



# Master thesis

*Does preserving family values help to sustain stability and growth in family businesses?*

BUSINESS ADMINISTRATION – STRATEGIC MARKETING AND DIGITAL BUSINESS

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## Abstract

Family businesses are considered as special cases when it comes to strategy making and change due to the presence of family values established in the past. Moreover, as family firms are more likely to stick to their values, they are more prone to path dependencies and so, impeding strategic change. Accordingly, this paper explores how family firms nonetheless enact family values to maintain stability and at the same time induce growth during strategy making practices without having to compromise on these family values. Literature on family business strategy is however limited and is yet to find consensus on uncovering the role of family values on strategy making practices. This study provides an answer to this question by executing a qualitative case study consisting of interviews, document analysis and observations at a large family firm. The results of this study indicate that family values are preserved through strategy creating practices, the corporate culture and external relationships and can support in creating stability and growth. By entwining family values with strategic elements, such as core values, mission and vision, these values can be preserved and shared with a large group of people. This results in a group sharing the same values and so, fosters more stability. In addition, by offering trainings and corporate parties, a community is created out of the staff which leads to a team that is willing to take an extra step in times of growth. Moreover, by establishing long-term relationships with both suppliers and customers and making this a strategic goal and not only a family asset, these relationships form the basis for stability even in times of strategic upheaval and change in value chains. This research adds to literature by adopting a practice lens towards strategy creation in family businesses and by uncovering that family values can actually be preserved through strategy making practices and yet, at the same time induce sustainable growth. For practice this implies that if a family firm aims to preserve their values, these values should be included in strategic elements and in a firm's internal and external environment in order for a large group to live up to them. Moreover, by giving staff freedom and trust, they get the opportunities to embark on strategy change and as a result, realize stability and growth.

### **Keywords:**

Family business, family business strategy, strategy-as-practice, family values, path dependency, stability and growth

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## 1. Introduction

Family businesses have always been a topic of interest, not only because they are led by families, but also because of the opportunities and challenges they involve. Even though these firms hold the advantage of having a high degree of devotion and internal cohesion, these factors can also form a potential threat (Miller & Le Breton-Miller, 2003). Due to conflicts of interests and a lack of adequate skills and capabilities of family members, these kinds of businesses may be negatively affected and reluctant to change (Gibb Dyer, 2006). However, as Mintzberg (as cited in Jarzabkowski, 2004) points out, organizations need to adapt to change to be able to grow, but should also aim for stability in order to operate efficiently. Therefore, forming a strategy that considers both change and stability, is complicated. Habbershon, Williams and MacMillan (2003) point out that strategy creation in family businesses can be considered as a complex process, as it is influenced by several factors, like serving the family's interests and their values. As a result, being able to realize stability and at the same time growth in these kinds of businesses is a complicated case.

As mentioned above, strategy creation in family businesses is influenced by several factors. If a family firm is highly focused on certain values, routines or rules, it keeps them on a certain path and it prevents the firm from change (Greener, 2002). This phenomenon is also described as path dependency, which can also positively affect a firm. As a matter of fact, Greener (2002) points out that path dependency because of values and routines can also lead to developing certain capabilities and competencies and so, leads to a competitive advantage and growth. In line with path dependency, Nordqvist and Melin (2010) mention that strategy creation is indeed a process that tends to rely on certain structures and patterns. Especially in family businesses, family values and their interests affect the firm and so, strategy creation (Nordqvist & Melin, 2008). To be able to understand the underlying dynamics in family businesses and how strategy is actually created, Nordqvist and Melin (2010) describe that organizational actors need to be studied in order to understand how strategy and operations in these firms are shaped. Focusing on how actors actually 'do strategy' is also known as strategy-as-practice (Whittington, as cited in Whittington, 1996), which will be discussed later on in this paper.

With regard to path dependency, family firms are more prone to develop this due to the succession by other family members. These successors are often said to follow the path of their predecessors, which leads to less organizational change (Schreyögg & Sydow, 2011). However, path dependency also implies that 'history matters', as the firm's history and values determine its sustainability (Greener, 2002). As Kimberly and Bouchikhi (1995) put it, a company's past forms its present and could be constraining for the future. In line with this, Kaplan and Orlikowski (2013) emphasize that managers' and strategists' perceptions of events in the past, present and future are crucial in how a firm's strategy will be shaped. Not only managers play a part in this, the staff enacting on strategy does as well. If they intend to work towards organizational goals, it can play an important part in creating both stability and change, which is also known as routine dynamics (Dittrich & Seidl, 2018). Thus, strategy creation and establishing stability and growth are processes that involve all parties in a family firm.

