively or passively. They are however taking an active part in getting to know Holtab better, by a part-time project together with the CEO, Patrik, named *the 5-year project*. A project of which they spend their vacations working at Holtab, in different departments.

The two brothers haven't decided yet, whether or not to become active owners.

PART V

EMPIRICAL FINDINGS & ANALYSIS

For this chapter, the empirical findings will be analyzed through the path dependence framework which is defined as “that what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time” (Sewell, 1996. p. 263). A theory which states that the past both shapes and constrains the scope of actions, in both the present and future, resulting in a lock-in. A lock-in where self-reinforcing processes are the main drivers, to which decision making is affected (Sydow et al., 2009). According to Habbershon & Pistrui (2002), Salvato et al., (2010), then it isn't uncommon for family businesses to have paths from previous generations.

After the coding and analysis of the history of Holtab, on the perspective of the thinking in regards to succession planning, two paths were emerging: *Ownership struggle* and *Holtab today*.

These two paths are therefore described with the empirical findings held up against academic literature, and later, further analysed and discussed in the following chapter, using acknowledged drivers by Sydow and Schreyögg (2013), Arthur (1994), Cowan (1990), Katz and Shapiro (1985), and North (1990): *Economies of scale, network externalities, learning effects, adaptive expectations, coordination effects and complementarities*.

Path #1 - Ownership struggle

This path origins from the complexity in the ownership of Holtab, which started its preformation in 1954 and ended in the lock-in mid-late 1990's of which the events had resulted in an unfavorable decision pattern.

Stage 1: Preformation (1954 - 1990)

In 1954, Bength and Bruno became colleagues at a company which inspired the two to create Holtab together. Resulting in a more than 40 years long, close collaboration between the two.

“Holtab is a spin-out from another company.”

- Bruno, former Vice-CEO

Back then, Holtab was just a small productional workshop, driven by curiosity and interests, together with the close relational bonds between Bength and Bruno.

“It was a three-man workshop [...] there was a supervisor, Bengt and his wife.”

- Bruno, former Vice-CEO

The supervisor is a political friend of Bength, also engaged in *Entrepreneurs Association* (today is known as Almi), it seemed as Holtab was built on fulfilling personal interests rather than entrepreneurial goals of growth and wealth. A feature which fits into the Swedish *lagom* philosophy, which translates into “*not too much, not too little*” (Robins, 2014; Watts, 2018). Furthermore, then Bruno described Bength and his engagement towards Holtab, with the fact that Bength was engaged in the political scene and mainly saw the company as a hobby to fulfill his interests within technical curiosity.

“[Bength was an] entrepreneur who was much more into the technical part. He liked all the technical things, as bending a metal plate.”

- Bruno, former Vice-CEO

This was also apparent in the leadership of the company, where Bength was the owner, and CEO on the paper, but shifted more and more leadership on to Bruno, which managed the daily activities and rose to vice-CEO and acting CEO, as Bength prioritized his time into the political scene and even started building ultralight planes.

The leadership through the board was also marked by this informality in regards to titles and responsibilities in Holtab.

“The board was not really professional, they called it professional, but it was rather Bength and some friends.”

- Bruno, former Vice-CEO

The board acted more like an advisory circle consisting of old friends, Bength, Bruno and two close friends who also worked at Holtab. These individuals were picked by Bength based on trust and the relationship to him, rather than on merit, resulting in the board meetings being done casually over breakfasts before the office hours started.

“We had some fried breakfast.”

- Bruno, former Vice-CEO

Stage 2: Formation: (1973-1995)

Various self-reinforcing drivers characterize the second stage. For having a better flow for the reader, the events will be first stated and upon them subsequently reflected and analyzed with the support of the self-reinforcing drivers.

During the succession, the conflict between the siblings, Anders, Magnus, Margareta, and Katarina reached a critical juncture when Bength stepped back, and Anders became the CEO. This conflict was further stimulated through economic struggles, which both resulted in frustration, but also hindered buyout of shares for the owners who wanted an exit.

*“The time between 1990 and 1997, I call it **the seven black years**”.*

- Anders, owner

At Holtab, Bengths leadership style was straightforward but withdrawn, to which Bruno was more diplomatic. At home, however, it seemed to be Calla who was the leader, taking responsibility for the family's wellbeing. This drove the succession planning to require a combined leadership collaboration on all three levels: Ownerships, Family, and Business. Which failed due to lack of communication and official role definitions.

“I like my father a lot, but he wasn't quite good as a leader.”

- Anders, owner

Stage 3. Lock-In (1995-1997/1998)

Without any preparation, Anders started his leadership role straight after the intergenerational transition, a period influenced by turmoil in the family and economic issues in Holtab.

“[Anders] went into a leadership role in the business as quite young. And he did the same mistakes that everyone else does in the first leadership job.”

David, son of Anders.

Anders was imitating the leadership style of his father and went through the same mistakes as the previous generation, as the old management structures were still in place. Bengths constant supervision of Anders, and roaming of the company grounds, further maintained the lock-in stage.

“Bength was here all the time [...] And that was bad for Anders, that he didn't get the trust without his supervision.”

