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A Thematic Analysis of Organisational Ambidexterity in Family Businesses

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Abstract

This study examines organisational ambidexterity in the context of a family firm, where socioemotional wealth is used as a framework for capturing dynamics inherent to family businesses. The purpose of the study is to explore the relationship between a family firm's emphasis on socioemotional wealth and its ability to achieve organisational ambidexterity. Although there are studies that suggest the presence of higher levels of ambidexterity in family firms, no studies have previously applied the socioemotional wealth framework in the context of organisational ambidexterity. Thereto, no previous studies have provided an explanation as to why there seems to exist a positive relationship between family ownership and organisational ambidexterity. The empirical data of the study consists of interviews with two case companies that are wholly owned and operated by the owner family. The interview data has been processed using thematic analysis. The results are structured around three main themes, *decision-making process, motives guiding strategy*, and *corporate culture*, as well as seven subthemes, that were found prominent in the interview material. The themes have served as the basis for five propositions that centre on the connection between socioemotional wealth and its impact on organisational ambidexterity. Finally, we conclude that socioemotional wealth has both positive and negative impact on organisational ambidexterity in the context of the two case companies. The study contributes to the fields of organisational ambidexterity and family business through the establishment of potential connections between the two concepts, and thus sheds light on an observed, yet unexplored, topic.

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1 Introduction

The topic of organisational ambidexterity has received significant attention in the last two decades. This is not surprising, considering that organisational ambidexterity addresses the ever so interesting question of why some companies manage to thrive for decades or even centuries. It offers a potential solution to classical challenges such as creative destruction (Tripsas, 1997), shifting technology paradigms (Perez, 2009), and disruptive innovations (Christensen & Bower, 1996). Organisational ambidexterity is the capability that allows firms to succeed both in dynamic and in stable periods. It is the seemingly impossible capability to be equally good at both innovation and productivity, commonly referred to as exploration and as exploitation (O'Reilly & Tushman, 2008).

In this thesis, we will examine organisational ambidexterity within a particular type of company, namely, a family business. These types of companies are interesting to ambidexterity research because some of the oldest companies in the world are family businesses, dating back the 6th century ("The world's oldest companies: The business of survival," 2004). Furthermore, a few quantitative studies have found that family firms display higher levels of organisational ambidexterity (Gedajlovic, Cao, & Zhang, 2012; Lubatkin, Simsek, Ling, & Veiga, 2006). There are, however, no established explanations for why family businesses would perform better when it comes to organisational ambidexterity. In this thesis, we will, therefore, explore the distinctive characteristics of family businesses and clarify how they potentially influence organisational ambidexterity.

1.1 Family Businesses

Family businesses play a vital role in today's economy. They account for roughly 50 percent of all jobs in the European Union, and the European Commission (EC) claims that family firms account for more than 60 percent of all companies in the region (Mandl, 2008). Evident domains that characterise a family business generally include the degree of ownership, succession intentions and the presence of family members on the board of directors. Furthermore, the dynamics of a family business have been found to be substantially different from that of a non-family owned entity (Berrone, Cruz, & Gomez-Mejia, 2012). Yet, most research conducted in the fields of organisational leadership, innovation management and strategic management are indifferent in their distinction between these two types of firms. The primary difference between a family-owned and a non-family firm has been found in the emphasis of *socioemotional wealth*. Berrone et al. (2012) argue that family firms' preference for preserving socioemotional wealth over marginal increases in revenue or profit is the main differentiator as to why family firms should be distinguished from other firms when considering strategic decision-making. The economic rationale of maximizing shareholders profit is down-prioritised in favour of maximising shareholder socioemotional wealth. The concept of socioemotional wealth comprises five dimensions that need to be taken into account when considering strategic decisions in family firms. These include family control and influence, identification of family members with the firm, binding social ties, emotional attachment of family members, and renewal of family bonds through dynastic succession. These dimensions could potentially influence the level of ambidexterity in different ways.

1.2 Problem Discussion

The issue of organisational ambidexterity has experienced a growing interest in several fields of organisational science. Originating from the innovation field, it has been used to study the processes behind incremental vs. radical innovations (e.g. Benner & Tushman, 2003); from the broader organisational perspective, it is seen as a framework for understanding organisational learning (e.g. March, 1991); and, from a strategic perspective, as a dynamic capability used for organisational adaption and survival (e.g. O'Reilly & Tushman, 2008; Tushman & O'Reilly, 1996). In its essence, ambidexterity is defined by its two components: exploitation and exploration. The first component refers to companies' efforts in exploiting known certainties and the latter refers to activities seeking to explore uncertainties (Simsek, Heavey, Veiga, & Souder, 2009). Companies that manage to efficiently allocate resources in order to both exploit and explore are generally branded ambidextrous organisations (Raisch & Birkinshaw, 2008; Raisch, Birkinshaw, Probst, & Tushman, 2009).

A few studies have found that family businesses display higher levels of ambidexterity. For example, in a quantitative study of ambidexterity in small- and medium-sized firms, Lubatkin et al. (2006) used family ownership as a control variable and found that it has a positive influence on organisational ambidexterity. Similarly, Gedajlovic et al. (2012) found that shareholdings by top-managers promote ambidexterity. While shareholdings are not unique to family business managers, the overlap between management and ownership is one of the criteria commonly used to define a family business. These two studies do, however, not offer an explanation as to the higher levels of ambidexterity. In another study, which focused directly on family businesses, it was found that the stronger the family influence was, in terms of decision power and in terms of influence on culture, the higher were the levels of organisational ambidexterity (Stubner, Blarr, Brands, & Wulf, 2012). Except for a few conceptual papers (De Massis, Frattini, & Lichtenthaler, 2013; Veider & Matzler, 2016), little has been done to explain why family businesses seem to be better at developing ambidexterity.

The perhaps strongest argument for why family ownership should have a positive influence on organisational ambidexterity is the notion of family capital. As any investment endangers the family's personal economic wealth, an efficient use of existing resources is vital (Veider & Matzler, 2016). As a result of lower agency costs, family firms are distinguished for having a propensity towards efficiency and parsimony, which should promote exploitation (De Massis et al., 2013). Moreover, since the family seeks to secure a functional and prosperous business for generations to come, the investments undertaken by the firm will reflect an extended time horizon as compared to non-family firms (Zellweger, 2007). A longer time horizon allows for explorative business opportunities that would otherwise be ignored in the pursuit of short-term profit (Veider & Matzler, 2016). Veider and Matzel (2016) further argue that the tenured relationships typical for family businesses facilitate knowledge transfer and, thereby, fosters both explorative and exploitive innovation. It has also been suggested that family firms orchestrate resources in a more flexible manner, due to low agency costs and low formalisation, which in turn could have positive effects on ambidexterity (De Massis et al., 2013).

Despite findings of a positive relationship between family ownership and levels of ambidexterity, there are also arguments for why family firms should possess lower levels of ambidexterity. For example, the commonly long tenures and lower willingness to involve external parties in the strategic process could limit family businesses' explorative abilities, as knowledge becomes homogeneous (Veider & Matzler, 2016). Furthermore, the tendency to promote family ties over merit when appointing managers may constrain family businesses from utilizing skills that are necessary to exploit certainties (Veider & Matzler, 2016). The financial cautiousness and emotional attachment to the existing business typically found among family managers might also limit the firms' willingness to pursue explorative activities (Veider & Matzler, 2016).

As family ownership likely have both positive and negative effects on organisational ambidexterity, it could be dangerous to blindly mimic family businesses when seeking to increase ambidexterity. Thus, there is a need to clarify the underlying relationships. The framework of socioemotional wealth could potentially aid in sorting out the conflicting effects. Take, for example, family businesses' propensity to use equity instead of other sources of external capital, such as bank debt. When looking at it from a perspective of securing control and influence over the company, this can be viewed as financial cautiousness (Berrone et al., 2012) that limits explorative initiatives. However, this could also be viewed from a perspective of ensuring succession (Berrone et al., 2012), which fosters a long term-orientation that is likely positive for organisational ambidexterity. By looking at socioemotional wealth, the family-specific forces driving ambidexterity could be identified, as well as surrounding factors, such as possible moderators, which in turn enables more practical hypothesises to be tested.

Overall, the relationship between family business and organisational ambidexterity is far from clear. Only a few empirical studies have examined the relationship and they simply found that family businesses have higher levels of ambidexterity (Gedajlovic et al., 2012; Lubatkin et al., 2006). In the jungle of antecedents to organisational ambidexterity, we wish to explore the influence of the five dimensions of socioemotional wealth, in hope of making the connection between family ownership and higher levels of organisational ambidexterity clearer.

1.3 Purpose & Delimitation

Our research question combines the inherent dynamics of a family firm, i.e. the propensity to preserve socioemotional wealth, with the concept of organisational ambidexterity in the innovation process, i.e. the firm's ability to address exploration and exploitation equally well. In this thesis, we have sought to answer the following research question:

How does socioemotional wealth influence organisational ambidexterity in a family firm?

By looking at ambidexterity from the perspective of family firms we hope to, first of all, shed more light on the distinctive attributes of family businesses and how they influence ambidexterity. We also believe that our findings can be useful for understanding organisation ambidexterity in a broader perspective, as influences of socioemotional wealth may exist partly or fully in other types of organisations as well. However, our focus is limited to the development of organisational ambidexterity. We do not aim to connect socioemotional wealth to organisational performance or longevity through organisational ambidexterity, as that is a topic that has already been covered thoroughly in previous research (see for example: Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2008). Neither do we aim to verify that family businesses actually display higher levels of ambidexterity, but rather to create propositions for what the relationship might look like in order to enable future verification.

1.4 Disposition

In the next chapter, a literature review will be presented, followed by our research methodology in chapter 3. After that, the result of our empirical study will be presented in chapter 4 and discussed in chapter 5. Lastly, in chapter 6, we will summarize our answer to the above research question in a conclusion along with a brief notion of the implications for future research.

2 Literature Review

To begin the journey towards answering our research question, we must first learn about its two components. First, we need to know what defines a family business and in which way socioemotional wealth influences strategic decision-making in family firms. Thereto, we also need to know what organisational ambidexterity really is and how companies can work towards developing it. The combination of these two subjects constitutes the theoretical framework in our study and has together with an empirical counterpart been used to develop our propositions in chapter 5.

2.1 Family Business

The practice of family business research is, as compared to related fields such as strategic management and organisational leadership, a relatively young field. Research centred on the specific dynamics of the interaction between the domains of family and business first gained its footing during the 1980s with the establishment of the *Family Business Review*, the first scholarly review devoted to the study of family business. The review attracted scholars and specialists from fields such as management and entrepreneurship, and the field has since continued to develop rapidly to the extent where there is now a consensus regarding the fact that there are inherent differences between family firms as compared to non-family firms (Colli & Rose, 2009). Inherent differences between these two types of firms are generally captured in the so-called Socioemotional Wealth model (Berrone et al., 2012). This particular concept has been acknowledged by several family business scholars (e.g. Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014; Leitterstorf & Rau, 2014; Vardaman & Gondo, 2014).

2.1.1 Defining Family Business

There exists a wide range of family business definitions. Gomez-Mejia, Cruz, Berrone and Castro (2011) have compiled some of the most commonly used proxies of family firm definitions. Thereto, there is a distinction between the theoretical definition where "a family owner exercises much influence over the firm's affairs" (Gomez-Mejia et al., 2011, p. 658) and operational definitions that are more widespread and less coherent in the family business literature. A compilation of family business definitions as cited by Gomez-Mejia et al. (2011) is presented in Table 2:1.

Table 2:1 Various Definitions of a Family Business

Definition	Author(s)
A single family holds the majority of shares.	(Gallo & Sveen, 1991)
An excess of 50% of ordinary voting power in the hands of family members.	(Westhead, Cowling, & Howorth, 2001)
A family member as an officer or director.	(Anderson & Reeb, 2003)
10% or more of company shares in the hands.	(Allen & Panian, 1982)
5% or more family ownership and at least one person with family ties on the board.	(Gomez-Mejia, Larraza-Kintana, & Makri, 2003)

In addition to the definitions that have been found in scholarly literature, such as the ones that have been outlined above, the European Commission (2009) defines a family business according to four main principles:

- The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children's direct heirs.
- The majority of decision-making rights are indirect or direct.
- At least one representative of the family or kin is formally involved in the governance of the firm.
- Listed companies meet the definition of a family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 percent of the decision-making rights mandated by their share capital.

Noticeably, family firm definitions primarily centre on the degree of ownership by the family, governance in terms of voting rights as well as the presence of family member(s) on the board of directors. For this thesis, we have used the stricter definition provided by the European Commission, in combination with the prerequisite of majority shareholding as provided by Gallo and Sveen (1991). We deemed a strict definition as beneficial since it allowed us to, in the case selection process, disregard family firms where the family itself was not a major contributor to the overall operations of the business.

2.1.2 Deconstructing Socioemotional Wealth

"The socioemotional wealth model suggests that family firms are typically motivated by, and committed to, the preservation of their socioemotional wealth, referring to nonfinancial aspects or 'affective endowments' of family owners" (Berrone et al., 2012, p. 259). This particular distinction between financial and nonfinancial aspects of decision-making input is commonly referred to as the key differentiator between family firms and non-family firms.

There is a consensus among scholars of family businesses that these specific firms have inherent structures that affect their strategic decision-making. According to Berrone et al. (2012), the concept of socioemotional wealth emerged as a response to the need for a more rigorous framework for assessing these different dimensions. As explained by Berrone et al. (2012), the socioemotional wealth model is essentially an extension of a concept that was developed by Wiseman and Gomez-Mejia (1998) and, thereto, by Gomez-Mejia, Welbourne and Wiseman (2000). The early model that would later be coined as the socioemotional wealth concept by Gomez-Mejia, Haynes, Nuñes-Nickel, Jacobson and Moyano-Fuentes (2007) was not specific to family firms but rather centred on the notion that strategic decision-making is heavily influenced by, and dependent on, the point of reference of the firms' dominant principals. The implication for family firms and their owners, i.e. the family principals, according to Berrone et al. (2012), is that problems and strategic options will be framed in such a way so that their impact on socioemotional endowments can be assessed. According to the authors, a family firm with an emphasis on preserving socioemotional wealth will make decisions that are not driven by the logic of economics but rather driven by the preservation of other values on the expense of financial performance. When the origins of the socioemotional wealth approach were developed during the late 1990s and early 2000s, Gomez-Mejia, Welbourne and Wiseman (2000) used a combination of explanatory theories such as prospect theory, behavioural theory and agency theory. Thus, the concept of socioemotional wealth is rather an extension of multiple approaches to understanding the behaviour of a firm and, thereto, the process of decision-making; it was not developed specifically for family firms from the beginning.

2.1.2.1 The Five Dimensions of Socioemotional Wealth

The socioemotional wealth model comprises five dimensions as defined by Berrone et al. (2012). The combination of the different components has been coined the *FIBER dimensions* and they comprise the concepts that have been found most prominent and likely to affect strategic decision-making in family-owned firms.

(1) The *family control and influence* dimension refers to the fact that family firms generally have a preference for maintaining control of strategic decisions within the family. This has an effect on strategic partnerships; i.e. family firms tend to collaborate less with external partners, they tend to keep a high degree of ownership or high voting power shares to ensure company control and the ability to choose and appoint managers.