With regard to the literature mentioned above, it can be concluded that strategy creation in family businesses is complex and requires an understanding of the context a firm is in. Moreover, strategy research in the field of family businesses is limited (Nordqvist & Melin, 2010; Barros, Hernangómez & Martin-Cruz, 2016). To find out how family businesses achieve both change and stability throughout strategy creation without losing or compromising on their own family values, the following research question is composed:

*"How do family businesses realize stability and growth during strategy making practices without having to compromise on family values?"*

To find out how family businesses actually realize stability and growth throughout strategy creating practices, a single case study will be executed. The research will be executed at a large furniture retailer, which is also a family-owned business. Data will be gathered through interviews with directors, managers and family members to fully grasp how this family firm aims for stability and growth and how family values are preserved throughout strategy making practices. Additionally, observations will be done to adopt a practice lens throughout the study and to uncover how strategists actually create strategy at the company. The research methods mentioned above are further discussed in the methodology.

This introduction is followed by a literature review which discusses the main topics of this study. After this, the methodology will be described and consists of the methods that are used to answer the research question. Moreover, the methodology includes the process theory as well in which the company's history will be discussed. After the process theory the results of this paper will be presented and will be rounded up with a conclusion that provides an answer on the research question. This will be followed by a discussion, theoretical and practical implications and will end with the limitations of this research.

Furthermore, by executing a research focused on strategy creating practices at a large family firm, this study is expected to contribute to literature in the field of family businesses strategy, strategy-as-practice and path dependency. In addition, this study contributes to practice by offering an overview of how family firms can create stability and growth, what role family values play throughout strategy creation and how these values can be preserved.

## 2. Theoretical background

The phenomenon family business has several definitions in literature. McConaughy, Walker, Henderson and Mishra (1987) and Fahlenbrach (2009) describe these firms as enterprises whose CEO is either the founder of the firm or a family member of the founder. Others point out that these firms can be considered as a family business as soon as the family owns more than 20 % of voting rights (La Porta, Lopez-de-Silanes & Shleifer, 1999), or owns at least 50,1 % of stocks (Holderness & Sheehan, 1988). However, with regard to the definition of family firms, these companies can be described as privately held enterprises that intend to keep control in the family throughout several generations. Additionally, these firms are led by either one or multiple family members for a longer period of time (Miller, Le Breton-Miller, Lester & Cannella Jr., 2007; Miller, Steier & Le Breton-Miller, 2003).

### 2.1 Strategy creation in family firms

Strategy creation in family businesses differs from that of non-family businesses. Miller and Le Breton-Miller (2005) therefore describe strategy creation in family businesses as complicated cases. Logically, family businesses are led by family members and therefore have to manage both the family's interests and the company's interests. Hence, strategy creation in family businesses differs from strategy creation in other types of firms, because family firms have to involve 'the family' throughout their strategy (Carlock & Ward, 2001). Moreover, strategy creation in family firms is determined by several aspects, such as family culture and values. These family dynamics influence strategy creation and can therefore not always be considered as rational (Astrachan, 2010; Hall, Nordqvist & Melin, 2006). Additionally, strategy creation in family firms is characterized by long-term planning, risk aversion and a more centralized structure (Miller & Le Breton - Miller, 2006; Naldi, Nordqvist, Sjöberg & Wiklund, 2007; Lindow, Stubner & Wulf, 2010). However, strategy creating practices in family firms are also defined by a strong focus on value creation and on forming and sustaining long-term relationships with partners and stakeholders (Salvato & Melin, 2008; Miller & Le Breton-Miller, 2006). Hence, family firms aim on the one hand for stability by being risk averse and focusing on the long-term and on the other hand on creating growth by prioritizing value creation.

In addition to the characteristics mentioned above, strategy creation in family businesses is also affected by emotions. Stanley (2010) points out that emotions of different family members can have a significant impact on how the firm and its strategy are eventually shaped and how these emotions affect decision-making as well. Carlock and Ward (2001) add to this, that families are more focused on the family aspect of business and are therefore more likely to make decisions based on emotions. As a result, these decisions cannot always be considered as rational and can affect strategy creation both positively and negatively (Baron, 2008). In example, conflicts throughout strategy creating practices are likely to occur when family members experience different emotions in comparison to non-family members (Martin, Makri & Gomez-Meija, as cited in Morgan & Gomez-Meija, 2014).