- Bruno, former vice-CEO

Path #1 - Analysis

When looking at the *ownership struggle* path, which characterizes the succession process of the first generation, we found that the following drivers were at play: *coordination effects*, *adaptive expectation*, and *complementarity effects*. These drivers were further pushing the path from the *formation* stage, which resulted in the *lock-in*. We also found that the *critical juncture* which transitioned the path from the *preformation* stage into the *formation* stage, was the succession of the CEO role, from Bengt to Anders, in 1995.

The *critical juncture* or the transition of the first stage to the second stage can, as stated, be described by the CEO succession from Bengt to Anders in 1995. A CEO succession, which can be seen as a conservative succession, in which the new successor act in the same way as the old one. This is due to the deeply embedded values of the founder, the same environment, and structures or even the continuous interaction of the founder on the board (Miller *et al.*, 2003). Hereby, especially noticeable, is the high influence of the founder on the corporate culture, as several researchers confirm (Brun de Pontet *et al.*, 2007; Hollander & Elman, 1988).

Typical among family businesses, it is the founder and the leadership group which shapes the organizational culture with their beliefs and assumption, which they have *invented*, *discovered*, or *developed* (Schein, 1983, p. 14). When Bengt, along with his decades-long colleague and close friend, Bruno, founded the company in 1973, they also integrated their personality, beliefs, and view of the World into Holtab.

With the succession to which Anders became the CEO, these old patterns and structures, along with their values, were forwarded and maintained. For the analysis of the path, the influence of the culture has a significant level of impact, as Brunninge & Melander (2016, p. 16) states “*on the organizational level, particularly cultural phenomena that guide how members make sense of the organization’s situation, can offset self-reinforcing processes that eventually result in path dependence.*”

Coordination effects describe the increase of efficiency of operation with the establishment of institutions, like norms, rules, or routines. Holtab benefited not through the establishment of institutions, but through the lack of them. The benefit of having informal ways of working and communicating shaped the culture in Holtab

significantly. The employees enjoyed having the freedom at work, making trips with all their families, or skipping work to attend ice hockey matches.

Adaptive expectations, representing an increase of efficiency in operation, tied to the adaptiveness of this option by others, were additionally enhancing the path's development. Bengt was rather focused on the status quo instead of setting up strategies for the future. Also, his dedication to the firm was seen more as a hobby as he spent a big part of his time on politics, pushing the path further into the negative-resulting thinking and decision making in regards to the succession planning.

For the **complementarity effects**, it is noticeable to see how the combined output of Bengt and Bruno is affecting Anders and his decision-making, further enhancing the formation stage and trajectory into the *lock-in*. A complementary effect, coming from the parallel activities of Bengt supervision Anders, and Bruno still maintaining his role as vice-CEO. The complementary influence of Bengt and Bruno are reflecting a negative synergy on Anders decision-making behavior.

To *summarize* these drivers, and their impact on Holtab, then the original application of the stated drivers, mentioned in Sydow *et al.*, (2003), are reflecting Holtab in the opposite direction. The development of the path, enhanced by the drivers, into the lock-in, is not based on economic benefits, but rather because of the lack of those. It is therefore noticeable that the drivers act differently, than in previous applied cases, to which our case is focusing on the individual level, rather than the multilevel, to which economic and industry factors are included, such as Brunninge & Melander (2016).

Path #2 - Holtab today

This second path, origins from the end of the seven black years, by which Anders initiated a new strategic mentality and decision pattern, creating a new path which influences the thinking of the succession planning today.

Stage 1. Preformation (<1997)

Although single historical events before 1997 cannot be precisely pinpointed [in regards of impact], they still have an uncertain degree of influence on the current, well-

positioned Holtab. However, the leadership competence of Anders in the years after the succession are relevant in the preformation stage of Holtabs path to success, as mentioned in *path #1 Ownership struggle*, then he was imitating the leadership style of Bength.

The participation in the educational program from 1996/1997 at Almi had a significant impact on the evolution of Holtab.

“At Almi they told me, that you have to create a professional board, so I went home and said, now we are starting a professional board.”

- Anders, owner

A decision which was immediately supported by Bength.

Another external influence came from the psychiatrist and HR consultant, Dan, who started to advise and coach Anders and Patrik from 1996, who started to hold important managing positions.

Stage 2. Formation (1997-2010)

Various self-reinforcing drivers characterize the second stage. For having a better flow for the reader, the events will be first stated and upon them subsequently reflected and analyzed with the support of the self-reinforcing drivers.

With the end of *the seven black years* with conflicts and frustration in the management and ownership structure, Anders developed and pursued a new mentality.

“I want to change the company.”

- Anders, owner

Subsequently, in 1998, the second generational leadership group with Patrik, Anders, and Bruno was created. Since then, the leadership continuously grew and got more sophisticated. The leadership group arose out of the process of creating a strong management team around Anders, as a consequence of the adopted leadership style from his father and all his artifacts, resisting the acceptance of a new leadership style and thinking in Holtab.

“They know everything. They know too much. And that was a hard time for Anders. Very hard time.

The first time he was doing just the same as Bengt.”

- Dan, psychologist, and HR consultant.

To overcome the old management structure with the old people, who embodied the ways Holtabs performed over the last decades, a new management team was necessary.

"I think it was important to create a strong management group around Anders. Patrik was one."

- Dan, psychologist, and HR consultant.