The dimension of family control and influence can be maintained and exerted through a variety of constellations. Mustakallio, Autio and Zahra (2002) provide evidence that family owners often seek to establish and maintain both contractual and relational control of the business. Thereto, strategic influence is often maintained by assigning family members to multiple roles within the company. Contractual control can be exerted through the appointment of a managing director and the top management positions. Relational control can be exerted through maintaining a shared vision among family members and the top management team and thus impact strategic decision-making indirectly. In their study, Mustakallio, Autio and Zahra (2002) also show that the ability of a firm to exert control over both relational and contractual dimensions often is a result of the degree of ownership possessed by the family.

In addition to the findings by Mustakallio, Autio and Zahra (2002), Gomez-Mejia et al. (2007) have shown that family firms are prone to place control and influence in higher regard than financial considerations; further emphasising that the dimension of control and influence is a prerequisite for establishing and maintaining other aspects of socioemotional wealth as well. In other words, without control and influence, the family does not have the ability to influence and impact the other four dimensions presented by Berrone et al. (2012).

(2) The *family members' identification with the firm* dimension centres on the principle that a firm controlled by a family is inherently affected by the interaction between the domains of family and business; or soft values as compared to hard facts. The identity of a family firm is inevitably shaped by, and tied to, its founder or succeeding family members. This notion has been found particularly dominant in early-generational firms that have not yet experienced multiple successions. As a result, the firm is viewed as an extension of the family itself; creating a stronger need to convey an image of excellence both to internal and external stakeholders.

In terms of firm-internal influences of the dimension of family identification, Carrigan and Buckley (2008), as well as Teal, Upton and Seaman (2003), have found that this particular domain is likely to affect the firm's attitude toward its employees and, thereto, toward processes inherent to the business. According to both studies, it might also have a significant impact on the quality of the products and/or services provided by the company. On the opposite side of the spectrum, Micelotta and Raynard (2011) have found that the interlinkage between the family and the firm, and subsequently the interlinkage between the reputation of the firm and the reputation of the family itself, contributes to sensitivity in their relationships to external stakeholders and hence a greater necessity of adhering to the community and the social context in which it operates (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Craig & Dibrell, 2006).

(3) Binding social ties centres on family firms' tendencies of creating strong social relationships both with employees and extended company affiliates, such as suppliers and customers. A strong social context promotes corporate culture, a sense of belonging and interpersonal trust. Thus, binding social ties contribute to the concern for the well-being of family external stakeholders, even if there is no evident economic benefit.

Multiple studies, including Uzzi (1997) and more recent work by Cruz, Justo and Castro (2012), have found that the dimension of binding social ties has a significant impact on the cultural aspects that arise from working in a setting that exhibits collective benefits, like those found in a closed network. Thereto, Miller, Lee, Chang and Le Breton-Miller (2009) argue that the social ties created in this type of environment are not exclusive to firm-internal relationships but rather extended to a variety of constituents. The implication of the dimension of binding social ties inherently implies that family firms have specific criteria related to socioemotional wealth when choosing, for example, suppliers and other corporate partners (Berrone et al., 2012).

(4) Emotional attachment deals with the emotional legacy that has been created through the interaction of family, or emotionality, and business, or rationality. In early-stage family businesses, the family's wealth is most likely intertwined with the performance of the company which contributes to risk aversion and potentially a lack of dynamism. Thereto, it is evident that shared experiences and historical events shape the company's current activities, arguably to a larger extent than in non-family firms without emotional attachment of the people who work there.

Baron (2008) concluded that emotions have an impact on the decision-making process of a firm. Thereto, Berrone et al. (2010) showed that because the boundaries between family and the business are blurred when the family is also in an ownership position, and because emotions tend to permeate organisations and indirectly affect corporate culture, this particular dimension has the ability to affect decision-making at a variety of levels. Although most researchers agree that emotional attachment creates and strengthens corporate culture and thereto fosters relationships, there are also potential drawbacks. Berrone et al. (2012) give the example where dysfunctional relationships in non-family firms often end with the termination of the employment contract. However, in family firms where the emotional attachment is high, these conflicts and dysfunctionalities are often not resolved but rather preserved in the hope that they will become harmonious once again.

(5) Renewal of family bonds through dynastic succession deals with the transgenerational aspect of a family business. An inherent implication to this dimension centres on the notion of patient capital. That is, since the family seeks to secure a functional and prosperous business for generations to come, the investments undertaken by the firm will reflect an extended time horizon.

Some researchers suggest that the dimension of dynastic succession is the most important element of socioemotional wealth (Zellweger & Astrachan, 2008; Zellweger, Kellermanns, Chrisman, & Chua, 2012). Furthermore, as the firm inherently displays the family's heritage and traditions generated through generations, both Casson (1999), as well as Tagiuri and Davis (1992), argue that a family firm is not a tradable asset from which the owners can easily depart. The implication of succession intentions is thus the creation of patient capital as described above; and patient capital is something that has been found to have a significant positive impact on the survival of the firm due to a long-term planning horizon (Miller & Le Breton-Miller, 2006a).

2.1.2.2 Conflicting Dimensions of Socioemotional Wealth

Although the notion of socioemotional wealth has been used to contrast motives behind family firm decision-making versus non-family firm decision-making, with a particular focus on financial and non-financial aspect, there are studies that suggest an internal conflict between the socioemotional wealth dimensions themselves. Drawing on the work by Cruz, Larraza-Kintana, Garcés-Galdeano and Berrone (2014) which distinguish between internal and external dimensions of socioemotional wealth, Vardaman and Gondo (2014) have suggested that the urge of preserving internal socioemotional wealth is prominent to preserving external socioemotional wealth in day-to-day operations. Internal socioemotional wealth is referred to as maintaining control and influence over decisions and operations of the firm whereas external socioemotional wealth is made equal to image and reputation. Despite the fact that the authors find internal preservation prominent in day-to-day operations, they also emphasise that when these two perspectives are in conflict with each other, family firms will seek to protect their image and reputation in order to adhere to external stakeholder requirements and thus neglect internal stakeholders such as employees. This reasoning is consistent with the findings of Cruz et al (2014) who state that family firms are just as likely, when compared to non-family firms, to engage in social activities that enhances image and reputation. At the same time, family firms are more likely to neglect the needs of internal stakeholders such as employees if it challenges the family's control and influence over the firm.

2.2 Organisational Ambidexterity

The term organisational ambidexterity was first coined in 1976, in a book chapter, by Robert Duncan. He used it to describe the two organisational structures that companies, in his view, need in order to initiate innovation, respectively, execute innovation (as cited by Birkinshaw & Gupta, 2013; O'Reilly & Tushman, 2013). Together with two subsequent academic articles, his work constitutes the foundation of organisational ambidexterity as it is conceptualised today. The first article was published almost two decades later. In a simulation study, March (1991) investigated how organisations learn through exploitation and exploration. These two learning mechanisms could now be viewed as the main components of organisational ambidexterity. The second article builds on the same ideas as Duncan had. In their paper on evolutionary and revolutionary change, Tushman and O'Reilly (1996) argue that organisations must be able to pursue both incremental and revolutionary innovation simultaneously in order to succeed in the long run. This idea has spurred the later academic interest for organisational ambidexterity, as it outlined the importance of the concept; organisational ambidexterity offered a potential explanation for firm longevity and long-term performance.

2.2.1 Defining Organisational Ambidexterity

Etymologically, organisational ambidexterity is derived from the adjective ambidextrous which refers to a person's ability to use his left and right hand equally well ("ambidextrous," 2018). Similarly, within organisational science, it used to describe a firm's ability to pursue two conflicting strategic objectives equally well, such as autonomy and economies of scale (Tushman & O'Reilly, 1996); incremental and radical innovations (Li, Lin, & Chu, 2008); alignment and adaptability (Gibson & Birkinshaw, 2004); or strong ties and bridging ties (Lubatkin et al., 2006). The most common definition of ambidexterity is perhaps the organisational ability to pursue both *exploitation* and *exploration* equally well. Arguably, the terms exploration and exploitation could be seen as two umbrellas which incorporate the various derivatives. In his ground-laying paper, March defines the two terms as follows:

> The essence of exploitation is the refinement and extension of existing competences, technologies, and paradigms. Its returns are positive, proximate, and predictable. The essence of exploration is experimentation with new alternatives. Its returns are uncertain, distant, and often negative. (1991, p. 85)

Exploration includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation. Exploitation includes such things as refinement, choice, production, efficiency, selection, implementation, execution.
(1991, p. 71)

Based on these definitions, we believe that exploration and exploitation serve as the fundamental components of ambidexterity. They are exhaustive enough to inhibit the various constructs that have been used by previous researchers and, at the same, delimited enough to capture the essence of ambidexterity – i.e. the ability to manage two conflicting objectives.

2.2.2 Conceptualising Organisational Ambidexterity

On top of the versatile use of the terminology, there is also a variance in how exploitation and exploration are conceptualised. More precisely, there is a lack of consensus on whether exploration and exploitation (or another corresponding pair of strategic objectives) should be measured on two combined dimensions or on a single continuous dimension (Birkinshaw & Gupta, 2013). That is, should ambidexterity be viewed as the presence of high levels of both exploitation and exploration, as illustrated in Figure 2:1(a), or as the balance between the two, as illustrated in Figure 2:1(b). Both perspectives have major drawbacks. The former fails to capture the trade-off between the conflicting objectives, while the latter implies that ambidexterity is achieved when exploration and exploitation are pursued equally well, regardless of *how* well.

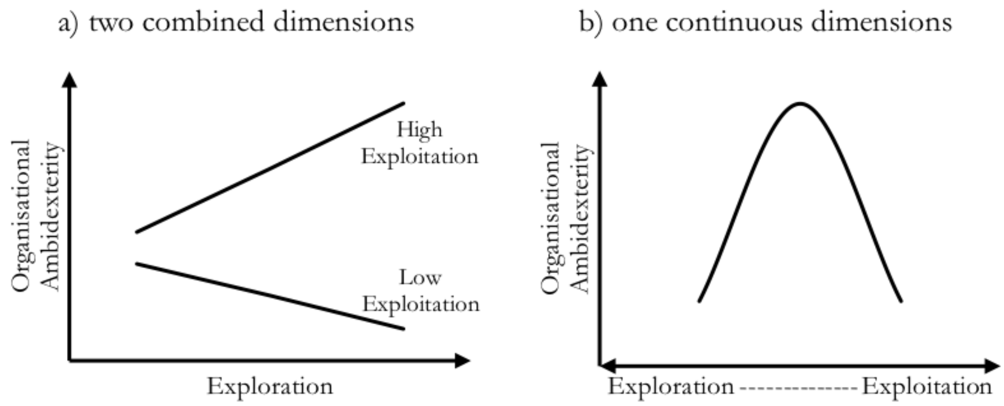

Figure 2:1 The Two Ways of Conceptualising Organisational Ambidexterity. Figures based on "Clarifying the Distinctive Contribution of Ambidexterity to the Field of Organization Studies", by Birkinshaw, J. & Gupta, K., 2013, Academy of Management Perspectives.

So which approach is the *right* one? According to Birkinshaw and Gupta (2013), two combined dimensions is the preferred choice. By measuring ambidexterity on a single continuous dimension, they argue that researchers will fail to capture the most important part of the ambidexterity construct; that is, how organisational ambidexterity relates to long-term performance (Birkinshaw & Gupta, 2013). Pursuing neither exploration nor exploitation will hardly increase the long-term performance of the firm. Birkinshaw's and Gupta's reasoning has been supported empirically. In a meta-study of the various approaches to measuring ambidexterity, Junni, Sarala, Taras, and Tarba (2013) showed that researchers who used two combined dimensions reported stronger relationships between performance and organisational ambidexterity. Consequently, if researchers wish to study how organisational ambidexterity relates to firm performance, two combined dimensions are more suitable. If, however, the main purpose is to examine how firms manage to balance conflicting objectives, i.e. achieve ambidexterity, one might have to consider the use of both a single continuous dimension and two combined dimensions. The stronger the competition between the two is, which depends on the scarcity of resources and on whether they compete within the same domain, the stronger is the need to use a continuous dimension that will capture the trade-off (Gupta, Smith, & Shalley, 2006). In contrast, if resources are sufficient and the firm pursues exploration and exploitation in different domains, the trade-off between exploitation and exploration becomes vaguer, and using two combined dimensions provides a better conceptualisation of ambidexterity (Gupta et al., 2006).

To sum up, organisational ambidexterity refers, broadly, to an organisation's ability to balance two competing objectives or, more precisely, to balance exploration and exploitation. How these two constructs should be conceptualized depends on the context of the study. If the focus point is on the ambidexterity–performance relationships or if competition between exploitation and exploration is weak, two combined dimensions will fairly depict organisational ambidexterity. If, however, exploitation and exploration are mutually exclusive, one continuous dimension will better depict the trade-off that firms need to manage.

2.2.3 Achieving Organisational Ambidexterity

Just as there is versatility in how ambidexterity is conceptualised, there is also a versatility in the proposed ways to achieve organisational ambidexterity. However, most ways can be categorized into any one of three common types of ambidexterity: *sequential*, *structural*, or *contextual* (O'Reilly & Tushman, 2013). In the sequential approach, organisations continuously switch focus between exploitation and exploration and, thereby, balance competing objectives by separating them temporally. Likewise, structural ambidexterity also builds on the separation of objectives but accomplishes that through the creation of two parallel structures, each pursuing exploitation, respectively, exploration at the same time. Structural ambidexterity is, therefore, also known as *simultaneous* ambidexterity (e.g. Tushman & O'Reilly, 1996; Tushman, Smith, Wood, Westerman, & O'Reilly, 2010). Advocates for contextual ambidexterity, in contrast, argues that ambidexterity can be pursued without separation, provided that the organisational context supports such a pursuit (e.g. Carmeli & Halevi, 2009; Gibson & Birkinshaw, 2004).

The distinction between different types does not necessarily mean that they are mutually exclusive. That is, multiple types might be present in a single organisation. Some researchers even argue that neither separation nor organisational context alone is sufficient to achieve organisational ambidexterity. While the organisational context can support a sound balance between competing objectives, it cannot alone host the extreme ends of exploitation nor exploration, such as the pursuit of truly radical innovations (Kauppila, 2010). Separation, on the other hand, effectively shields explorative activities from conflicting routines and mindsets in exploitive activities but fails to account for how explorative knowledge eventually will be integrated into exploitive business units and generate value for the firm (Kauppila, 2010). In this section, we have, therefore, chosen another approach to categorize the antecedents. As we are interested in how family firms achieve ambidexterity, the following subsection will be structured around three common components of strategy execution: structure, culture and leadership. Particularly the last component, leadership, is highly relevant for distinguishing ambidexterity in family firms, as one of the main differences between non-family and family firms is the overlap between managers, owners, and family.