### 2.2 The role of family values

As mentioned in the introduction of this paper, strategy creation and daily operations in family firms are affected by family values. Riviezzo, Garofano, Napolitano and Marino (2015) point out that successful strategy creation in family firms is actually a result of the strong values that family firms possess. With regard to values, Miller and Le Breton-Miller (2005) recall four pillars/values that play an important part in a family firm and their strategy. These values are continuity, community, connection and command. First, continuity stands for the aim of family firms to create stability and synergy in their strategy and firm (Miller & Le Breton-Miller, 2005). Second, the advantage of community might be the most characterizing value for family businesses, as family firms prioritize creating a high degree of loyalty and devotion from and towards employees (Miller & Le Breton-Miller, 2006; Miller & Le Breton-Miller, 2005). In line with community, the advantage of connection stands for the importance of building and sustaining relations with stakeholders, like customers and partners. Last, the value of command represents the fact that family members have the freedom and

power to determine and form the firm's strategic direction and to secure their stable position in the firm (Miller & Le Breton-Miller, 2006).

Nevertheless, the pillars/values mentioned above can also become disadvantageous. The fact that family firms value a high degree of community and command, also means that they are more reluctant to change and to a higher degree focused on routines and structures, which disenables growth (Habbershon & Williams, 1999). Considering that these firms focus on creating a community and connection, this leads to them having the same partners and stakeholders for a longer period of time, which could prevent them from change (Miller & Le Breton-Miller, 2006). Cheng (2014) also describes type II agency problem as a disadvantage of family businesses. In family businesses, the family owns the majority of shares or voting rights and are hence more likely to serve their own interests and pursue their own values. Additionally, Nordqvist and Melin (2008) describe that strategy and processes in family firms are always influenced by family values and norms. This is mainly due to the social interaction between family members and non-family members when discussing their values and norms. Moreover, as family members are emotionally close to each other, they eventually end up sharing the same values and goals (Schulze, Lubatkin, Dino & Buchholtz, 2001). As soon as a group, in this case a family, starts to share the same values, their perspectives become leading in the firm and their strategy (Phillips, Laurence & Hardy, 2004). As a result, family businesses are more prone to path dependency that impedes strategic change due to the internal processes and tight social structures with their external partners selected and maintained to help sustain these values. How this all is related, will be discussed in the following paragraph.

### 2.3 Family values, strategic direction and path dependency

As mentioned above, family firms tend to focus on the long-term. Nevertheless, scholars question whether this is actually true or not. Nordqvist and Melin (2010) point out that family firms consider long-term strategic planning as too much of an effort which involves too many costs. However, Pieper (as cited in Astrachan, 2010) describes that due to the commitment of the family and internal cohesion, family businesses are more focused on the long-term and so, their strategies as well. In line with this, Carlock and Ward (2001) explain that family firms have to focus on both the firm and the family, which leads to them adopting a long-term vision. Additionally, family firms are concerned with their reputation and securing the firm for other generations and as a consequence, choose for a sustainable strategy (Ward, 2004).

Even though strategy creation might be focused on the long-term, this could also result in family firms focusing on their strategies for too long. Especially in family businesses, firms are taken over by members of the same family and are therefore less likely to change (Schreyögg & Sydow, 2011). Moreover, when family values are considered as most important within a firm, this diminishes opportunities for change and growth (Henderson, Miller, & Hambrick, 2006). As a result, Habbershon and Williams (1999) point out that in family businesses where family values and priorities stand central, path dependency could become a problem. Path dependency is in this case a result of family firms focusing on the same activities, patterns and culture for too long and therewith disabling change.