The Leadership group was also created to increase the speed of decision making, which would be necessary for Anders and Holtab in order to adapt to changes in the future. Then in 1998/1999, Anders set up the first Board of Directors, with an external from Almi as chairman, together with experts within the industry. Differently than the previous board, where Bengt, build a board of friends.

Another event which took place during that period was Anders' initiative to construct and expand the office of Holtab. A decision which was made despite economic issues, as he was sure that growth of Holtab should be pursued before the growth of the customers while outsourcing less profitable activities to sub-contractors.

"We need to grow first, in order to take new orders."

- Anders, owner

A critical new strategy, which created negativity among the employees, as they haven't seen this mentality to growth with the previous generational leadership, and therefore didn't fully understand the reasoning behind it.

"Out in the workshop here, it looks like this company is getting smaller, and the office is getting bigger because they couldn't see that it is also getting bigger outside."

- Dan psychologist and HR consultant

An additional event of influence is the buyout of the sisters in 1997. With the end of the ownership-struggle, Anders held 91 percent of the shares, rendering him the majority shareholder and therefore, primary decision making. An event which can be described as a new starting point of Holtab, a rebirth.

"When we started Holtab in 1998 [...]"

- Patrik, CEO.

Then, in 2002, Anders decided to step back from the CEO position and selected Patrik to be his successor. A decision, which was based on the high level of trust and respect between the two, similar to Bengt and Bruno during the previous generation. Although the Board of Directors decides to select a CEO, Anders set his decision as an ultimatum to the Board of Directors.

"I will leave now as CEO, and I have chosen Patrik to be the next one... If you don't back me up right now, you're not in the board anymore."

- Anders, owner

Patrik, who acted already since the mid-90s in a leadership role, was chosen as he has the ability to develop himself and his leadership style. When he faces a new challenge, he educates and develops himself.

“He challenges himself, and grows as a leader... I think that’s the main solution why Patrik has been so important in this process.”

- Anders, owner

Bruno, as the vice CEO and acting manager since the beginning of Holtab, were not considered, as the strategic changes required somebody new.

“Bruno is the most loyal and capable guy for this position in Holtab, but for this shift, there were needed somebody else.”

- Dan, psychologist, and HR consultant

As CEO in 2002, Patrik initiated significant new measures which lead to Holtabs development towards success. One of his first actions was to separate the wallet between family and business. Family phones, newspapers, insurances, and even airplanes were held under the corporate account, whether it was used for private or business activities.

“I don’t come to the company and see invoices from private things [...] for the people who are working here, for me, for everyone, I cannot be responsible for that.”

- Patrik, CEO

Subsequently splitting up family and business finances. To which Anders instead got money as equity through the stock market, which is tax-free in Sweden. In 2004, the last airplane was finally sold, in order to send the right message to the employees and owner.

Additionally, during that time, Patrik made Anders aware of the chain of command and the importance of having clear roles, and professionalism in Holtab, as Anders was still interfering in responsibilities belonging to Patrik.

“You can be here. You can be here every day if you want. You can listen to them every day, but you cannot promise [them] anything. I have the responsibilities for everything that happens here in this company. But [instead] you can tell me if you see some problems so I can change it. Or you can take it to the board.”

- Patrik to Anders

2010, Anders bought out his brother Magnus, who still owned 9 percent on the company. An act which delighted Patrik, as he now knew that with Anders owning 100 percent of the company, they, together, could make something even greater out of Holtab.

During that time, Anders and Patrik also set up a “five-year program,” dealing with the nurturing of David and Fredrik, as the next successors, to which they worked during the summers in Holtabs different departments.

Another evolving part has been the business structure itself. Holtab got aware during an economic analysis that in 2008, around 60 percent of its turnover was based on two public companies. In order to reduce dependence, a new business was created in 2010.

“There’s another business we started up 2010, to take down the risk in the company because from 1973 to 2010 we were mainly operating only in the energy sector”.

- Patrik, CEO

Stage 3: “Lock-in” (2010-2019)

The oldest board member of Holtab, Gunnar, a longtime board member, described the evolution of Holtab and its business model over two distinct stages

“Holtab changed from being a product company to be a customer-based company.”

- Gunnar, board member

During the first stage, Holtab was focusing on mass producing and pushing the products into the market, while during the second stage, products became more customized, tailored to specific customers and needs.

Besides the energy business, then Holtab also entered into renewable energy and broadened its operations in the infrastructure industry.

Nowadays, Holtab consists out of three companies – Holtab AB, Holtab Fastigheter, and Holtab Förvaltning, with three independent boards of directors.

“We must separate the values in the company, in case something goes wrong in [one the] the companies.”

“Therefore, you must start with [questioning] how shall the owner structure be? [...] and after that, we split up the companies.”

- Patrik, CEO



Also, since the establishment of a professional board, the task and strategic influence of the board increased incrementally.

"you can see we have a lot more of the marketing discussions and the sales side is more in focus.

Yeah. Not the introverted HR, which is not important to the board."

"I think. it has to be there, of course, but not in the board."

- Gunnar, Board member

The lock-in also represents a significant change of the border between the family and business unit, resulting from the measures taken towards professionalization.

"The border between family and business changed completely. In the past, it was much more one unit."

- Anders, owner

While looking ahead, Holtab is soon planning to expand into the service sector as well, to which the production and industrial department will be separated, to minimize risks and focus on growth.