2.2.3.1 Organisational Structure

As mentioned above, one of the main ideas of how to achieve organisational ambidexterity is based structural separation and was developed by Tushman & O'Reilly (1996). Their initial idea was that, if business units are given autonomy, i.e. separated decision power, that will result in a sense of ownership that in turn will encourage risk-taking and explorative behaviour. This idea is supported by several studies. At an individual level, Mom, Van Den Bosch and Volberda (2009), showed that managers with more decision power display a more ambidextrous behaviour as decision power, according to them, encourages managers to seek solutions outside the organisations existing strategic framework rather than following manuals, while at the same time induce a strong urge to keep the unit efficient. Looking at the opposite end of the power distribution spectrum, Jansen, Van Den Bosch and Volberda (2006) found that centralization is negatively related to exploration while having no effect on exploitation. They argue that centralization decreases the sense of control, which give employees less motivation to pursue explorative activities, and also reduces the information exchange, by limiting information channels. An extensive information flow is important for ambidexterity as it gives decision-makers "a more comprehensive and deeper understanding of the firm's exploitative and exploratory options"(Cao, Simsek, & Zhang, 2010, p. 1275). In a study of top management communication, Cao, Simsek & Zhang (2010) found that decentralisation will encourage participation in decision-making and information search, resulting in higher levels of ambidexterity. Centralisation, however, reverts the relationship between information and ambidexterity due to a cognitive overload at the top, which impairs the organisation's information processing ability.

Tushman and O'Reilly have elaborated their initial idea through several publications over the years (Benner & Tushman, 2003; O'Reilly, Harreld, & Tushman, 2009; O'Reilly & Tushman, 2008, 2011; Tushman et al., 2010). In a longitudinal case study of organisational design, they observed what they later named an ambidextrous design;

"These designs were composed of physically separate and distinct units, each with their own innovation manager and their own internally consistent incentives, competencies, and cultures" (Tushman et al., 2010, p. 1356). By comparing this design to other designs supporting innovation, e.g. functional designs and cross-functional designs, they concluded that ambidextrous designs are superior when it comes to the ability to simultaneously exploit and explore (Tushman et al., 2010). The necessity of having separate organisational units, which O'Reilly and Tushman argue is fundamental (2011), has, however, been more contested. In a study of the high-performing business unit NUMMI, at Toyota Production Systems, Adler, Goldtoftas and Levine (1999) observed structural separation through the establishment of temporary project teams, in which the employees could leave their exploitive every-day role and take an explorative role in the team. Cross-functional teams can even boost the effect of structural separation, as they provide a platform for information sharing and for solving conflicting organisational goals (Jansen et al., 2006). Advocates for contextual ambidexterity, however, argue that structural separation leads to coordination problems and that ambidexterity is best achieved by creating an organisational context that encourages ambidexterity. This leads us to the next section.

2.2.3.2 Organisational Culture

Gibson and Birkinshaw (2004), who pioneered the contextual ambidexterity branch, argue that organisations need a set of both hard and soft contextual elements. On one hand, *discipline* and *stretch* are needed to push ambition and individuals' willingness to improve. On the other hand, *support* and *trust* are needed for collaboration and information sharing to occur, as it encourages employees to lend assistance to others, respectively, to rely on others. All four are equally important for increasing ambidexterity and cannot be substituted for each other (Adler et al., 1999; Gibson & Birkinshaw, 2004).

Except for Gibson's and Birkinshaw's (2004) initial empirical work, there are few studies that have tested the full model of organisational context. The four components have, however, attracted attention individually. According to Gibson and Birkinshaw (2004, p. 213), discipline is achieved through "Establishment of clear standards of performance and behaviour, a system of open, candid, and rapid feedback, and consistency in the application of sanctions […]". The establishment of clear standards and consistency is also the aim of *formalisation,* which is a construct that empirically has been connected to ambidexterity. Formalisation refers the degree to which rules, process, and communication is written down and has positive influence mainly on exploitation (Jansen et al., 2006; Kortmann, 2012). However, there are findings suggesting that formalisation have a direct positive influence on organisational ambidexterity (Chang & Hughes, 2012). The need for formalisation could be especially strong in service firms who, in relation to manufacturing firms, lack a natural tendency for exploitation (Kortmann, 2012).

The second component, stretch, is achieved through "Establishment of a shared ambition, the development of a collective identity, and the ability to give personal meaning to the way in which individuals contribute to the overall purpose of an organisation […]" (Gibson & Birkinshaw, 2004, p. 213). The need for a shared ambition and collective identity is broadly acknowledged among ambidexterity researchers. Advocates for structural ambidexterity, for example, argue that organisations need to use social controls, such as establishing an innovation norm, to coordinate and integrate structurally autonomous units (Tushman & O'Reilly, 1996; Tushman et al., 2010). Furthermore, a shared vision has been found to work as a primary mechanism for coping with conflicts in the senior management team (Jansen, George, Van Den Bosch, & Volberda, 2008; Tushman et al., 2010).

The third component, support, is achieved through "Mechanisms that allow actors to access the resources available to other actors, freedom of initiative at lower levels, and senior functionaries giving priority to providing guidance and help rather than to exercising authority […]" (Gibson & Birkinshaw, 2004, p. 213). As discussed in section 2.2.3.1, autonomy has been found to positively influence organisational ambidexterity as it encourages explorative behaviour (Mom et al., 2009; Tushman & O'Reilly, 1996; Tushman et al., 2010). From a contextual perspective, training and encouraging employees to seek improvement opportunities helps organisations to pursue exploration without weakening the discipline needed for exploitative activities (Adler et al., 1999). It is, therefore, likely that support has a positive influence on ambidexterity.

The fourth and final component, trust, is achieved by ensuring "Fairness and equity in a business unit's decision processes, involvement of individuals in decisions and activities affecting them, and staffing positions with people who possess and are seen to possess required capabilities […]" (Gibson & Birkinshaw, 2004, p. 213). Adler et al. (1999) argue that trust is a critical component in making other mechanisms work, such as autonomy and formalisation. For example, if trust is low, it is difficult to see that management would allow autonomous behaviour. Furthermore, trust directly supports ambidextrous behaviour by deescalating potential conflicts that may arise in an organisation's dual pursuit of exploration and exploitation (Adler et al., 1999).

Trust is also related to another cultural feature that has received considerable attention in ambidexterity research, namely, the informal relationships within an organisation often referred to as *connectedness*. Personal relationships that go past formal communication channels are likely to increase trust within an organisation (Adler et al., 1999), which in turn encourages individuals to pursue explorative activities. Moreover, connectedness is believed to increase cross-structural information sharing, which will provide managers with knowledge relevant for balancing both exploration and exploitation (Mom et al., 2009). Empirically, connectedness has been found to positively influence ambidexterity at an organisational level (Chang & Hughes, 2012; Jansen, Tempelaar, van den Bosch, & Volberda, 2009; Jansen et al., 2006) and at an individual level (Mom et al., 2009). Interestingly, Jansen et al. (2006), find that connectedness also functions as an effective coordination method, suggesting that informal relationships might play an important role in balancing the separate business units advocated for in structural ambidexterity.

2.2.3.3 Leadership

Leadership was early recognised as a critical component in achieving organisational ambidexterity, but few studies went further than pointing out the importance of senior managers to embrace ambidexterity (Adler et al., 1999; Tushman & O'Reilly, 1996). One of the first deeper inquiries was made by Beckman (2006), who looked at the composition of the founder team and how it influenced organisational ambidexterity. In a longitudinal study of tech-companies in Silicon Valley, she found that companies whose founders had common prior company affiliations were more likely to engage in exploitation, while companies whose founders had diverse prior company affiliations were more likely to engage in exploration. Furthermore, companies, in which only some founders had common prior company affiliations, performed better, which suggests that a moderate degree of diversity is beneficial for ambidexterity (Beckman, 2006). Similarly, companies, whose managing director have an extensive network of contacts have been found more likely to pursue an ambidextrous orientation (Cao et al., 2010). Other leadership attributes that have been found to encourage ambidexterity are risk-taking tolerance and adaptability (Chang & Hughes, 2012).

In addition to the composition of the top management team, the team's *behavioural integration* has also received significant attention in ambidexterity research. Behavioural integration refers to a team's unity of effort and is commonly measured by three components: the level of collaborative behaviour, the quantity and quality of information exchange, and the level joint decision-making (Lubatkin et al., 2006). Teams that are highly integrated gain more knowledge about their explorative and exploitive options. Furthermore, integration builds trust and integrated teams are, therefore, are more likely to collaborate, negotiate and compromise (Jansen et al., 2009). Behavioural integration is also expected to lead to ambidexterity on an individual level, as the team's information flow becomes enhanced and managers become more motivated and engaged (Cao et al., 2010; Carmeli & Halevi, 2009). The positive relationship between behavioural integration and organisational ambidexterity has been demonstrated repeatedly (Jansen et al., 2009; Lubatkin et al., 2006; Tushman et al., 2010). However, the effect of integration might be conditional. Jansen et al. (2008) could not find a generally significant relationship between behavioural integration and ambidexterity. Only when the top management team was lead by a transformational leader, did the relationship become significant.

Leadership is seen as critical for addressing the main impediments of structural ambidexterity. Having two or more separate units might make it easier to split the focus between exploration and exploitation, but when corporate resources are to be distributed, top management needs to be able to handle conflicts between the units. To address this issue, Jansen et al. (2008) suggest the use of *contingency rewards*, i.e. rewards based on team performance rather than individual performance. The presence of such incentive systems has been found to positively influence organisational ambidexterity (Jansen et al., 2008; Tushman et al., 2010).

2.3 Organisational Ambidexterity and Socioemotional Wealth

It is evident that the presence of a non-financial dimension of decision-making input is causing family firms to view investment decisions through an altered lens as compared to non-family firms. As socioemotional wealth has been found to have an impact on the way that family firms weigh and subsequently make strategic decisions, it is not far-fetched to assume that socioemotional wealth has a direct impact on a family firms ability to achieve organisational ambidexterity. The notion of ambidexterity in family firms has also been addressed by Hiebl (2015) where he states that the level of organisational ambidexterity is strongly influenced by the level of family ownership and family governance respectively. As organisational ambidexterity inherently presents the challenge of aligning the two conflicting objectives of exploitation and exploration (O'Reilly & Tushman, 2011), and as this challenge centres on the notion of resource allocation and strategic choices; it is a reasonable assumption that socioemotional wealth indirectly influences the level of ambidexterity in this sense.

2.3.1 Structure

As explained in the section on the impact of organisational structure on the level of ambidexterity, Mom et al. (2009) showed that high levels of decision-making power generally contributed to higher levels of ambidexterity. On the other hand, Jansen et al. (2006) emphasise that centralised decision-making had a negative effect on exploration and, thereto, reduced the flow of information as described by Cao et al. (2010). In the context of a family firm, ownership is often concentrated among family members, especially in private firms. In addition, families often display a preference for maintaining control and influence as identified by Berrone et al. (2012). Hence, within the framework presented by Mom et al. (2009), and in the context of a family firm, this specific structure would contribute to ambidexterity in the sense that family managers are encouraged to seek solutions outside of the organisations existing strategic framework i.e. they are given a certain degree of autonomy to make decisions. However, concentrated ownership in combination with a preference for control and influence would also contribute to a centralised decision-making authority among family members, leaving the employees with less motivation to pursue explorative activities since the decisions are ultimately made by the family who might not take the employees' perspectives into account. This reasoning is also in line with Cao et al. (2010) who identifies that centralisation of decision-making discourages the flow of information and hence the ability of the organisation to make the most out of ideas generated within the firm. Instead, a cognitive overload could be expected among family members that arguably is heavily influenced by inertia and bounded rationality based on the knowledge and preferences of the family.

2.3.2 Culture

As argued by Gibson and Birkinshaw (2004), organisational culture centres primarily on the four pillars of *discipline, stretch, support* and *trust.* According to their study, *discipline* is equal to the concept of formalisation, which essentially entails well-documented processes, rules and guidelines. From a socioemotional wealth perspective, formalisation is inherently counteracted by the domains of emotional attachment and binding social ties. Both domains promote informal relationships among members of the family and in relation to co-workers and external partners such as suppliers (Berrone et al., 2010). Thus, as a discipline has been found to have a positive impact on organisational ambidexterity, socioemotional wealth ought to have a negative effect on that domain. *Stretch* is similar in nature, as it according to Gibson and Birkinshaw (2004) centres on a shared vision and a collective identity within the organisation. This suggests, once again, that the domains of emotional attachment and binding social ties influence this particular component of organisational culture, although positively this time. *Support* is closely related to autonomy as described by Mom et al. (2009). Thereto, the domain is characterised by resource-sharing and promotion of initiative at lower levels of an organisation. A family firm's preference for maintaining control and influence over the firm's operations as explained by Mustakallio, Autio and Zahra (2002) is a potential conflict of interest that could erode ambidextrous behaviour in these types of firms. The final components of organisational culture, *trust,* exhibits both positive and negative aspects when examined through the lens of socioemotional wealth. Fairness and equity in the decision-making process as explained by Gibson and Birkinshaw (2004) is potentially hard to achieve considering a family's preference for influence and control. On the other hand, if it concerns operational decisions rather than strategic, it is reasonable to assume that control and influence is not a major disruptor of trust in family firms. Furthermore, trust has the potential to de-escalate conflicts within organisations, as emphasised by Adler et al. (1999). This arguably works well in combination with a family's preference for maintaining strong social ties with a wide array of stakeholders as well as inherent conflicts that might arise due to the involvement of family as a group characterised by emotionality. In other words, trust is essential in managing potential conflicts in order to establish some level of ambidexterity, and family firms should be well positioned to establish trust considering their emphasis on strong social ties.

2.3.3 Leadership

A central aspect of ambidexterity is attributed to the leadership of the organisation. Most studies that have conducted leadership studies on ambidexterity have examined and used the immediate top management team as well as the founder(s) as a point of reference. Beckman (2006) found that a diverse background of the members of the leadership team contributed to increased exploration. In a family business context, and especially in smaller firms, the top management team consists of members of the family. Although it is possible that family members possess different professional backgrounds, they could be viewed as homogenous as compared to a non-family business;

hence impacting ambidexterity negatively. Another prominent component of organisational leadership has been found to be the behavioural integration of the top management team. According to Lubatkin et al. (2006), behavioural integration is composed of the three elements collaboration, information exchange and joint decision-making. All three elements could potentially be negatively affected by a family's preference for control and influence, especially if the top management team consists of family members in combination with family-externals. On the other hand, one component of control and influence centres on the appointment of managers and members of the board, so it is fair to assume that external members on the board of directors in a family firm are in-line with the family's values and views to a certain degree. Hence, the potential homogeneity of the top management team in family firms should have a positive impact on behavioural integration and subsequently on organisational ambidexterity. Thereto, the socioemotional wealth dimension of binding social ties is also likely to have an impact on the behavioural integration of a top management team in the sense that strong personal relationships promote collaboration and the exchange of information.

2.4 Summary of the Literature Review

In this chapter, the five dimensions of socioemotional wealth – control and influence, identification, binding social ties, emotional attachment and renewal through dynastic succession – have been presented. Followed by a conceptualisation of organisational ambidexterity and a walkthrough of the known antecedents to ambidexterity, we have then reflected on potential theoretical links between socioemotional wealth and organisational ambidexterity. In short, we believe that the dimensions of identification, emotional attachment, and binding social ties have the potential to influence ambidexterity mainly through the organisational culture, while the dimension of control and influence, as well as renewal through dynastic succession, have the potential to influence ambidexterity through the structure, the culture, and the leadership. These suggestive links have been used to guide the data collection process, as presented in the following chapter.