Nevertheless, path dependency can also involve positive effects for family firms. In line with path dependency, Habbershon and Williams (1999) point out the phenomenon of 'familiness'. Familiness leads to inimitable, competitive advantage for family businesses, which is a result of strong family values and culture that are being intertwined with the firm's processes and their strategy. Pearson, Carr and Shaw (2008) add the factor of social capital to familiness, in which competitive advantage is achieved by the close family relationships, improved information assimilation and a high degree of associability in family firms. However, Habbershon et al. (2003) also recalls that familiness can involve constrictive effects, as family firms can become too focused on their own values and knowledge, which leads to less ability to change. With regard to social capital, this concept is based on internal knowledge, values and norms that are present in a family firm (Pearson et al., 2008). Nevertheless, if family firms are not able to obtain and assimilate external knowledge, they will get stuck in their own beliefs and become more path dependent (Daspit et al.,



2017; Barros et al., 2016). Hence, due to the long-term orientation of family firms, they are more likely to become path dependent and disenable growth. However, family firms also hold the advantage of creating non-imitable competitive advantages, which are also a result of their own values and culture.

#### 2.4 Strategy-as-practice in family firms

As explained above, the involvement of family and family values has a certain effect on strategy creation in firms. Considering that in family businesses both the family's interest and the business' interest need to be aligned, strategy is shaped differently (Carlock & Ward, 2001). In order to truly understand family dynamics in strategy creation, adopting a practice lens towards strategy can uncover the effect of family values and dynamics on strategy creating practices (Nordqvist & Melin, 2010). This also implies that preserving these values goes beyond strategy creation and involves internal and external practices as well. Strategy-as-practice focusses on what strategists actually 'do' and therefore considers distinct family values, routines and norms (Hall et al., 2006). Moreover, Nordqvist and Melin (2010) recall that family interests and values are either directly or indirectly interwoven in the firm's strategy. In this case, strategy-as-practice can reveal how these interests and priorities are preserved in strategy creation and in the firm self as well (Jarzabkowski & Spee, 2009).

Nevertheless, Whittington (1996) describes that being able to look at strategy in a practical way, also requires strategists that are able to work within the existing culture and routines in a firm. This implies that even though family values are incorporated in strategy creation, it is actually strategists that have to work with these values internally and externally. Hence, strategy-as-practice actually considers the context a firm is in and how this eventually shapes a firm's strategy and how this strategy is carried out in practice (Jarzabkowski, 2004). Using a practice lens to observe strategy creating practices in family businesses does not only offer the possibility to understand how strategy is shaped by managers, but also how family values play a role in sustaining business and at the same time help create strategic change and growth from the perspective of situated actors.

### 3. Methodology

For this study, data will be collected at a large furniture retailer. The company under study is a family-owned business, which has expanded its activities in the past couple of years. These aspects make the company an appropriate case to study, as growth is forthcoming and stability is longed for. The selection of this case can be considered as a typical case, a suitable representation of that which is being studied, namely a family firm aiming for stability and growth (Seawright & Gerring 2008).

With regard to the firm, the company has been a family firm for over 75 years. The firm focuses on producing, purchasing and selling furniture on a large scale in the Netherlands, Belgium and Germany. The firm has showrooms in the Netherlands and Belgium and German customers are reached through web shops. The company currently employs about 120 full-timers. The company focuses on selling high-quality furniture and on offering outstanding service and experience towards their customers. However, the firm has gone through massive change and growth in the past couple of years. By starting a German and Belgian web shop, the amount of orders has grown, but also the organizational complexity. As a result, the company under study has changed from a national to an international retailer in a short period of time, but still aims to carry out their family values.

As this study involves the company's strategy and their internal and external processes, the company's name will remain anonymous in this study. In addition, the names of interviewees will remain anonym as well to safeguard their privacy.

#### 3.1 Explorative research design

This study will provide an answer on the question how family businesses create stability and growth throughout strategy creation without having to compromise on their own values. As the literature on this topic is limited (Nordqvist & Melin, 2010; Barros et al., 2016), this research aims to find an answer to this question and can therefore be considered as an explorative research design. Moreover, as recommended by Strauss and Corbin (as cited in Thomas, 2006), an inductive design will be used, which means that a theory is drawn up based on the data that is gathered instead of testing a theory. Considering that only one case is studied, this could negatively affect the generalizability of the study. However, studying a single case does enable the opportunity to gather powerful data (Siggelkow, 2007). Therefore, a single case study with an inductive design will be conducted.