Path #2 Analysis

When looking at the path of *Holtab today*, representing the succession planning process of the second generation, we found that the following drivers were at play: *network externalities, coordination effects, adaptive expectation, learning effects and economies of scale*. These drivers were further narrowing the path during the *formation* stage, which resulted in the *lock-in*. Before we analyze the development of the path along with the stated drivers, the critical juncture, representing the transition of the *preformation* to the *formation* stage, will be discussed.

As the theory of path dependence does not automatically imply negativity (Sydow *et al.*, 2012), then for this path it is more complex to pinpoint the *critical juncture* which set the trajectory of Holtab. However, the period between the start of *the seven black years* in 1990 and the establishment of formalized organizational structures up until around 2004, can be described as a *threshold stage*. A term which is applicable for firms which are in the transition from founder management to more professional management, due to the deeply embedded values in the company, often resulting in a transition of failure (Gedajlovic, Lubatkin & Schulze, 2004).

The second path has been primarily driven by human factors, as by Patrik, Dan, and the educational program at Almi. This driver can be described as *network externalities*, a term representing an increasing attractiveness of a particular option throughout all departments, bound to an increased amount of people opting for this option over another alternative. Triggered by the educational program at Almi and the consensus of Patrik and Dan about the strategic direction of Holtab, resulted in Anders to opting for the decision to initiate an organizational change towards formalization throughout the company.

Coordination effects: “the increase of benefits by establishing institutions” (Brunninge & Melander, 2016), can be seen in the creation of the leadership group, the first established channel by Anders, to create more effective communication. In this regard, the management team, created around him, allowed to focus on strategic decisions which barely were possible beforehand, due to factors such as Bength’s presence at Holtab, and Bruno [closely tied to Bength] still holding a powerful role in the company. Furthermore, then the newly created professional board in 1998/1999 and the CEO succession to the non-family employee, Patrik, in 2002, initiated self-reinforcing processes. These processes drastically reduced the informal ways of managing and communicating as official roles and responsibilities were non-existing up until this point.

Another identified driver is **adaptive expectations**. The establishment of various institutions lead to a risk of resistance and required effective leadership, as leaders are, in no small extent, accountable for the condition of the corporate culture (Warrick, 2017). Therefore, the separation of the family and the business of the owner(s) were of high importance, and one of the first tasks for Patrik with his new role as CEO. To reduce the confusion which came up during the succession in regards to who decided what, and “to send the right message.” The selling of the corporate airplane in 2004 was, therefore, a crucial step. A process, typical for threshold firms, in which the owners’ economic and non-economic assets that are obtained through the unification of the family and business unit, gets compromised (Gedajlovic *et al.*, 2004).

Learning effects, which describes the increasing efficiency of an operation, dependent on the number of iterations on the process, can also be carried out onto the Holtab case. The Board of directors, for instance, got increasingly more sophisticated in parallel with the evolution Holtab. While in the beginning, mainly HR discussions characterized the board's agenda, we today see a shift towards strategic discussions.

Economy of scale: derived from the economic growth of Holtab. The professionalization processes would have received higher resistance if it wasn't for the successful outcomes of the first initiated changes. However, as the employee stated, then the professionalization replaced the more informal and intimate work environment, although resulting in higher efficiency and more comfortable worker conditions.

To *summarize* the drivers of the second path, which represents the organizational transformation of Holtab, then the drivers mentioned, show no **direct** correlation to economic benefits. It instead correlates to the improvement of individual institutions and the general structure. However, the established measures resulted **indirectly** into more efficient operations and thereby, includes economic benefits as a contributor to the development of the path.

CHAPTER VI

DISCUSSION & CONCLUSION

Discussion

In the presentation of the empirical findings, we observed two distinct paths of Holtab and their decision making in regards to succession planning: Ownership struggle and Holtab today. These paths span over three generations and shared multiple events and actors, to which interaction between the paths is of such a high degree that one may argue that the paths could be a single, yet more complex path, prolonged with a new trajectory, starting after the end of the lock-in stage.

Path dynamics between path 1 and 2 in Holtab

As Sydow *et al.*, (2009) mentions, then path dependence and its lock-in phases have high relevance, and profound impact on management and the organizational decision making, and raises questions among managers typically, whether they can dissolve or escape it. Questions which over time, will resolve itself, as no path last forever, but may exist over a longitude of time. This is due to unforeseen exogenous forces, such as shocks, catastrophes, crises (Arthur, 1994), just as the economic struggles and family crisis among the siblings during the succession planning and process of Holtab. Succession as a by-product to other organizational decisions (Castaldi & Dosi, 2006).

We saw how paths from the previous generation were still influencing the current generation, a phenomenon not uncommon in family businesses (Salvato *et al.*, 2010), which narrowed down the thinking and choices for decisions (Arthur, 1989; David, 1985) for Anders during his first years as the CEO and owner, resulting in the lock-in.

We also noticed how Anders, after the schisms on the family front, due to the succession and the lack of planning, started to seek external help and pursue new ideas, such as his participation at Almi, which stimulated him to focus on professionalization and delegation of the CEO role. Participation which changed the thinking and decision-making processes of Anders in such a drastic way, that the lock-in was disrupted. Setting a new *preformation* stage by the path dependence theory, to which future succession planning would be conducted. This was especially visible after Anders' first encounters with Almi, where he immediately decided upon and executed the start of a new, more professional board and organizational culture.