3 Methodology

To address the previously stated research question, we have conducted a case study including two successful family businesses. The case data was gathered by interviewing top managers and was then analysed using thematic analysis. The details of our methodological choices will be further explained in the following sections.

3.1 Research strategy

Although starting off with the assumption that family firms have higher levels of ambidexterity, we did not aim to test this hypothesis as this relationship has already been confirmed (Gedajlovic et al., 2012; Lubatkin et al., 2006). Instead, we wished to explore the mechanisms behind this relationship. In order to understand how socioemotional wealth and ownership influence organisational ambidexterity, there is a need to look at the process of strategic development and not only the input and output of that process. This led us to use a qualitative research strategy as qualitative research is process-oriented and focused on understanding the context (Bryman & Bell, 2013). Previous research that centres on organisational ambidexterity in family businesses have also been dominated by quantitative studies (De Massis et al., 2013). As a result, there is no prominent framework for how the dynamics of family businesses influence ambidexterity. It is, therefore, difficult to take a quantitative approach without taking the risk of applying a framework that does not match reality. Taking a qualitative approach, we have instead aimed to generate an understanding of the relationship between family business and organisational ambidexterity in an explorative fashion.

Admittedly, a qualitative approach also entails limitations. For example, qualitative research is often criticised for being subjective (Bryman & Bell, 2013). Since qualitative research is less structured than quantitative – e.g. no hypotheses, use of unstructured data – qualitative research might be more vulnerable to the biases of the researchers. As a consequence, qualitative research might be less transparent and, therefore, more difficult to replicate (Bryman & Bell, 2013). By carefully recording and describing our process we hoped to have reduced this liability. Moreover, results of qualitative research are often difficult to generalize since the study object most often is not representative of a population (Bryman & Bell, 2013). However, we did not aim to find generalizable results, but rather to provide insights into how and why family firms may have different levels of ambidexterity. Hopefully, our findings will be verified by following studies.

3.2 Literature Review

The review of previous scholarly contributions has been structured so that it reflects the main themes of the study. As the research question centres on exploring the relationship between dimensions of socioemotional wealth and organisational ambidexterity, the review first elaborates on the two concepts separately and concludes with a combination of the concepts in question.

The section in the review dedicated to the field of family business and socioemotional wealth was constructed in the following manner. The database used for the search was SCOPUS as it allows the viewing of citations for each article respectively. In the search, the keywords used were "socioemotional wealth" AND ("family firm*" OR "family business*" OR "family compan*" OR "family controlled"). Thereto, only articles that were peer-reviewed with equal to or more than 30 citations were considered for the review. The first search yielded a total of 133 articles of which 21 adhered to the criteria for further investigation. The 21 articles were subsequently scanned for relevance by title, abstract, introduction, conclusions and keywords used and 8 out of the 21 articles were deemed relevant for the literature review. In addition to the articles found through the above-outlined process, a selection of articles from the original socioemotional wealth paper by Berrone et al. (2012) were also included when deemed necessary or strengthening for understanding the topic.

The section in the review dedicated to the field of organisational ambidexterity was constructed in the following manner. The database used for the search was SCOPUS based on the previously mentioned criteria of citations. Keywords used in the search were "organisational" AND "ambidexterity". Following the same reasoning as the previous section, only articles that were peer-reviewed were considered. Thereto, the citation requirement was set to a minimum of 50 citations. We deemed this reasonable seeing as the field of organisational ambidexterity is far more exhaustive and widespread than that of family businesses, thus the requirement of field recognition ought to be more extensive. The first search yielded a total of 47 articles once the papers had been scanned for relevance by examining title, abstract and keywords. Subsequently, 26 articles were deemed relevant enough for a second screening which consisted of a more thorough investigation of introduction, conclusion and methodology. 19 articles were finally selected as the body of the section.

3.3 Research Design

To address the explorative intention of our research question, (recall: How does socioemotional wealth influence organisational ambidexterity in a family firm?) a multiple case study was deployed. The use of case studies is suitable when it comes to answering research questions that address *how* or *why*, especially when the research phenomenon is difficult to control (Yin, 2014), such as the jungle of possible antecedents for organisational ambidexterity. Furthermore, the case study approach fitted our aim to generate a deep understanding as it is a design suitable for gaining rich access to information (Bryman & Bell, 2013).

To improve the construct validity of our study, multiple cases were used to triangulate our findings. However, as the main purpose has been to explore rather than generalize, we did not include more than two cases. The practicalities and details of this research design will be further explained in the following sections.

3.3.1 Case Selection

Potential cases were selected based on two criteria with the purpose of finding information-rich cases. First, the case companies had to be a typical family business, as our aim has been to understand how inherent dynamics of family businesses might influence ambidexterity. Based on the literature review (see chapter 2), we defined a typical family business as a company who fulfil even the strictest definition of a family business. The definition includes a majority ownership by one family, combined with the presences of a second, or later, generation family members on both governance and management positions. Second, the case companies had to display innovativeness over a longer period; for example, by having developed their own products or by being successful on a dynamic market. Innovative companies are likely to have faced ambidextrous challenges as innovative pursuits often conflict with the goal of sustaining profitability in the short run (O'Reilly & Tushman, 2008). If a company has shown innovativeness over a longer period, i.e. at least two generations, that should mean that they have had to address the challenges of ambidexterity, which makes it an interesting case to study.

As family businesses are not registered as a type of ownership in Sweden, it was troublesome to identify potential case companies using a company database. Instead, we have relied on *Google*, *Wikipedia*, and our personal network for identifying family firms. Admittedly, this approach has limited our sample to companies that market themselves as family firms. However, it does not conflict with the criteria that were put forth and we were still able to identify a sufficient number of companies that potentially would be interesting for our study. The result of the search was summarized in a long list, from which eighteen companies were selected and contacted. Out of the eighteen, two companies were interested in participating in the study and were, consequently, selected as our case study objects. Admittedly, the response rate was low, which is likely due to the sensitive nature of discussing strategic decisions as well as the fact that our targeted participants were owners and top executives with a strained schedule. Nevertheless, the two case companies fulfilled our criteria.

3.3.1.1 Case A

The first case is a fully family-owned group that imports food and drinks, which they then sell under their own brand name to wholesalers, retailers and restaurants mainly on the Swedish market but also on a few selected export markets. The group consists of three companies and employed 101 people in 2016. The main company of the group is the market leader in several of its product segments and has historically contributed significantly to the development of these product segments by introducing new products to the Swedish market. The group is now managed by the second generation of the family, primarily by the son and oldest daughter of the founder. However, the founder is still largely involved in certain projects and in the strategic process.

3.3.1.2 Case B

The second case is also a fully family-owned group. As of 2016, the group employed 950 people and consists of eight companies in total. The group is a leading producer, importer and distributor of beer, wine, and soft drinks to restaurants and wholesalers on the Swedish market. The group is primarily managed by the fourth generation, but both the third and fifth generation is actively involved in different parts of the company group.

3.3.2 Scope

Although ambidexterity can be measured on multiple levels (e.g. organisational, group, individual) our objective has been to study ambidexterity in family businesses. Consequently, we have focused on an organisational-level by looking at ambidexterity in the strategic development process of our case firms. Furthermore, as organisational ambidexterity might be achieved through sequential shifts between exploration and exploitation (O'Reilly & Tushman, 2013), we have looked at the strategic development at least five years back in time.

3.3.3 Data Collection

The case data was primarily collected using interviews with people who are actively involved in strategy formulation of the case firms. Three executives from each case company were interviewed; two of the respondents were either family by blood or had married into the family and one of the respondents was a non-family executive. As perspectives might differ between family internal stakeholders as compared to family externals, it was important to capture both perspectives in order to understand what occurred at an organisational level. Consequently, each interviewee was interviewed separately in order to receive an unbiased view of the process from each of the respondents; this allowed us to accurately obtain untainted data from different perspectives.

3.3.3.1 The Interviews

The interviews were conducted following a pre-constructed interview guide that included questions addressing the three observable areas that our research question touches upon – socioemotional wealth – structure, culture, and leadership – exploration and exploitation, as illustrated in Figure 3:1. Although our main interest lies within the causal relationships between the areas, i.e. the arrows in Figure 3:1, it is impossible to draw any conclusions about the relationships, without knowing which of all the subcomponents of the three areas to test. Instead, following our explorative strategy, we constructed the interview guide to cover all three areas broadly and through the stories of our interviewees develop propositions regarding the relationship between the subcomponents.

The interview guide included questions directly related to the five dimensions of socioemotional wealth, structure, culture, and leadership, as well as general questions that sought to provide an overview of the respondents' relationship to, and thoughts of, various dimensions of the family firm in question. Lastly, we posed two questions directly addressing exploitive, respectively, explorative strategies. The participants were asked before the interview, in an email, to think of two strategies that they associate with one or more of the following words: refinement – choice – production –efficiency – selection – implementation – execution, respectively, search – variation – risk-taking – experimentation – play – flexibility – discovery – innovation. These words were selected based on March's original definition of the explorative and exploitive construct (March, 1991). The two examples were then used as talking topics for understanding how strategies are developed within the firm. The interview guide differed slightly between family members and non-family members as indicated by the annotation of independent manager or family member.

Figure 3:1 The Three Pillars that This Study Focuses on

All interviews were conducted at the headquarters of the respective case companies. We deemed it important to conduct the interviews in a natural setting and in person to provide the interviewees with a feeling of control and familiarity. This approach also gave us the possibility to get a sense the atmosphere inside the walls of the company. Telephone interviews were not considered as an option because of the arguably sensitive nature of the interviews i.e. the process behind strategic decision-making. Furthermore, all interviews were held in the interviewees' native language, Swedish, to make it as easy as possible for them to express themselves freely. In total, six interviews were undertaken, each about one-hour long, as summarized in Table 3:1. We both participated in all interviews, with one responsible for leading the interview and one responsible for note-taking. All interviews were recorded, with the permission of the interviewee, and transcribed.

Table 3:1 Summary of the Interviews

Case	#	Role in the Company	Family Member	Interview Date	Interview Duration
	1	Owner, Managing Director	Yes	9th of April	55 min
A	2	Business Development Director	Yes	9th of April	86 min
	3	Market Director	No	9th of April	66 min
	4	Owner, Managing Director	Yes	11th of April	64 min
B	5	Owner, Deputy Managing Director	Yes	11th of April	55 min
	6	Strategy Director	No	11th of April	54 min

3.3.3.2 Other Sources

One of the main advantages of the case study format is the possibility to include multiple data sources. Moreover, utilizing multiple sources in a triangulating fashion increases the construct validity of the research design (Yin, 2014). To the extent possible, the case companies' websites, press releases, and news articles were, therefore, used to support the findings from the interviews. These documents provided supporting data to the questions addressing company structure and strategic development, while questions addressing culture, leadership and individual perceptions of how decisions were taken could only be retrieved in the interviews. Using documentation and archival records also helps to mitigate the weaknesses of the interview method, such as misunderstood questions, inaccuracies due to poor recall and reflexivity bias (Yin, 2014).

3.3.4 Data Analysis

To answer our research question, the interview data were analysed using *thematic analysis*. This method fits well with our exploratory strategy as it allowed us to identify factors based on what interviewees said, rather than factors based a theoretic framework. Furthermore, thematic analysis is a relatively easy method to learn for inexperienced researchers (Braun & Clarke, 2006) and, although the choice of method should not be solely based on ease of use, this was also an important factor considering our limited experience.

To briefly describe the process, the data obtained through the interviews was examined to identify *codes* which could be combined into prominent themes that resonated particularly well with how the respondents had perceived their decision-making process. The working process was guided by Braun and Clarke's (2006) paper on how to use thematic analysis. As a first step, we went through the transcripts to identify potential codes based on the data. This step could be likened to what Braun and Clarke (2006) refer to as *familiarising* with the data. After discussing our suggestive codes together, we then summarized which codes to used and defined them in a codebook which was used as a guideline for the subsequent coding process. The next step was the coding process itself. The software NVivo was used to code the transcripts, as it enabled an easy compilation of the end result. The coding and categorisation were made independently by the two of us. However, all extracts for which the codebook could not give a clear answer were discussed together until a consensus was reached to ensure a reliable coding. Furthermore, each transcript was coded in its entirety before any themes were discussed to avoid making any preconceived inferences. In the third step, themes were developed by comparing codes to each other and to our theoretical framework in a search for common denominators. Attention was also given to how frequent codes appeared and in how many interviews they appeared. As a fourth and final step, the themes were then reviewed by checking if the originally coded extracts fit the theme and if the themes fit with the theoretical concepts found in the literature review. Overall, thoughts and reflections that appeared during the interview-, transcript-, and coding process were written down as memos to aid the consolidation of our thoughts.

3.4 Validity and Reliability

Although both validity and reliability issues have been addressed throughout this chapter, we will here summarize the greatest concerns of our methodological choices and how we have tackled them. In terms of reliability, the main critique towards case studies is the difficulty to replicate them and, thereby, test the reliability, due to poorly documented procedures (Bryman & Bell, 2013; Yin, 2014). To address this concern, we have not only tried to be detailed when describing our methodical choices in this chapter, but we have also carefully documented the data collection and data analysis process in research memos, transcripts, and a codebook.

In terms of validity, there are three main categories of validity problems in case studies: construct validity, internal validity, and external validity (Yin, 2014). The subjectivity critique against case studies is often based on the inability to develop valid operational constructs (Yin, 2014). Admittedly, the initial codes developed in our thematic analysis have not been directly validated. However, by matching the aggregated themes with constructs found in the literature review, the risk of applying invalid constructs was still reduced. Furthermore, to reduce the subjectivity in the underlying constructs we tried to triangulate our findings using multiple sources (e.g. multiple cases, multiple interviewees, multiple types of sources).

The choice to use interviews as the primary data collection method in this study constitutes a threat to the internal validity, as we had to draw interference based indirect observations (Yin, 2014). Two main analytical tactics were used to increase the internal validity based on Yin's suggestions (2014): matching findings with previous findings in the family business or organisational ambidexterity literature, so-called pattern-matching, and addressing rival explanations for our interpretations.

When it comes to external validity, i.e. the generalisability of our findings, the main validity-increasing act is the literature review. Whereas we have taken a qualitative approach, statistical generalisability has not been a target. Instead, by basing our analysis on theoretical concepts, our study could be seen as a part of multiple studies that contribute analytically to the generalisability of theoretical proposition (Yin, 2014). Furthermore, having two case companies have also made it possible to see whether our findings are present in both cases and, thereby, increasing the generalisability. Nevertheless, the findings in this thesis should still be generalised with caution and statistical testing of our propositions are more than welcome.

4 Results

As a result of the thematic analysis, we have identified three main themes – decision-making process, motives guiding strategy, and corporate culture – which in turn consist of seven sub-themes, as seen in Table 4:1. In this chapter, we will present the themes along with the underlying codes, as well as a selection of text extracts to illustrate what the codes are based upon.