This disruption and new *preformation* stage, build on the old path, have led Anders and his sons to have a different thinking and decision-making for their own

succession planning, than the first succession planning in 1990-1997, which resulted in the family schisms, which can be linked to lack of commitments from all actors in the planning and process of succession (Chrisman *et al.*, 1998; Harvey & Evans, 1994; Sharma *et al.*, 2001). Setting the current path for succession planning on to a prolonged trajectory, different from the previous, but based upon, as seen in the model below.

Disruption of paths, also known as path-breaking, can result in opening the range of possible options for each decision-making process, but not necessarily unlock the path itself (Sydow *et al.*, 2009) as path-breaking cannot result in history being ignored. It is this aspect which we find intriguing in the case of Holtab, as all the primary carriers of the history (Anders, Patrik, and seniors in the board) are going to be replaced within the next decade, due to the upcoming succession. A process which we call *Lock-in disruption*, as to its long-reaching impact on all the authority and hierarchical systems.

It is, therefore, that we have extended the *path dependence model*, with a Lock-in disruption phase, which shows how rapidly the range of alternative decisions will expand, while breaking the path itself. Due to the new individuals affecting the organizational culture in such a degree, that it basically is reborn out of the ashes of the old.

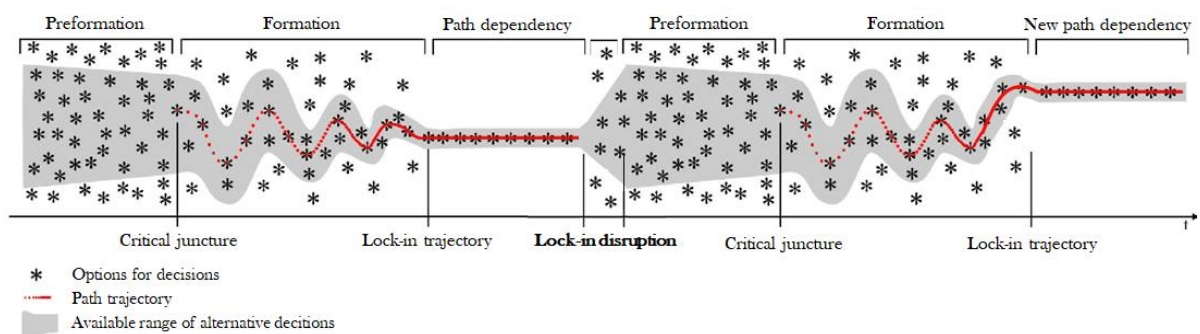


Figure 4. extended Path dependence model of two paths, in extension of each other (own creation, visual inspiration by Sydow et al., 2009)

We also see this new organizational culture to undergo the same set of stages, as the old one, perhaps even with the same set of decisions, to which of some will be made differently. This is due to the loss of carriers of Holtabs history. The arising path with the new trajectory of the next generation builds on the same history but also complements with new carriers.

Path dynamics on additional divergent paths

Where most path dependence research has been conducted on a single path, then this study shows the importance of not being limited to a single path, but rather, as in the case of Holtab, acknowledge the interplay of several paths, to which a deeper understanding may derive from. In this matter, we want to outline another path we identified during the data analysis process. Triggered by the lack of communication and leadership of Bength, especially in the family unit, the different kind of intentions of Bengths offsprings lead to a conflict in the family, which lasts until today. This conflict arose in the early 90s, a period which the current owner called *the seven black years* and got further set into motion with the resignation of Bength and the leadership succession to his son, Anders. The path drove into the *lock-in* stage in 1997 when the sisters were bought out of the company. From this point of time, the family harmony got permanently disrupted; it was only Calla and Anders who attended the funeral of Bength, back in 2010.

A new diverging path we noticed, which has its origin in the *organizational struggle* path and the *Holtab today* path, shows the dynamic among them. However, the main point of displaying this new divergent path, representing the disrupted family unit, is to show off the impact of past events on the 3rd generation and how history matters, even when not experiencing it first-hand. Although Fredrik and David have never been involved in the intense family struggles during the time of *the black seven years*, and as a matter of fact, never asked for any further information, then both are fully aware of this far-reaching event. David mentioned that he acknowledges that the family split up because of the issues during the succession in the first generation and that he and his brother also are impacted by losing contact with this part of the family “and I’ve never met their children either.”

David further stated, that one of his main fears is that he may repeat the same mistakes as his father did “I realized that my father went into the leadership role in the business as quite young. And he made the same mistakes that everyone else does in their first leadership job”, as one of the factors to why he plans to experience his first leadership position outside of Holtab. While looking on this behavior from the perspective of the path dependence, where contingent events, meaning events with an uncertain degree of influence on the actor, have an impact on future actions (Sydow *et al.*, 2012), we noticed that both sons are not fully aware of the event of conflict,

despite understanding the outcome. A lack of knowledge to which they both stated that they don't actually feel a need to ask into, as they feel that it may cause harm to Anders to relive the story once again. However, both sons seem to integrate, subconsciously the events into their actions, such as the decision to experience the first leadership position outside of Holtab, in order to avoid creating conflicts to both Holtab and the family.

Another point is how the path diverged from the *seven black years* into the start of the next path, *Holtab today*. Other researchers state, that the push into professionalization often is a measurement to deal with or to overcome intrafamilial conflicts (Stewart & Hitt, 2012; Levinson, 1971). Especially, as the professionalization often is connected with the separation between family and business (Dyer, 1989). In this regard, we can identify a strong impact of past events on the third generation.

Fredrik also outlined, that the measurement taken to separate family and business had a positive impact on the core family unit and the nurturing process of him and his brother, to which Anders hasn't been aggressive in pressuring his sons to continue in his footsteps "he's made a good job of not forcing us to be interested". The reason is that with the separation, Fredrik perceives that the pressure of getting involved in the firm in an early stage has been taken away.

Another interesting point, which derived out of the findings, is that Anders confirmed that he thinks that an official family arena during the period of the first succession would have been useful in handling the different intentions among the offsprings in a better way. It was the lack of initiative among them "every one of us should have fought harder to make this meeting possible", a personal reflection of the history which shifts Anders focus towards communication, discussions, and planning of the upcoming succession. However, the current Holtab does not include any formal arena where family issues are discussed. A topic of conversation, as David stated, "*when we're hanging out with the Anders, obviously, we talk about it, and I think both me and my brother probably are having a conversation with our Anders separately*", emphasizing on the current family members working actively to avoid repetition of the family history. A family history, where the lack of communication and succession planning of the previous generations led to negative outcomes. Communication, which is vital to make the next generation understand that they are welcome into the business (Ward, 1987). An additional point here is that Cabrera-Suárez (2005) have shown a correlation

between the development of the future family leaders, and the level of success, to which the current communication among the family members highly reflect.

Ward (1991) emphasize that with the evolvement of the business, also the governance mechanism of the family and business unit needs to develop. A measurement which did not evolve in Holtab as a formal institution over time.

However, informally, the purpose of the family arena might be fulfilled, as stated by Anders *“I have said to myself, ‘what is the most important thing right now?’ and it’s quite easy, it’s quite simple, ‘it’s discussions and decisions’”*.

Conclusion

Research Questions #1 - *“How did path dependence influence the succession from 1st till 2nd generation”*. The first path resulted in a *lock-in*, to which new thinking or alternative thinking and decisions for the succession was discarded and/or ignored, resulting in the conflicted succession and consequences of a permanent split family, together with the push for the formalization of the ownership and leadership of Holtab.

Research Questions #2 - *“How does path dependence influence the succession planning from 2nd till 3rd generation”*. The second path observed, born out of the ashes of the first, shows how acknowledgment and reflection of the history and conflicted succession, have affected the current individuals to actively push for professionalization together with better communication for the upcoming succession.

Research Purpose: - *“How does path dependence influence succession in family businesses.”* Our findings, with the framework of path dependence, clearly show that history matters, as the acknowledgment of it triggered the process of professionalization at Holtab and set a focus for a planned, well-thought succession process, in order to learn and build on the mistakes of the past [history].

It is, however, essential to point out, once again, that path dependence doesn’t necessarily imply a negative effect or path (Sydow *et al.*, 2012), to which a successful succession planning and prevention of the struggles properly would had resulted in Holtab still being on the same path even today.

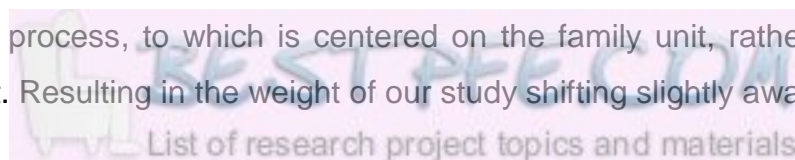
Implications, critique, and further research

The analysis through the perspective of path dependence has been emphasized by several researchers, with suggestions to expand this application on to other fields (Brunninge & Melander, 2016; Sydow *et al.*, 2013).

Although the application of path dependence by Brunninge & Melander (2016) was conducted on family business, then their unit of analysis was more embedded in the economic aspects of the organizational perspective. This study intended to explore the succession planning and process from the organizational perspective as well. However, the findings during the interviews limited this initial intention, as the findings were primarily on the individual and family unit. Consequently, the established drivers which are typically used for the analysis were barely adaptable to our case. Therefore, slight adaptations were required to fit the application on the individual and family level, away from their originally economic characteristics: *economy of scale, external networking, coordination effects, complementarities, learning effects, and adaptive expectations.*

Our motivation for the use of path dependence was given ever since the start of the research project and continued throughout the period. This framework was, however, questioned by us, several times, as to whether it was the right tool to explore the research gap. But instead of replacing the path dependence framework with a more suitable theory, we instead pursued the opportunity and original motivation; to add this valuable theoretical theory to the field of succession in family businesses, to which path dependence hasn't been applied before. We, therefore, struggled to find the right twist on the chosen framework, in order to apply it efficiently but ended up not being fully applicable for the succession planning in the case of Holtab.

With the original intention to conduct the study and analysis on an organizational level of Holtab, to which our methodology also states; An explorative study with a relativistic ontology. Therefore, we focused on the perceptions of the individual actors, which we gathered through the conducted interviews. The empirical data, gathered during those interviews, refer to individual behaviors, which then indirectly lead to the organizational impact. Furthermore, then these findings may as well derive from individual characters in the succession process, to which is centered on the family unit, rather than the organizational unit. Resulting in the weight of our study shifting slightly away from the



organizational phenomena and more on the individual aspects of the family and managerial actors of Holtab.