Table 4:1 Full List of Themes, Subthemes, and Codes

Theme	Subtheme	Code
Decision-Making Process	Formalisation as a Result of Size	Formalised Strategic Process
		Divisional Cooperation
		Owner and Management Distinction
	Family Influence	Closely Overlooks
		Emergent Strategic Process
		Natural Leadership
		Isolated Strategic Process
		Short Road-to-Decision
		Complex Dynamics
	Generational Impact	Narrow-minded Older Generations
		Family Knowledge
Motives Guiding Strategy	Family Members' Personal Motives	Family Members Specialise
		Passion and Engagement
		Stand-Behind Personally
		Owner Initiative
	Preserving the Company	Long-Term Survival
		Emotional Succession Purpose
		Family Name Equals Quality
		Cautiousness
		Ensured Succession
		Routes for Succession
		Family-like External Relations
Corporate Culture	Family-like Culture	Family-Like Culture
		Long-Term Employees
		Informal Information Flow
	Entrepreneurial Culture	Freedom under Responsibility
		Prone to Change
		Entrepreneurial Spirit
		Winner Mentality

4.1 Decision-Making Process

The first main theme relates to how decisions are made within the company. In our cases, we could see three things that influenced the decision-making process: formalization, family influence, and a generational impact.

4.1.1 Formalisation as a Result of Size

An apparent distinguishing factor between our two cases is attributed to the sheer size of the organisations themselves. We have found that the difference in size seems to impact both the structure and the process of strategic decision-making. Important to note is that we by no means view this subtheme as exclusive to family firms, rather, it is evident that this applies to non-family firms as well. However, there are dynamics of family firms that have an additional impact on overall formalisation, this will be addressed in chapter 5. This subtheme is based on the three codes found in Table 4:2.

Table 4:2 The Subtheme Formalisation as a Result of Size

Codes
Formalised Strategic Process
Divisional Cooperation
Owner and Management Distinction

First, the code *formalised strategic process* displays that the degree of formalisation for both case A and case B has increased in parallel with company size. In company A, which is the smaller organisation of the two, we learned the following:

> I believe that it is more formalised today because we have such clear-cut functions and because we are working in a different fashion. But I would say approximately 50/50, from being 25 percent formalised and 75 percent non-formalised.
> /Market Director, Case A

When asked how the company had approached a significant strategic initiative, the reply was short and swift.

> We created some sort of scenario-description.
> /Business Development Director, Case A

When interviewing respondents at company A, it was evident that the family was tightly involved in all strategic matters, whereas the organisation as a whole could be viewed as an engine that handled the outcome of that process. Therefore, it is not far-fetched to believe that the level of informality is high in the case of company A since strategic decisions are approached largely by members of the family and not by the organisation as a whole.

Whereas case A seems to still have a great deal of informality guiding decision-making in the organisation, case B displayed a more structured approach.

> I do not believe that I have a totally comprehensive view of what the process looks like, it starts in different corners before I even get into the picture. The pure foundation of the strategic process is the budget for the present year. It concerns market plans and market strategies and I believe that it starts there. /Owner & Managing Director, Case B

Thereto, the respondent's brother also emphasises that the process has become more formalised.

> The process is a lot more methodical today. As a first remark, the process is a lot more continuous than before. We are looking at the results of our initiatives, what we can learn from them, should we be taking a different approach? Rather than doing this one time per year, it is something that is constantly present in the work of the board. /Owner & Deputy Managing Director, Case B

Just like in company A, the interviewees in company B talked about how they approach strategic initiatives using scenario-analysis.

> We are approaching a lot of the larger strategic initiatives using different scenarios, and we might have three parallel scenarios that we are pressure-testing, and in the end, these scenarios result in a financial plan i.e. if we can do this, what will happen economically, what expenses we will have, what investments do we have to make, how will the overhead-costs develop and how will out revenue change. /Owner & Managing Director, Case B

Noticeably, the response from company A indicates that scenario-planning is something that has occurred, yet it is not part of the overall strategy of approaching a strategic issue. Company B, on the other hand, shows a great deal of understanding of when and how it has been used, suggesting that it is a more formalised way of approaching strategic issues in the organisation. Overall, the impression that has been derived from both of the cases on the matter of formalisation in the strategic decision-making process suggests that company B is more formalised in their approach than company A, hence contributing to the view that formalisation is partially a result of company size.

The second code of *divisional cooperation* was something that we also found to be, in most instances, an outcome of company size. From company A, we learned that divisional cooperation was something that had diminished when the company grew.

> If you put it like this, from the beginning there was one individual from each department when something was to be launched, but when you grow as a company that does no longer works at all in terms of time and resources. Especially in the market department, or in all functions I would say, a lot of things have happened here during the last couple of years, and with a different set of competencies and customer-demands I would say as well, and then you really have to build a strategy of how to cooperate and it is something that we have worked with a great deal.
> /Market Director, Case A

A similar view was provided by company B. However, since the company is substantially older than company A, the lack of divisional cooperation was something that was emphasised as already present when the fourth, and current, generation overtook the company leadership.

> When I became Managing Director, we had a pretty "silo-divided" company with very strong directors for each of our functions, and I could see that there was competition between these functions rather than full-out cooperation, and I have been trying to work proactively to break these walls and try to create something more open and cooperative. /Owner & Managing Director, Case B

The third and final code *owner and management distinction* was perhaps the most interesting contribution in the formalisation category. We learned that both companies understood the value of distinguishing between ownership and management, but that company A seemed to have a significantly higher level of integration between ownership and strategic decision-making for different reasons. On the other hand, company B displayed a more formalised way of distinguishing ownership from actual decision-making authority in the strategic process.

> The family are owners, it is not up to the owner to decide about the strategy, it is not their role, their role is to appoint the board and the board is responsible for the strategy. Owners can be on the board, and then they have to have their opinion in that forum and be a part of that. /Owner & Managing Director, Case B

Attention to the distinction between ownership and management was also given by Case A, although it is evident that the company does not possess a formal view of the distinction; but rather displays an understanding of its importance.

> Before our current managing director (a member of the family), and after my time as managing director, we did have a family external managing director. It was very important, that my role, or the fact that I should relate myself to the organisation in order to

avoid creating inefficiencies or to undermine… It is very important that, if we are to recruit and have a competent board of directors, then these people need to have mandate and authority. /Business Development Director, Case A

As previously mentioned, it is evident that company A has adopted a more formal approach to the distinction between ownership and management, whereas company B seemed to be aware of the potential conflict of interest, but nevertheless had a hard time making that distinction in reality.

4.1.2 Family Influence on Decision-Making

One of the most prominent subthemes centres on how, and in what way, the family influences strategic decision-making in their respective firms. This particular theme is composed of the six codes that can be found in Table 4:3.

Table 4:3 The Subtheme Family Influence on Decision-Making

Codes
Closely Overlooks
Emergent Strategic Process
Natural Leadership
Isolated Strategic Process
Short Road-to-Decision
Complex Dynamics

The code *closely overlooks* describes instances where family members sometimes engage with particular initiatives, products or parts of the business that would, perhaps, normally be out of their assigned responsibility. In the case of company A, it is evident that the founder, despite being over 80 years old, is still a major voice in the strategic decision-making process.

It has been a long project, the family has handled the contact with the producers pretty much themselves and the founder has been deeply involved himself and I think that it is pretty cool that it works that way. Then again, I have a lot of respect for the fact that he is actually doing it, he knows how he wants things done. Then, sometimes we might have to look at certain things, should we not do it like this instead? /Market Director, Case A

Although we found this particular code to be most apparent in company A, it does seem as if there are similar dynamics in play at company B.

I have seen examples of when things have changed on bottle-labels that have not been anchored with the board whatsoever, then

> it turns out that an owner has said something to a product manager, the product manager has written this down as an owner's directive and subsequently changed the label. We then have to change back to the original label and it might cost us 400 000, so these are expensive mistakes.
> /Owner & Managing Director, Case B

In general, c*losely overlooks* is often coupled with a strong desire or a strong sense of ownership over certain areas of the business and this has, in turn, like we have seen from both case A and B, had an effect on the decision-making process.

What we have also seen from our cases, and what has once again been most prominent in case A, is that the process of making strategic decisions sometimes can be described as *emergent* rather than structured. The Marketing Director of case A commented the following when referring to the decision-making logic of the founder.

> ... I do not think they have or perceive that there are strategic decisions that they make, but they rather take small steps all the time. ... We went from the olive oil to the pasta, went into the beans and constantly expanded the portfolio from being strictly Italian to being Mediterranean and with cheese and cured meat. So, these are extremely strategic decisions and these have been taken within the family... However, I do not think it is said that 2020, we should have this portfolio, it's more "beans, that's great as well".
> /Marketing Director, Case A

Another example of an emergent strategic process was found in company B.

> The idea emerged from an "accident" at work if we can call it that. A product manager was getting married, and as a wedding gift he received a brew for the wedding. Systembolaget sent out an RFP and it turned out that this brew that we had created was a suitable match with it, so we sent in samples and subsequently won the listing. So we had won the listing but we had no brand, we quickly picked some young creator, and I do believe that it was in Gothenburg, whom was charged with coming up with a concept and it was Pistonhead. The thought was that Lars, who was getting married, is the chairman for Västerås Big Meet, thus reasonably tattooed, hot-rod culture etc, and bang, it turned out to be a success. /Owner & Managing Director, Case B

What we have seen in our interviews is that some strategic processes have emerged as a result of either coincidence that has been acted upon or through persistence and almost stubbornness by family members, thus contributing to the family's impact on strategic decision-making.

Another thing that we saw in our cases was that family members seemed to possess a position that gave rise to some sort of *natural leadership*. In case A, even though the company had long kept a family-external managing director in their main business, it is evident that the managing director position did not translate into the ultimate right to decide in matters regarding the company's strategy.

> It can be tricky. But we are talking about the founder's son, so it is not that strange, but it could also be, I mean, he has a natural leadership in the sense that he is an owner and carries the company's name and so on. … The founder's son was still the managing director's boss, he was always the founder's son and the founder was always the founder, so it does not matter what title they have, they are still the bosses, the leaders, those who are at the top.
> /Business Development Director, Case A

This particular code is important because it shows how ownership is largely intertwined with operational decision-making power in this case. Thereto, it displays the inherent difficulty of managing the complex interaction between family members and non-family in the decision-making process in a smaller company.

In the case of company A, our respondents gave us the impression that the family often had their own *isolated strategic process* where externals were not included. The owner and managing director provided an example of when they had made an acquisition and how that decision was solely discussed within the family and not with the board.

> If you take these large decisions like when we bought company X, and it is a big thing for us to buy a company, then there is a discussion within the family on how to do it, and I remember that my dad was very much against it, he thought that fresh goods was very hard with short durability and a lot of throwing away when the dates are short but we were able to get him onboard. But yes, it is a discussion held within the family.
> /Owner and Managing Director, Case A

The non-family market director of company A provided a perhaps even more nuanced view of the family's process of decision-making.

> I am pretty convinced that there are a lot of things that we do not see and hear, which is completely fine. I think that this lovely Italian family debate and discuss extremely often during Sunday dinners, and I know this for a fact, it is on these occasions a lot of these discussions are taken that moves things forward and they challenge each other a lot. …it is not that I have not been able to add to the discussion, on the other hand, there are some decisions where [pause] there are certain choices that they make [pause] I do

> not want to say anything else about that. It is however not a problem but rather what it is like when working at a family-owned company I think, you are aware of the fact that you do not know everything, and it is fine. /Market Director, Case A

The final two codes describe how decision sometimes are taken swiftly, arguably faster than in non-family firms where ownership is separated from operational decision-making, this code was named *short road-to-decision*. This was only evident in case A. The second code was derived from the seemingly *complex dynamics* that we found to be present in both of our cases. It is evident that the interaction between family owners and non-family managers is sometimes hard to manage and might cause confusion and inefficiencies.

> The road to decisions is short, the challenge is to get everyone to leave the decision be after it is taken, but it was not like that at my last company either but it turned out to be something else instead, at my last company we had direction-decisions, it needed to be anchored in many places. /Market Director, Case A

The above is one example of how family ownership and subsequently family involvement in decision-making can promote a swift process. On the other hand, we got the impression that inherent complex dynamics of, especially company B, had the potential to negatively influence decision-making and overall business processes.

> We are trying to separate the communication when we are talking private and when we are talking personal, we might have to be personal but we are not private and then I try to feel what type of communication that is ok and what is not ok. Then, I am trying to stretch their boundaries a bit because they do not always see that they are needed, no one wants to see them etc while others think that it is obvious, they are the brand after all. It is always a tipping board but I think that one needs to have respect for the family because it is a private family and that it a challenge but it is something that you learn. /Market Director, Case A

Complex dynamics were more apparent in company B as displayed by the following quotes.

> The next generation might be 25 people, so there are new challenges developing with time and the difficulty is to, it is demanded of you as an owner to keep your hats separate. For example, if someone in the family thinks that that bottle design is ugly, and says that, is that an owner's directive or is it just a person who does not like that bottle? It can be interpreted very differently. It can be demotivating for a product manager to hear from an owner that a bottle looks ugly. If he had heard it from someone else he

> might have said "get lost" [laughs shortly] or "ok, that is your opinion, but I really do not care." But if it comes from an owner, it has a different effect. …it is not certain that everyone in the organisation thinks that it is fun to have a family member working beneath him or her, I have experienced this first-hand when I have been working here. If my boss, or my boss's boss, report to my father, and I have direct contact with the group director as I am also an owner and I am a member of the board, it gets pretty complex and some managers think that this is extremely hard, hard to negotiate salary, hard to make demands. And it is pretty dangerous if a manager has a hard time demanding something from a member of the family because he or she is an owner. /Owner & Managing Director, Case B

> The easy answer is that, if you look at an individual level, it is impossible to separate the operational role from the ownership role, because it is people that we are talking about. Even if they happen to perform an operational role, they remain owners. So no, it is impossible to separate those roles from that perspective, on an individual level that is. /Strategy Director, Case B

Through the six codes that comprise the subtheme of family influence on strategic decision-making, we have shown that there are multiple factors that have a potential impact on the strategic decision-making process in family firms.

4.1.3 Generational Impact on Decision-Making

The third and final subtheme of the decision-making theme centres primarily on the family's heritage. The following two codes were used to provide background for this theme, as seen in Table 4:4.

Table 4:4 The Subtheme Generational Impact

Codes
Narrow-minded Older Generations
Family Knowledge

The code *narrow-minded older generations* was found to be present in both case A and B. However, its effect on the strategic decision-making process was most visible in case A, whereas case B displayed some kind of understanding for the matter, yet did not articulate how this had impacted the process itself.

> Me and the Business Development Director who you are going to meet, we wanted to become specialists on Italy and introduce more products and I believe that my dad has a hard time admitting today, but he was sceptical toward that, we work with what we

know, and that is oil and vinegar.
/Owner & Managing Director, Case A

I also believe that there is a generational difference here. In earlier days we were much more operative, we worked based on the current outlook and took our stance from there. Today we work more to, well we know where we are today and how it looks today, but how do things look around us, how are we affected by things that are happening in other parts of the world? /Owner & Deputy Managing Director, Case B

The final code of this theme was named *family knowledge*. Like the name suggests, it has to do with the accumulated knowledge within the company and especially within the family itself. As company B is substantially older than company A, it is understandable that the effect of this particular code would be stronger in company B as the accumulation of knowledge has occurred during a longer period of time. In case B, we saw that having access to a wide array of industry knowledge can be both valuable and perhaps limiting at the same time.

That is the major difference, according to me, with a family business that possesses that history. It is an invaluable source of knowledge that the family holds. From every other type of, non-family businesses that are having a really hard time bringing forth, look, this is how we thought back in -82. Even though it is not directly applicable to the situation, the problem, the solution is not fully applicable today, 30, 40, 30 years later in this case. But it is still an extremely valuable perspective to have. And about the knowledge, take the current managing director, yeah he has been managing director for about 7 years now right, or worked in the firm 40 more years since he was three. So his knowledge about how things work is without a match. Like I said, I have worked as a management consultant for I do not know how many years and met with boards frequently. And they are just not knowledgeable, not even close as knowledgeable as the current managing director or his brother, who sometimes know a bit too much…
/Strategy Director, Case B

In addition to the quote displayed above, the strategy director continued to provide us with insight into how the family used its accumulated knowledge to forward its business and steer through its environment, saying that most executives do not know every aspect of their business, but that this family does. The strategy director in Case B concluded by providing a visualisation of a flipper-board, in which the ball needs to move through a wide array of obstacles in order to reach the bottom; "…do you know what it takes for the ball to reach all the way down".

Overall, generational impact on decision-making provides insight into how generational differences can lead to varying perspectives among family members. Thereto, it emphasises that family firms might possess a higher degree of knowledge about their business as knowledge has been accumulated in the family through generations.

4.2 Motives Guiding the Strategy

The second major theme that appeared in the thematic analysis circles around underlying motives for strategic decisions. We have observed two types of motives that can be relevant for organisational ambidexterity.

4.2.1 Family Members' Personal Motives

Motives that arises from individual family members seem to influence strategic decisions within both of our two cases. This theme is based on the four codes seen in Table 4:5.

Table 4:5 The Subtheme Family Members' Personal Motives

Codes
Family Members Specialise
Passion and Engagement
Stand-Behind Personally
Owner Initiative

First, it seems as *family members specialise* in different areas and that they build their own expertise within the company. In case A, we were told that the managing director was focused on sales and marketing, while his sister had specialised in financial and legal issues. A similar set of complementary skills was also found in case B:

> I mean my brother's background, a completely different background than mine, he comes from the IT background, so much with, sure, creative manager in the sense that you want to see new technical solutions, IT-technical solutions and so on. But it's a very structured work. While I come from this more, I would say, wild, creative, look-at-something-that-does-not-even-exist, and try to explore how it will work. It is this that there are those who are managers and those who are entrepreneurs, and so has it also been with my father. /Owner & Deputy Managing Directors, Case B

Second, all interviewed family members displayed a strong *passion and engagement* for the business and for the product. In both case A and B, we were told repeatedly how strong the passion and engagement were in the company by both family members and by non-family members. Even the receptionist confirmed this for us on our way out, in case A. This can ultimately have an effect on the outcome of strategic decisions, as illustrated by the following anecdote:

> My dad made a famous comment for us when they [potential acquirers] said they had reviewed how much we earned and so and said that now you can go back and do what you want and play a lot of golf. Much to signal to me too, dad turned to me and then turned to them and said: "We do not like playing golf, we like to work." And that actually says a bit, we do not actually play golf and we do like to work, so money is not everything.
> /Owner & Managing Director, Case A

Similarly, the Owner & Deputy Managing Directors in company B told us:

> I would probably say that it is due to our interest in beer, in the beer, that is what permeates this, our strategic choice.
> /Owner & Deputy Managing Directors, Case B

Third, it was apparent how important it was for family members to *personally stand behind* strategic decisions. Decisions must be aligned with the values and identity of the owners, as exemplified by the product development process in case A:

> I know when I started, I remembered that we sat and tasted the product, then [the managing director & owner] said it was good, but this was nothing he had at his table at home, this is not us.
> /Marketing Director, Case A

This behaviour was equally present in both cases and even when there are promising financial opportunities, family members seem reluctant to comprise on their integrity:

> Genuineness is about being able to stand for what we do. For example, when we look at what we call functional drinks, think Nocco, something that is a very growing category, and we're not in that category almost at all. Then it must be that, if we are to do something like that, we can stand behind it. Does it work or is it like hocus-pocus? The BCAA products are a protein that you buy from China that is extracted from hair feathers and human hair, do we feel that this is something we want to stand for? No. We found a supplier that had vegetable BCAA proteins, so we started to look at how they worked, and it was almost Hungarian slave labour and that's nothing we can stand for.
> /Owner & Managing Director, Case B

Lastly, we have also learned about several *owner initiatives* that depict how the family members specialisations and personal motives affect the firm strategy. For example, in case A, the founder spent the last 18 years to develop and introduce a spreadable olive oil, refusing to compromise on any of his opinions regarding taste and health. Other examples include the establishment of a creative brewery by the craft-beer passionate owner or the launch of a virtual brewery by the IT interested owner. Even strategic ideas that initially lack a clear business purpose are welcomed if they come from a family member, as exemplified by the decision to establish a new brewery in Stockholm:

> …it started with [owner] saying that "clearly, the girl should have a brewery". That is, [the said owner's] daughter, 23-year-old daughter, must have a long-term platform to develop in.
> /Strategy Director, Case B

This idea was tuned for two years and has just recently been accepted by the board of directors. It is now seen as a promising initiative. However, in a non-family managed company this idea might never have gained a foothold at all. When asked about his opinion of the idea the non-family-related strategy director said:

> …I never see things like a bad idea really, I just see it as "okay this is a hard nut to crack". We will have to throw a lot of senior management resources on getting this like in a shape or shape that flies. Is it well-spent? You can always ask that question.
> /Strategy Director, Case B

Whether this idea will succeed is left for the future to tell. It is clear, however, that even the wildest ideas might be explored if they come from the family but also that strategic options might be turned down if they do not fit the personal values of the owners.

4.2.2 Preserving the Company

On top of being influenced by individual motives, it also seems to be that our two case companies are united behind a common will to preserve the company. This theme is based on seven codes, as seen in Table 4:6.

Table 4:6 The Subtheme Preserving the Company

Codes	
Long-Term Survival	Ensured Succession
Emotional Succession Purpose	Routes for Succession
Family Name Equals Quality	Family-like External Relations
Cautiousness	

When asked what the main goal of their company was, the answer was unanimous among our respondents. Their goal was to build a strong company and ensure *long-term survival.*

> The main goal is long-term survival. Creating a safe base, it can often conflict with the shorter goals. This may mean that you have

> to "kill your darlings" because you see, taking Facit calculators as an example. /Owner & Managing Director, Case B

> Depend on what time you move. My picture of it is like the eternal. More concrete, it's like a [pause] a robust company with a high likelihood of survival. /Strategy Director, Case B

> The goal is simply to be a leader in what we do, I talk a lot about that size does not matter at all to me, but I want to be the best at what we do, rather than to be great, then I think you're both safer and stronger. If you are only big but not the best in any area, it is very easy to be attacked and eaten. If you are the best you have a safer position. /Owner & Managing Directors, Case A

Arguably, long-term survival is the ultimate goal for most companies, but we also got to learn about the reasons behind this goal. For family members there seemed to be an *emotional succession purpose*. It could be in terms of feelings of pride, of joy towards children joining the company, or of fear of becoming the family member that brought the company to ruin.

> …you do not want to be the last man on the outpost that ruins four or five generations of work [short laugh] so that's a component. /Owner & Managing Director, Case B

Another reason for building a strong company is the close relationship between the family name and the company name. Both case companies profile themselves using their family name, although Case A to a larger extent, which means that the actions of the company become associated with the family. The *family name equals quality*. For example, we were given the following comparison of what happens when you mess up at the company.

> "I work on Procter & Gamble, but okay, I go and work at Mondelez instead". You do not risk anything. In a way as an entrepreneur, you step in and give some kind of guarantee to a greater extent. /Business development director, Case A

The strong wish to ensure survival and strength of the company unfolds in several ways. In relation to building a strong company, there seemed to be a certain *cautiousness* to strategic decisions. In case B, for example, a major strategic decision to centralise production took 15 years to realise, while competitors had already realised similar decisions in just a few years. Although there were several reasons for the slow realisation, this cautiousness appeared repeatedly and it seems to arise from the family history.

> ...my father saw this once in the late 70's when you had the mellanöl[1], you first permitted the mellanöl in 1965, then there were

[1] *Mellanöl* is a former Swedish classification for medium-strong beer.

> many breweries, land-breweries who invested a lot of money and then [came] a parliamentary decision that contributed to the fact that most of them disappeared. And it taught us something, and that is to every time we're going to invest, then we need to get a payback on our, a secured payback on our investments. It may be said sometimes that is something we are a little cautious about, too much compared to perhaps many other companies. But it's just because we have an experience that wasteful behaviour will render a very very difficult situation, that you end up in a situation which afterwards is very difficult getting out of.
> /Owner & Deputy Managing Director, Case B

Similarly, when asked about how an acquisition was financed in case A, we received the following answer:

> Out of pocket, cash, no loan. We have been very economical over the years and have saved all profits in the company, so we have never borrowed. The few acquisitions we have made have been made with own resources. ... I think, my dad has always been like that, so we have been raised not to borrow money and get into dependence, and so on. We are pretty careful, we do not have a growth strategy where we buy companies and where it, in the end, means that you have to borrow to manage such a strategy.
> /Owner & Managing Director, Case A

However, it should be noted that cautiousness is not always present. Sometimes decisions are executed extremely fast, but when it comes to financial commitments there is a cautiousness.

The wish to preserve the company within the family played out in two ways. In case B, and only in case B, the family has *ensured succession* by legal means.

> We have locked the shares in a foundation and thrown the key, so the foundation owns the brands, and it's a way to ensure that the brands cannot be sold. So the family owns the business itself, but the business is not worth anything without the brands. ... Actually, it works like that when I die or when I decide otherwise, my children will inherit it, but it can only stay within the family. In-laws are never owners. If I do not have children, then they will be absorbed into the company by the other owners in my wing. The whole purpose of this is that it should not sip out.
> /Owner & Managing Director, Case B

Except for legal actions, new generations are also encouraged to work in the company by the creation of *routes for succession*, something that both companies had done. Such routes could be the right to a career plan in the company, directly overlooked by the managing director, or, for example, the previously mentioned brewery that is to be established as a platform for the 23-year-old daughter to develop in. While decisions to open up a new business unit presumably is based on more than the wish for a playground, such a wish does still seem to influence the decisions.

> We opened a restaurant two years ago called Deli Diluca. It's like an individual company in itself and it's also a way to increase the opportunities for people to start working within the company, making it easier to work as a young waiter, cook or whatever it may be. So that the more companies, now the ambition is not to open or create new companies, but now that we have more companies, the opportunities for them to start working are increasing. /Owner & Managing Director, Case A

Lastly, it also seems that the wish to build a strong company affects the type of external relationships in which the companies engage in. At least in case A, there seemed to be a strong preference for *family-like external relationships*.

> I dare to believe, and you who work with this probably know more about it, but I think that the benefit of family businesses and also why we work almost exclusively with other family companies, there is one and another multinational company we work with but otherwise it is almost family businesses. There are benefits because I think that you have a greater pride and thus a greater sense of responsibility, which means a much greater long-term perspective, which I think is important. /Owner & Managing Director, Case A

> ...we have been working with them for all years and in different formations on the sales force with a very long relationship. And it is very important for the company and the family also when we speak producers but also partners, that is, long relationships and preferably family businesses. /Marketing Director, Case A

In short, it seems that all of our respondents could unite around an emotionally based wish to build a strong and resistant company that will succeed for generations. This wish, in turn, influences strategic decisions in terms of cautiousness, new establishments and sometimes in terms of external relationships.

4.3 Corporate Culture

Last, during the interviews, two types of cultural themes appeared: a family-like culture and an entrepreneurial culture. Furthermore, it seems that both our case companies are dedicated to building a strong culture. The managing director in case A stated that he spent most of his every-day time building the culture and in case B culture had been a top priority for the top management team for 10 years. The managing director in case B gave us the following explanation for why he found culture so important:

I think that there are two important things, one is that you build culture over time, which in turn depends very much on continuity, where do we want to be and where we want to go and it, in turn, creates commitment. ... Another part of a strong culture, I think, is also efficiency. If you somewhere in the back of your mind know how to put yourself in front of different issues from a cultural perspective, then you do not have to write a lot of questions and PM upwards, but you can act directly.
/Owner & Managing Director, Case B

4.3.1 Family-Like Culture

The influence of the family was present in both cases. This could be seen in three ways, as reflected by the three codes presented in Table 4:7.

Table 4:7 The Subtheme Family-Like Culture

Codes
Family-Like Culture
Long-Term Employees
Informal Information Flow

Unsurprisingly we came across the term *family-like culture*. For example, when asked to describe the culture, the first response from the business development director in case A was "I would probably use the word family-like[2]" A similar response was also given by the non-family-related marketing director in case company A.

I think most of us who are here feel that we, although we are not part of the small family, that we are part of the big family, both personally and privately… /Marketing Director, Case A

On top of a feeling of inclusion, the family-like culture is also characterized by continuity and stability.

I think that are two important things, one is that you build culture over time, which in turn depends very much on continuity, where do we want to be and where do we want to go and it, in turn, creates engagement. /Owner & Managing Director, Case B

The family-like culture is also reflected by *informal information flows*, the second code used in this theme. Employees are welcome to bring up ideas across hierarchies, as illustrated by the second part of the marketing director's previous response.

[2] in Swedish: *familjär*

…you are always very present because everyone is involved and everyone can go to the managing director, there are never any problems. An idea can come from anyone. It's not this to always go through a boss or the like. That does not exist, it's very open.
/Marketing Directors, Case A

Even in company B, which has about ten times more employees, the informality is present:

Sometimes there are those who email me, colleagues, saying, "Hey, I have thought of this. Why do not we do this?". And then I can say, for example, "We have to look a little closer on this." And then you do a study and see if it would work or not. Just this that someone has an idea and the thought that it is there it is born, then it is worth giving the, so to speak, attention to that employee and saying "let's look at this".
/Owner & Deputy Managing Director, Case B

Another outcome of having a strong family-like culture is the presence of *long-term employees*, as suggested by the strategy director in case B when he told us that "…a consequence of the family atmosphere may be that people work for a damn long time in the company". These long-term relationships with employees were described in both cases and one interviewee also expressed it as troublesome sometimes that some managers held the same position for 28 years. He felt that they had difficulties getting rid of people that do not fit in.

To summarize our empirical findings for this theme, we found a culture characterized by inclusion and informality, in which employees stay for a long period time. It should be noted that, although the three codes all were relevant for both case companies, they were more frequently used for the smaller company A.

4.3.2 Entrepreneurial Culture

The second cultural theme was named *entrepreneurial culture*, as it was characterised by the actions, values and mindset of an entrepreneur. This theme consists of four codes as seen below in Table 4:8.