Furthermore, a qualitative case study has theoretical limitations, which needs to be stated. A major point is the bias, as the reliability of the actors' statements cannot be ensured (Yin, 2014). Also, accurate recollections of the events from the participants, which happened up to several decades ago, cannot be guaranteed (Golden, 1992). Therefore, this study sampled a broad range of individuals, such as manager, former manager, owner, offspring, board members, external consultant, and employees. A key measure in a qualitative case study, according to De Massis & Kotler (2014), to handle potential bias.

Moreover, then personal bias might occur, as the researchers full understanding of the events cannot be ensured. Secondly, then the study is not generalizable, as the case characterize a specific situation, and the researchers were aware of the struggles of the company beforehand.

For generalizability, in regards to other cases of succession in family businesses, which does not have such a conflicted history as Holtab, then there might be an entirely different outcome. Besides, the lack of generalizability could derive out of the nature of family business itself, as each case is unique, and therefore not given a generalizable perspective (Minichili, Nordqvist, Corbetta & Amore, 2014). However, the choice of the single case study design was still appropriate for this study, as it allowed us to gain a complete understanding of Holtabs succession processes (Stake, 2006).

As described, then the framework of path dependence can significantly support the analysis process intended for our study, as it is based on a historical look of events, in a structured, almost chronological order. The contingent characteristics of the past events, which shape the thinking and decision-making processes at the end, demand a well-structured and full understanding of the path of the researchers, to which the Holtab case gives a rich insight on how history matters, and how past events influence the thinking and decision making for family members across generations. An understanding of history which are enriching the succession processes, as these are deeply embedded in the individuals and their behaviors, resulting in a complex maze of behavioral analysis and historical sensemaking, to which the qualitative reasoning of choosing the path dependence framework positively compliments.

As Kimberly & Bouchikhi, (1995) state, decisions should be built on the past, rather than running over it. As the phenomenon of succession is a crucial general topic in each family business, a more in-depth analysis of historical events should be conducted in general. Also, in line with the path-breaking theory, which also can be adapted to situations where firms face issues with organizational inertia, as a consequence of path dependencies. And as Schreyögg *et al.*, (2003) highlights, a path can only be proactively disrupted by having the full awareness of the events which led to this lock-in. In this regard, the analysis through the theory of the path dependence is not solely shed light on the specific case of Holtab, rather applies for all family businesses.

History matters, and should not be ignored, as to how this study shows, it can result in a much more effective succession planning.

We believe that future research should pay additional attention to the interplay, such as stated by Brunninge & Melander (2016). Especially in combination with economical analysis, which our research was short of, due to limited access, a point which would have increased both the credibility to our findings, as well as the contributions. This was especially noticeable when analyzing the first path, to which economic factors of the company influenced the trajectory, as a requested buyout from the sisters wasn't possible, a crucial event, which we couldn't analyze.

We would like to call for research to extend our study, on to other family businesses which have experienced failed succession planning, to investigate if our findings are generalizable or if this is an isolated result.

CHAPTER VII

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CHAPTER IIX

APPENDIX

Interview Guide

In the following, this paper displays the semi-structured interview guide for certain participants. However, the conducted interviews derived significantly from the questions stated, as the focus was set on the storytelling from the participant, rather than gathering brief answers. Therefore, the entire interview will be focused on letting the interviewee talk as much as possible, the following questions are only serving as guidelines and backup, in case the flow of communication goes to a standstill.

Interview Questions – David & Fredrik

Warm up questions:

1. Can you please tell us a bit about yourself?
2. What does it mean for you to be a son of a family business owner?
3. How would you describe the values or/and general working atmosphere in Holtab?

Family and Business

1. Do you still have memories about Bengths role/function in Holtab?
2. How would you describe Anders and his role at Holtab?
3. How was your relationship with Bength?
4. How would you describe your relationship with Patrik?
5. Could you briefly characterize Bength and Anders? Do you see any differences in their characteristics?
6. Do you feel the current values in Holtab reflect Anders or Bength the most?
7. How have the inter-linkage of the family and business changed over the years?
8. What was Anders intention of the business, and family?
9. How much do you know of the transition from first till 2nd generation?
10. How was the dynamics in Holtab and between Anders/you and Bength, back when you/Anders became CEO/VD?
11. How do you feel the transition from 2nd to 3rd generation will be?
12. Can you tell us how problems are solved in the family?
13. Did the conflict influence your relationship to family members (e.g., sisters)?

Nurturing:

1. Are you motivated to have an active role in a future point of time in Holtab?
2. How would you describe the preparation process of you and your brother?
3. In what degree is the topic of succession communicated within the family?
4. Who is the main driver in this process?
Non-family members

Interview Questions - Anders

Warm-up questions:

1. Can you tell us about yourself, your role and your experiences in the company?
2. What is your main task as an owner of Holtab?