Table 4:8 The Subtheme Entrepreneurial Culture

Codes
Freedom under Responsibility
Prone to Change
Entrepreneurial Spirit
Winner Mentality

When asked to describe the culture, two expressions appeared repeatedly in both cases: *freedom under responsibility* and, the similar expression, *room for different opinions*[3]. The two expressions were coded using one label as they both describe the employee's freedom to express and act as individuals. Here are two examples of when the code was used:

> We call it freedom under responsibility, we are skilled at delegating more decision-making into the organisation and the foundation to stand on is very clear, there are a clear value base and a clear cultural base that we assume you understand, otherwise, you cannot make the right decision. /Owner & Managing Director, Case B

> There is plenty of room for different opinions and much and many decision makers and thinkers, especially if you count on the market and design and the like. /Marketing Director, Case A

The three remaining codes *prone to change*, *entrepreneurial spirit* and *winner mentality*, which were grouped into the entrepreneurial culture-theme, could also be found in both cases, but notably much more frequently in the smaller organisation, case A. The first code, prone to change, refers to individuals' willingness to change, as exemplified below:

> But sometimes it may be that a made decision does not become a made decision, but everyone is so committed that it can be torn up multiple times, and then it becomes something else because someone else thinks something else. It's not exactly easy, it's always a challenge, but it is also a part of the culture.
> /Marketing Director, Case A

Although vaguer defined, we were also told about the existence of an *entrepreneurial spirit*, described as a sort of mindset that was highly valued, but also a mindset everyone cannot handle.

> We try to cultivate and nurture an entrepreneur's values and approach and perspectives because it is actually where the force exists.
>
> …
>
> We have been extremely clear when we have recruited. You get what you're up to, it's a family business that's entrepreneurial and started and founded and so, so if people have come and applied saying "I've been 10 years at Proctor and then 5 at Danone". Ah, okay, very good, but you will feel bad here. And we're going to feel bad with you. /Business development director, Case A

[3] in Swedish: *högt i tak*

This entrepreneurial mindset seemed to diminish as the organisation grow larger, but when asked about whether the company growth has made the company more formalised, we received the following answer:

> It must be formalised, there are so many people, we run and turn around quite a lot of money, so it's necessary to become a company and not a basement company [read: home business]. But mentally, we are still a basement company, and it is that combination that is so cool and fun. /Marketing Director, Case A

The final code that was grouped in the entrepreneurial culture-theme is *winner mentality*. This code is based on no more than three football analogies, but is perhaps best understood by the following response:

> So victories are important, prizes awarded, market shares. Winner mentality in general maybe. We have tried to cultivate and preserve it, and care for it somewhere.
> /Business development director, Case A

In short, the entrepreneurial culture-theme is characterized by individual freedom, change willingness, an entrepreneurial mindset and winner mentality. Although present in both cases, the entrepreneurial culture was particularly noticeable in case A.

5 Discussion

For our discussion, we have chosen to centre our attention on explaining the interaction between our empirical findings and our theoretical framework, by exploring these in settings that we have found prominent in our cases. From our empirical findings, and in relation to the theoretical framework, five propositions have been developed as to how socioemotional wealth influences organisational ambidexterity. Our intention is to provide the reader with the setting that we have found in our cases, and in which we have seen how socioemotional wealth has impacted different factors that influence organisational ambidexterity or how they could potentially impact according to literature. Each proposition will take into account both positive and negative aspects of socioemotional wealth in relation to organisational ambidexterity, and in the conclusion, these findings will be summarised in order to provide a degree of impact on organisational ambidexterity for each domain of socioemotional wealth. The discussion is thus a result of our inductive process where we have identified certain dynamics of a family firm and its potential impact on organisational ambidexterity, whereas the conclusion takes its stance in the five dimensions of socioemotional wealth with the purpose of providing a holistic view of each factor, even though not necessarily present in each respective proposition.

5.1 Family Initiatives

During the interviews, we encountered an explorative strategic initiative that particularly caught our interest – the planned brewery in the city of Stockholm. This idea to give the 23-year-old daughter of the family a brewery did not seem a very good idea, at least not initially, according to the non-family member that we interviewed. Furthermore, it seemed like this kind of family initiated strategic idea was not a single occurrence. There was also a virtual brewery, an unconventional craft-beer brewery, a restaurant, and a unique product in the form of spreadable olive oil – all initiated by family members. At first, these initiatives may not seem so explorative. After all, they all build on the existing products of our two case companies. But giving a 23-year-old responsibility for a brewery, using unconventional production methods, entering a new industry, and launching a brand-new product to the market surely involves a great deal of uncertainty, especially at the birth of the idea. Such initiatives could, therefore, be considered explorative in eyes of March (1991).

We found these initiatives interesting for two main reasons. The first reason was that they emerged from the family. Looking more closely at theme *motives guiding strategy*, it seemed as if they emerged based on two different motives. First, there were initiatives based on family member's personal motives such as passion for the business and will to specialise within the company. For example, the idea to start an unconventional craft-beer brewery was led by the creative brother who had travelled around in England writing his master thesis on craft-beer production. His specialisation in craft-beer and his passion for brewery ultimately led to the establishment of the unconventional brewery. Admittedly, family members' passion and specialisation have not received much attention in previous studies of family business. However, the emotional attachment that arises from the family's shared history in the company (Berrone et al., 2012) could potentially explain why family members feel passionate about their business. Passion is viewed as beneficial for exploration as it fosters curiosity, cognitive flexibility, risk-taking and persistence that energise creativity (Andriopoulos & Lewis, 2010). Second, there were initiatives that seemed to emerge from the family's shared motives of company preservation. By having a restaurant, for example, it becomes easier for members of the younger generations to start working in the company. While previous research already has shown that family businesses seek to secure a functional and prosperous business for future generations (Zellweger & Astrachan, 2008; Zellweger, Kellermanns, et al., 2012), it is unknown whether this could have an influence on exploration. Some researchers have argued that family businesses are willing to foster change for the sake future generations, rather than maximising immediate profit for current owners (Zellweger, 2007; Zellweger, Nason, & Nordqvist, 2012). This means that family businesses are willing to take on higher risk if it could be beneficial for future generations, which suggest that explorative ideas aimed at ensuring succession should have better chances of survival than an equivalent idea in a non-family firm.

The second reason to why we found these initiatives interesting was that some of these initiatives probably would not have been realised if it was not for the family. If the idea of establishing a brewery for the purpose of giving 23-year-old a development platform had come from professional in a non-family business, it would presumably have had a lower chance of being realised. Ideas that lies in the grey zone, in limbo, of becoming rejected could possibly have better chances of survival in a family firm than in a non-family firm if the idea comes from a family member. The reason for this lies in family members' rights to decide over the company. Some of our interviewees referred to the existence of a *natural leadership*, as seen in the theme *family influence on the decision-making process*. The natural leadership refers to a right to decide on certain issues, despite not having the formal responsibility within the organisation. Part of this natural leadership comes from the legal right in form of ownership, but even family members who do not have the legal right still have significant influence just by being tied to the family members who do. This is in line with the socioemotional wealth framework, in which the family is argued to seek control and influence over the company (Gomez-Mejia et al., 2011). The autonomy that comes with this kind of influence is likely positive for exploration, as previous studies have found that managers with more decision-power are more likely to step outside the prevalent strategic framework (Jansen et al., 2006; Mom et al., 2009).

However, it is important to note that while these initiatives may seem risky at first, our case companies have not risked the family business for the sake of pleasing one family member. In the case of the brewery, it took two years before the idea had been turned into a viable strategic option and was approved by the board. Looking at the theme regarding *preservation of the company*, it is clear that long-term survival is a top priority and that cautiousness to financial risks may delay strategic initiatives. Most of the initiatives mentioned above took several years to implement. This finding is similar to what previous researchers have described as parsimony, a tendency to more carefully allocate resources in comparison to non-family business (Carney, 2005). Nevertheless, these explorative initiatives which we have learned about were not turned down because of this but were instead given the top management attention to turn them into a sound investment.

Having seen several of explorative initiatives in our cases, as well as finding explanations for their existence both in the current academic literature and directly in our cases, we conclude with the following propositions:

Proposition 1a: Family members' passion and wish to specialise positively influence exploration.

Proposition 1b: The family desire for company succession positively influences exploration.

5.2 Decision Concentration

The second proposition centres on the notion that family firms, in which the decision-making process is highly concentrated to the family, are less ambidextrous. From a theoretical point of view, the literature on ambidexterity offers a great deal of insight into why this proposition can be considered reasonable. Jansen, Van Den Bosch and Volberda (2006) found that centralisation has a negative effect on exploration while having no apparent effect on exploitation. Similarly, Cao, Simsek and Zhang (2010) found that decentralisation was positively associated with ambidexterity. Hence centralisation is negative in that regard. The centralisation of decision-making power to the family was particularly strong in case A. Looking at the theme *family influence on the decision-making process*, we saw that case A displayed signs of an emergent strategic process, natural leadership and isolated strategic processes where the family would make decisions among themselves without consulting the organisation. The result of these combined factors is that the company displayed a high degree of centralisation in the strategic decision-making process, although decision-making on an operational level was conducted in collaboration with the rest of the organisation. Arguably, this type of centralised structure in the decision-making process could be found in non-family firms as well. However, it is likely that, since family firms adopt some of these structures in response to the family's preference of preserving socioemotional wealth, it would be more prominent in family firms in general. For example, having an emergent and isolated strategic process, like some of the decisions taken by case A, can be viewed as a response to the family's need to influence and maintain control over the firm itself. Mustakallio, Autio and Zahra (2002) argue that family owners seek to establish both informal and formal control, and by limiting the strategic process to family members who are also owners, the family can heavily influence that domain of socioemotional wealth. Subsequently, by maintaining control and influence, the family also establishes the necessary process for making decisions that ensure identification with the business. In accordance with the findings of Micelotta and Raynard (2011) that family firms are more likely to adhere to the social context in which they are embedded, both case A and B displayed signs of this particular trait. Case A strived to develop a new product with certain properties that they would be happy to serve their own kids, whereas case B had decided not to enter a lucrative market segment because of ethical issues with the making of those products. Thus, influence and control over the decision-making process increase the family's means by which they can ensure identification between the family and the business. Both of the mentioned examples are instances where economic gains have been set aside in favour of non-financial aspects of business, hence they are legitimising the theoretical framework of socioemotional wealth. In line with the above reasoning, it is not far-fetched to propose that family firms possess alternate motives for creating a centralised structure in their organisations, something that, according to Jansen et al. (2006), is negative for ambidexterity at large.

Another aspect of centralised decision-making that is negative for ambidexterity is a lack of autonomy. Mom, Van Den Bosch and Volberda (2009) showed that autonomous managers contributed positively to an ambidextrous environment as it encouraged them to not only follow manuals and guidelines but rather explore new territory as well. The centralised and family-centric decision-making structure displayed by case A is likely to reduce autonomy and hence reduce the overall level of ambidexterity in the organisation. It is important to note that the discussion on the impact of centralisation on organisational ambidexterity is by no means related to formalisation and informality. Company B displayed higher levels of formality in their decision-making process; however, their process was far more decentralised than the process at company A, which displayed higher levels of informality. Intuitively, it might seem as if formalisation and centralisation would go hand-in-hand, and the same for decentralisation and informality; however, we have found that this is not the case when considering our companies.

Although slightly vaguer in its connection, we also believe that *generational impact*, i.e. accumulated family knowledge and a difference in perspective between older and younger generations, could contribute negatively to organisational ambidexterity, with a reservation for the positive effects that a well-developed knowledge base contributes to in terms of exploitation. As found in Case A, the founder was deeply involved in certain projects that were close to heart and, thereto, reluctant to make certain strategic decisions. It is likely that this behaviour is the result of a combination of nostalgia, risk aversion and problems of identifying with the potential new direction of the firm. If this behaviour is present, it is likely that it would increase centralisation and restrict autonomy simply because strategic decisions have to adhere to the strong preferences of certain members of the family.

A final impact of centralisation and concentration of decision-making authority on organisational ambidexterity is the potential erosion of trust. Gibson and Birkinshaw (2004) argue that trust is achieved by establishing fairness and equity in the decision-making process, including involvement of co-workers whose tasks are directly affected by the strategic agenda. It seems as if case A, by maintaining a centralised and family-centred decision-making process, is actually discouraging co-workers to seize explorative activities that would contribute to ambidexterity.

Although centralisation, in terms of an isolated strategic process and natural leadership, has been found to have a negative impact on organisational ambidexterity from a theoretical point of view. We do, however, recognise that having a centralised decision-making process, where the family itself contributes with the majority of explorative initiatives, can be positive for ambidexterity in some instances. For example, as discussed when we presented our first proposition, the founder of company A greatly contributed to the product that they themselves call their greatest innovation. However, when decision-power is centred to the family, it is likely to have a negative influence the organisations ambidextrous ability. Thus, our proposition is the following:

Proposition 2: Decision-making processes that are highly concentrated around the family negatively impact exploration and exploitation.

5.3 Formalisation of the Strategic Process

The first proposition centred on family members' positive impact on exploration in the sense that they are able to initiate a project that arguably would not have been realised in a non-family firm. The second proposition elaborated as to why we believe that decision-making processes that are highly concentrated to the family are negative for both exploitation and exploration. The formalisation of strategic processes emerged as a proposition in response to the imbalance between the positive effect of owner initiatives, on one hand, and the negative effect of a concentrated strategic process, on the other, as has been discussed in the previous two propositions. That is, we believe that formalisation of strategic processes acts as a mediator of the negative impact of a concentrated strategic process, while retaining the positive effect of owner initiatives. The reasoning behind this argument will be outlined in the following paragraphs.

Case A showed that the combination of a concentrated strategic process and owner initiatives inherently promotes informal routes of information, discourages autonomy and increases centralisation of decisions. In contrast, Case B displayed a different setup as to how they approached strategic decision-making. Although it was evident that owner initiatives were highly present in Case B as well, the process through which these decisions were finalised was highly structured and involved the executive team which allowed for scrutiny of the idea. In contrast, in Case A, we saw that some initiatives initiated by members of the family were not questioned at all, at least not in a formalised setting, which further increased centralisation of strategic decisions. In turn, centralisation decreases the autonomy of the rest of the organisation which has been found negative for organisational ambidexterity at large (Cao et al., 2010; Tushman & O'Reilly, 1996).

What we have seen from our cases is that formalisation that allows for scrutiny of ideas, and thus a process that reduces nepotism of owner initiatives. We believe that this is positive for an organisation's ability to balance exploration and exploitation. Theoretical support for this idea could be found in Jansen's et al. (2006) work who argue that formalisation has a positive impact on exploitation. The essential core of this proposition is that the family, through informal settings, natural leadership and emerging processes are able to promote their ideas extensively throughout the organisation and, as we have seen, this highly influenced strategic decision-making in both of our respective cases. However, case A displayed little or no signs of a formalised process through which decisions were routed in order to assess viability, impact or influence on the overall organisation. We acknowledge that owner initiatives are largely positive for exploration. However, we argue that the effect on the overall organisation is diminished if these decisions are made in isolation among family owners without including a variety of perspectives on the matter. As in the case of company A, owner initiatives have been a source of exploration and growth, though it has also contributed to, arguably, less explorative initiatives from the rest of the organisation. Hence, while owner initiatives are positive for exploration to a point, a centralised process that decreases the autonomy of the organisation is restricting the impact of that positive relationship. To balance the scales, we thus propose a formalised way of promoting cross-functional interfaces as promoted by Mom et al. (2009), which in turn decreases the centralisation of decisions and thus promotes formalisation which has been found positive for exploitation.

As explorative initiatives are backed by the family's natural leadership and passion & engagement, these initiatives would be able to thrive even if the process around the decisions themselves is more formalised in order to promote autonomy and a decentralised approach. Thus, we argue that a combination of owner initiatives and a formalised process of decision-making would allow companies to better balance exploration and exploitation rather than being explorative without involving the organisation.

We have found no apparent positive connections between socioemotional wealth and a family firm's willingness to formalise their strategic processes. Rather, by formalising the process, we could argue that the family's control and influence decrease as to what initiatives actually get realised. And subsequently, the family's ability to identify with the business might decrease if they are not allowed to pursue every initiative that they deem viable, simply because the organisational as a whole might disagree. In the case of company A, if the founder was not allowed to pursue his particular project over the course of 18 years, we can argue that it would be in direct conflict with the socioemotional dimension of emotional attachment. However, since he is the founder and an owner and possesses natural leadership, the project was followed through anyway, regardless of whether the organisation thought that it was the right thing to do.

In the case of company B, the decision to establish a brewery in Stockholm city was a direct result of an owner initiative. However, the process was formalised in the sense that the executive team reviewed its viability over a long period of time, including scrutiny from both members of the family as well as family external executives. These two examples show that case B created autonomy and decentralisation, whereas case A displayed a highly concentrated strategic process where the family, and especially the owner, was the driving force.

Important to note is that formalisation in a family firm is mostly negative in the context of socioemotional wealth as mentioned in the previous paragraph. Hence, we acknowledge the fact that case B arguably possess a more formalised strategic process due to the size of the organisation, and that it is something that has been installed over time as a necessity rather than an active choice made by the owners. If we follow this reasoning in the case of company A and B, it is evident that family firms might struggle with implementing formalised processes simply because it is in conflict with preserving the dimensions of socioemotional wealth. However, it does not change the fact that case B had a better, according to us, balance between exploration and exploitation.

Proposition 3: Formalisation has a positive impact on a family firm's ability to balance exploitation and exploration.

5.4 Cultural Impact

Something that we have observed in both case A and B is the presence of a family-like culture. Elements that have been emphasised in relation to a family-like culture are, for example, the feeling of belonging, inclusiveness and continuity. Although most present in company A, we have seen that a culture heavily influenced by the interaction between family and firm can still exist even in larger corporations, as in the case of company B. The most apparent implication of a family-like culture found in this study is attributed to informal flows of information and, subsequently, the establishment of connectedness, which has been found to contribute positively to ambidexterity (Chang & Hughes, 2012; Jansen et al., 2006; Mom et al., 2009). We found that the concept of connectedness is closely related to a family's preference for maintaining strong personal ties to stakeholders involved with the organisation. Although connectedness is likely to be present in non-family firms as well, we argue that a family firm's emphasis on this particular domain of socioemotional wealth increases the likelihood of finding connectedness in a family firm as compared to a non-family firm. We also acknowledge that connectedness in terms of informal coordination might be more present in Swedish firms that, arguably, are less hierarchical than firms in other parts of the world.

From an organisational culture point of view, Gibson and Birkinshaw (2004) have argued that the combined existence of discipline, stretch, trust and support is essential to achieving organisational ambidexterity. Even though there are suggestions that connectedness contributes positively to organisational ambidexterity, we are not convinced that a family-like culture alone can foster all four dimensions presented by Gibson and Birkinshaw. Informal information flows are positive in the context of connectedness; however, other dimensions of a family-like culture, such as long-term employees, could be negative for exploration in the sense that people who have been doing something for a long period of time tend to be path dependent and reluctant to change. From our cases, we have seen how employees tend to stay for a long period of time, and we have also seen how some managers, especially in the case of company B, view this as a clear disadvantage since it does not allow them to bring new capabilities into the organisation. Arguably, this would not be the case in a non-family firm with a higher employee turnover rate, although we do realise that not all non-family firms have a high employee turnover rate. We believe that the familiarity and connectedness created through the interaction of family and firm is the reason behind these strong, long-lasting relationships with employees, which in turn is attributed to the family's preference for preserving social ties to internal stakeholders and ensuring identification with the firm. With apparent negative effects outlined, what does an organisation need to overcome some of the issues that arise as a result of a family-like culture?

What we believe to be a partial mediator to some of these issues was the presence of an entrepreneurial culture. Factors that were found present in an entrepreneurial culture were, for example, individual freedom and willingness to change. These factors can be viewed as complementary and strengthening to areas where a family-like culture does not reach or even displays negative impact. Thus, the presence of a family-like culture alone does not contribute noticeably to organisational ambidexterity, rather it is the combination of a family-like and an entrepreneurial culture that we have found to be preferable.

In order to display the relationship between a family-like culture and an entrepreneurial culture, and subsequently its impact on organisational ambidexterity, we use the framework provided by Gibson and Birkinshaw (2004), who argue that an ambidextrous culture needs to combine four factors; namely discipline, stretch, trust and support. Connectedness contributes to both a shared ambition and shared identify, just like in general family relations. It is fair to assume that family members value approximately the same things as a result of heritage and conformity during a longer period of time. We argue that the same is true for organisations and owner-led family firms in particular. Thus, the dimension of stretch, i.e. shared ambition and identity, should be present in family firms to a large extent, something that we also found when looking at the theme *company preservation*. Through our literature review, we have also seen that connectedness also contributes to involvement (Adler et al., 1999), which is one of the components of the trust-dimension. However, it is important to note that, as established in the proposition regarding a family-centred strategic process, involvement could be negatively influenced when the decision-making process is emerging, isolated and centralised. Thus, there exist some discrepancies in the trust-dimension that are dependent on other factors such as the process of decision-making.

The stretch and trust dimensions are comprehensible in the context of a family-like culture. However, the cultural impact on the dimension of support (resource availability and autonomy) and discipline (standards and feedback) is highly ambiguous and would appear not present at all. This is where we suggest that an entrepreneurial culture can mediate and thus increase the overall level of organisational ambidexterity. We have found no evidence that an entrepreneurial culture influences discipline noticeably, especially when it comes to standards. However, an entrepreneurial culture has the potential to contribute to both resource availability and autonomy of the organisation. As in the case of company B, employees are encouraged, through financial remuneration, to approach decision-makers with potential ideas of improvement or new concepts that might add value to the firm. Most likely, this is not exclusive to family firms only but rather exists in all types of firms. However, the informality displayed in our cases in combination with family members' preference for building and maintaining binding social ties, and subsequently connectedness, can be viewed as reinforcing in this aspect. In the given example of company B, resources are made available to employees in terms of executive attention and they are given autonomy to pursue ideas and improvements. In line with the reasoning of this paragraph, it is evident that an entrepreneurial culture can cover aspects of the model presented by Gibson and Birkinshaw (2004) that could not be covered by a family-like culture alone, and thus contribute to an increased balance between exploration and exploitation.

Proposition 4: A family-like culture coupled with an entrepreneurial culture increases a family firm's ability to balance exploitation and exploration.

5.5 Family Inherent Values

The fifth and final proposition takes it stance from the theme of *preserving the company*. The main inference from this theme was that it exists a wish to build a strong and long-lasting company among all of our interviewees. In line with the fifth dimensions of socioemotional wealth (Gomez-Mejia et al., 2011), we could see that this long-term orientation is based on a wish for company succession. We believe that this long-term orientation could be a significant factor contributing to higher levels of ambidexterity.

Recall that the returns from exploration typically are uncertain, negative and lies in a distant future (March, 1991). If the firm was short-term oriented, focused on generating short-term returns, explorative activities would likely be disfavoured for exploitive activities as these typically generate proximate, predictable and positive returns (March, 1991). To some extent, exploration, therefore, requires a long-term orientation. Naturally, a long-term orientation is not unique for family businesses. With the above reasoning, there would not be any ambidextrous non-family firms if only family business were long-term oriented. However, due to the emotionally anchored target of company succession, family firms should be more likely to be long-term orientated than the average non-family firm, which is widely acknowledged within the family business literature (e.g. Miller & Le Breton-Miller, 2006b; Zellweger, 2007; Zellweger & Astrachan, 2008).

If long-term orientation enables explorative activities, does that mean exploitive actives are disfavoured with this orientation? To some extent, yes. A short-term oriented firm would probably outrun a long-term oriented firm in terms of exploitation, as they allocate more resources towards exploitive activities. However, that does not mean that long-term oriented firms are not exploitive. In fact, an exclusive commitment to explorative activities would likely threaten the long-term survival of the company and would not in line with a long-term orientation based on succession. Instead, a long-term orientation based on succession should be beneficial for balancing the two ends of exploration and exploitation. The emotional will for succession firmly unites the family members around a shared vision of long-term orientation. Establishing a shared vision that acknowledges the need for both explorative and exploitative activities is seen as fundamental for achieving ambidexterity (Jansen et al., 2008; O'Reilly & Tushman, 2011). Furthermore, as family members in management positions also are owners, they have financial incentives to maintain a sound balance. If they put an overweight on exploration they would risk their immediate personal wealth and if they put an overweight on exploitation they would compromise future generations' wealth, which would not cohere with their emotionally anchored wish for the company succession. Having an incentive system based company performance is also positive for organisational ambidexterity in the sense that it helps to unite the top management team, or in this case the family, around the vision (Jansen et al., 2009). As some definitions of family firms do not require family members in management positions, this proposition might not hold for all family firms. Nevertheless, for the typical family firm we still believe that a long-term orientation based on company succession is favourable for organisational ambidexterity, giving us the following proposition:

Proposition 5: The inherent family willpower to preserve the company positively influences the firm's ability to balance exploration and exploitation.

Recall, the purpose of the discussion centred on providing propositions regarding the potential relationship between socioemotional wealth and organisational ambidexterity, in settings that we found prominent in our two case companies. Five propositions have been elaborated on in this section and a visual representation of the findings for each proposition respectively can be found in Table 5:1 below. In other words, the table provides an overview of which dimensions of socioemotional wealth that has, according to us, had an impact on each of the five propositions.

Table 5:1 The Propositions and the Underlying Socioemotional Wealth Dimensions

Proposition	SEW dimension* 1	2	3	4	5
P1a: Family members' passion and wish to specialise positively influence exploration.	x			x	x
P1b: The family desire for company succession positively influences exploration.	x				x
P2: Decision-making processes that are highly concentrated around the family negatively impact exploration and exploitation.	x	x		x	
P3: Formalisation has a positive impact on a family firm's ability to balance exploitation and exploration.	x	x		x	
P4: A family-like culture coupled with an entrepreneurial culture increases a family firm's ability to balance exploitation and exploration.	x	x	x		
P5: The inherent family willpower to preserve the company positively influences the firm's ability to balance exploration and exploitation.				x	x

* Socioemotional Wealth (SEW) Dimensions: 1 = Family control and influence, 2 = Identification with the firm, 3 = Binding social ties, 4 = Emotional attachment, 5 = Renewal of family bonds through dynastic succession.

6 Conclusion

The purpose of this thesis has been to bring clarity to why family businesses seem to be better at achieving organisational ambidexterity. With the theoretical family business framework of socioemotional wealth as our starting point, we have undertaken a case study of two innovative family businesses using a thematic analysis. Based on the inductive findings from the two cases as well as from the theoretical framework, we have then laid out five propositions for how family businesses' characteristics influence their ability to achieve organisational ambidexterity. The following research question has guided our process:

How does socioemotional wealth influence organisational ambidexterity in a family firm?

The short answer to our research question is that socioemotional wealth influence organisational ambidexterity in different ways. Some aspects of socioemotional wealth are positive for ambidexterity, some are negative, and some do not appear to have any influence at all. As our propositions incorporate multiple dimensions, we will here briefly go through each dimension on its own to clarify its influence on socioemotional wealth, as seen in Table 6:1. The conclusions are, nevertheless, based on our propositions.

Table 6:1 Suggestive Influence on Organisational Ambidexterity

Socioemotional Wealth Dimension	Influence on Exploitation	Influence on Exploration	Influence on Ability to Balance
Family control and influence	Negative	Negative	Ambiguous
Identification with the firm	Positive	Negative	Minimal
Binding social ties	Positive	Negative	Positive*
Emotional attachment	Positive	Positive	Minimal
Renewal of family bonds through dynastic succession	Minimal	Positive	Positive

Labels: Minimal, meaning none or weak relationship; Positive, meaning an overall positive relationship; Negative, meaning an overall negative relationship; Ambiguous, meaning a double-edged relationship. *= conditional, see text below.

The drive to maintain *control and influence* of the company seems to have a direct negative effect both on exploration, as it leads to centralisation, and on exploitation, as it decreases formalisation. It further decreases the firm’s ability to balance the two, as it likely restricts employees’ autonomy. However, ensuring control of strategic decisions within in the family, and, thereby, limiting the tensions between exploration and exploitation to the family sphere, could also have a positive effect on the firm’s ability balance the two. Moreover, this dimension is unique in the sense that it enables other dimensions of socioemotional wealth. By securing control the family owners ensure their right to prioritise socioemotional wealth over pure economical wealth, which we believe has an indirect positive effect on the ability to balance the two.

That family members *identify with the firm,* and that others identify the firm with the family, seems to have a negative effect on exploration. As the family does not wish to taint their name, they restrict themselves in their strategic options. However, they will make a strong effort to excel in the options they eventually choose, that is, exploit them. We have not discovered any indications that identification would impact the firm's ability to balance exploration and exploitation.

The presence of *binding social ties* affects ambidexterity in two main ways. First, it encourages employees to stay for a long time, which is beneficial for exploitation as it preserves knowledge. However, it also limits the intake of new knowledge, which likely will impair the firm's explorative ability. Second, binding social ties fosters a family-like culture which fosters connectedness, trust, and stretch. This is beneficial for the firm's ability to balance the two, but only if there also exist discipline and support.

The *emotional attachment* that family members feel to their company is likely positive for exploration, as passionate family members seem to contribute with explorative initiatives and put much effort into excel at what they do, i.e. exploitation. In terms of ability to balance the two, we have not been able to find any compelling reasons for the effect of emotional attachment.

Striving for *renewal of family bonds through dynastic succession* likely has a positive influence on the firm's ability to achieve organisational ambidexterity. The long-term orientation that comes with succession planning promotes the need for a sound balance between exploration and exploitation. Furthermore, to ensure that younger generations will value the firm, explorative initiatives arise such as new business units in which they can develop.

6.1 Implications for Future Research

The main contribution of this thesis, as we see it, has been to lay the ground for further research. By formulating propositions, we have clarified the potential influence of socioemotional wealth on organisational ambidexterity. The propositions are, however, in need of being tested; particularly by controlling for external factors. Our case companies have, for example, not only been formed by socioemotional wealth but from numerous external factors such as industry dynamics, technology development, and societal trends.

It is also important to remember that our findings might not be applicable to all types of family business. Although narrowing our scope to owner-led and fully family-owned firms gave us cases in which socioemotional wealth is most prominent, this choice has also limited the generalisability of our findings. For example, family members in non-owner-led family firms might not feel the passion that seemed to spur exploration in our case firms. To further increase our understanding of socioemotional wealth and its relation to organisational ambidexterity, it could, therefore, be valuable to compare different types of family business and test whether our propositions hold for more than one type.

As we saw in the difference between our two cases, size also impacted the influence of socioemotional wealth. For example, both our case companies have become more formalised when they grew larger. Furthermore, when family firms grow larger the complexity of balancing socioemotional wealth with economic wealth also grows larger, partly due to the increased size and partly due to the fact that more generations are involved. Since we have only had a chance to look at two cases, it difficult to assess the full impact of growth. Another valuable contribution to the topic would, therefore, be to follow a family business through generational shifts.

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