Family and Business

1. How would you describe Holtab?
2. How would you describe the influence of the family members and values in the present and the past?
3. How was your relationship with Bength, in and outside of the business?
4. Could you tell us something about the industry Holtab is operating in?
5. How would you describe the competitive situation, opportunities, and challenges?
6. In particular, what are the strategic challenges for the firm right now, in 3 and 5 years?
7. Do you see the family ownership of Holtab more as a strength or weakness?
 - a. If yes, why? If no, why?
8. If you could predict any obstacles with the current business structure, in regard to growth over the next years, how would you handle them?
9. How was the succession from the first to the second generation?
10. Who were involved in the conflict?
11. How did the conflict take influence on business and family?
12. Would you say the succession to the 2nd generation is affecting the upcoming succession phase to the 3rd generation? *(or more precise, are the conflicts during the 2nd generation influence your intention to do it "right" now)*

Third generation

1. How is the current situation with the succession to introduce the next generation?
2. How is your role in preparing the sons for a potential position in Holtab?
3. What do you feel the motives of the 3rd generation are, in order to get involved in the business?
4. This year, the sons are going to receive shares of the firm, how will this influence the governance structure/management of Holtab?
 - i. And if so, how?
 - ii. Board, governance, strategy?
5. So what do you think is the biggest challenge for the next generation?
 - i. As operatively active
 - ii. As owners

Interview Questions – David & Fredrik

Warm up questions:

4. Can you please tell us a bit about yourself?
5. What does it mean for you to be a son of a family business owner?
6. How would you describe the values or/and general working atmosphere in Holtab?

Family and Business

14. Do you still have memories about Bengths role/function in Holtab?
15. How would you describe Anders and his role at Holtab?
16. How was your relationship with Bength?
17. How would you describe your relationship with Patrik?
18. Could you briefly characterize Bength and Anders? Do you see any differences in their characteristics?
19. Do you feel the current values in Holtab reflect Anders or Bength the most?
20. How have the inter-linkage of the family and business changed over the years?
21. What was Anders intention of the business, and family?
22. How much do you know of the transition from first till 2nd generation?
23. How was the dynamics in Holtab and between Anders/you and Bength, back when you/Anders became CEO/VD?
24. How do you feel the transition from 2nd to 3rd generation will be?
25. Can you tell us how problems are solved in the family?
26. Did the conflict influence your relationship to family members (e.g., sisters)?

Nurturing:

5. Are you motivated to have an active role in a future point of time in Holtab?
6. How would you describe the preparation process of you and your brother?
7. In what degree is the topic of succession communicated within the family?
8. Who is the main driver in this process?

Non-family members

Interview Questions - Patrik

Warm-up questions:

1. Can you please tell us a bit about yourself and your position in this company?
2. What kind of role have you taken in the FB Holtab?
3. How would you describe your relationship with members of the owner family and with non-family members?
4. What does it mean to you working for a family business?

Family and business

1. How long have you been working for Holtab?
2. What is your main task as the CEO of Holtab?
3. How would you define or characterize the values of Holtab?
4. How would you characterize Bengt Holmberg?
5. How would you characterize Anders Holmberg?
6. If you could predict any obstacles with the current business structure, in regards to growth over the next years, how would you handle them?
7. What are the key challenges in the next years?

Third generation:

1. What do you feel the motives of the 3rd generation are, in order to get involved in the business?
2. Would you say the succession to the 2nd generation is still influencing the business? *(or more precise, are the conflicts during the 2nd generation influence Anders intention to do it right now)*
3. How is your relationship with the next generation?
4. Do you foresee any changes, either positive or negative when the next generation is increasing their commitment to Holtab?
5. How is your role in preparing the sons for a potential position in Holtab?
6. This year, the sons are going to receive shares of the firm, how will this influence the governance structure/management of Holtab?
 - a. And if so, how?
 - b. Board, governance, strategy?

Interview Questions - Bruno

Warm-up questions:

1. Can you please tell us a bit about yourself and your position in this company?
2. What kind of role have you taken in the FB Holtab?
3. How would you describe your relationship with members of the owner family and with non-family members?
4. What does it mean to you working for a family business?

Family and Business

1. How would you describe the values of Holtab?
2. How would you describe the characteristics of Bengt and Anders - what are the main differences between them?
3. How you experienced the transition of the first to the second generation?
4. How did the succession take influence on the company's decision making?
5. Can you describe how the industry of Holtab looked like in your active time?
6. Were there any particular events which influenced the business?
7. Were there any particular events which influenced the family?
8. You were part of the leadership group. Can you tell us more about it?
9. How the succession/ företaget följt has influenced the relationship between you and your family?
10. Is there anything else you want to mention?

Third generation

1. How is your relationship with the next generation?
2. Do you foresee any changes, either positive or negative when the next generation is increasing their commitment to Holtab?
3. How would you prepare the third generation for potential involvement in Holtab, also with consideration of the succession in the first generation?

In addition to the stated interview guide to the owner, current CEO and former vice CEO, as well as the offsprings of the owner, we conducted an interview with one board member, an external consultant, an employee and had two follow up interviews with the owner and the CEO of Holtab.

Coding

This appendix is a part of the actual category and coding table (1 page out of 23) used for the study, to which all quotes have been blackened out to ensure the protection of sources, in accordance to good research ethics.

Succession 1st gen		Succession 2nd gen		Organizational Unit						Additional			
Intergenerational Transition	Conflicts	Nurturing & Development	Leadership succ.	Org. Culture	Org. Change	Professionalisation	Org. Challenges	Values	Governance /Roles	Adv. & Dis.adv. FB	Industry	Family communication & strategy	NOT SORTED