#### 3.2 Data collection

Data will be gathered through in-depth interviews with two directors and the founder of the company who are or have been involved in strategy making practices throughout the company's history. The company's founder has been there since the beginning and so, can provide for relevant information to answer the research question. In addition, the two directors have worked at the company for over ten years and so, have sufficient knowledge to discuss the firm's strategy and the role of family values. These interviewees also have the ability to tell more about the company's past and how this affects the company's present. This process of the company's past and present that contains the company's key events will be described in part 3.4 of this methodology. Afterwards, two managers of the company will be interviewed, in order to find out whether directors and managers have the same view on strategy creation and on the role of family values within the company. In addition, two family members who currently work in the company will be interviewed in order to grasp their vision on the preservation of family values within the company. The goal of these interviews is to find out how strategy is created within the firm and how family values are being preserved throughout this process. Additionally, identifying how both stability and change are achieved within this family firm is an objective of this research as well.

As the researcher chooses the most suitable respondents for this research, the sampling is based on the judgement approach of Marshall (1996). However, the selection of participants is based on the degree to which they can provide for relevant information and so, can be considered as suitable interviewees (Morrow, 2005). The interviews are being held separately, so the respondents will not be biased by the answers of others. As the interview questions are derived from literature,

this safeguards validity. The questionnaire for the interviews is included in Appendix I. Even though questions are drawn up beforehand, there will be room for additional questions, which makes these interviews semi-structured. By taking notes throughout the semi-structured interviews and making transcripts of the interviews, validity and reliability are enhanced (Barriball & While, 1994).

Next to the interviews, content analysis of internal documents and observations are conducted to determine how strategy is created and how family values are being preserved. Regarding the document analysis, especially strategic documents will be analyzed to not only describe the company's current strategy, but to uncover how family values are maintained throughout this process as well. In addition, the data that comes from this document analysis will be used to describe the company's key events as well in part 3.4 of this methodology. With regard to the observations, this research adopts a practice lens towards strategy, to find out what strategists actually 'do' throughout strategy creation (Whittington, 2006). Moreover, this research aims to identify how strategy is created at the firm by focusing on the macro and micro dimensions of interaction between different actors (Jarzabkowski, 2004). By observing the participants thoroughly and by interviewing them, strategy making practices and how these are entwined with family values internally and externally are tried to uncover.

Considering that observations and content analysis will be conducted to uncover what strategists and managers actually do, this study can also be considered as an ethnographic study. The aim of an ethnographic study is to uncover and understand the context behind practices and norms (von Krogh, Roos & Slocum, 1994). As the study will be executed in the firm's regular environment, the researcher can actually observe the persons who provide for the data (Rosen, 1991). By being at the company three times a week for a period of half a year, this offers the opportunity to gain insights in the firm's daily practices and to report the meaning behind behaviors.

In this study trustworthiness is safeguarded by triangulation of the thick descriptions of data collection sources that are being used and compared (Tracy, 2010). Thick descriptions are achieved by making notes throughout the research and by generating interview transcripts and therefore, offer the ability to explain the specificities of the data (Shenton, 2004). Additionally, Tracy (2010) points out that ethics are a crucial aspect of conducting qualitative research. Hence, the BMS code of ethics guidelines were taken into consideration throughout this research, also described as procedural ethics by Tracy (2010). Moreover, all respondents will sign the BMS 'Informed consent template for research with human participants' to affirm their permission of partaking in the interviews.

### 3.3 Data analysis

The collected data will be analyzed in order to find out how strategy is created at a family firm and how family values are being preserved throughout this. Considering that this research has an inductive design, a theory will be drawn up based on the data that is gathered through the interviews, document analysis and observations. This also implies that the data is not analyzed in a systematic way. However, the data will be analyzed based on the output of the interviews that will be held. Within this data, the researcher will especially look for patterns that showcase how family values are being preserved throughout strategy making practices and how stability and growth are established. Additionally, the findings of the observations and document analysis are used to complement the data that results from the interviews. In order to give an objective view of the firm's history, this methodology concludes with the process theory below, which involves the company's key events and the role of the family throughout the years.

### 3.4 Process theory

As mentioned in the introduction of this thesis, family values are said to have a certain effect on strategy creation. However, it is yet to be uncovered what this effect is for the company under study and how family values are preserved. To examine this, the company's key events and turning points will be mapped in order to give an impression of the company's past, its present and how this could eventually affect its future. Determination of key events facilitates in understanding how the sequence of certain key events leads to certain outcomes or changes and is also known as process theory (Langley, 1999). Moreover, by finding and understanding the patterns or mechanisms in these events, a process theory can be developed (Langley, 1999). To illustrate this, figure 1 depicts a process model in which certain events, activities and choices lead to a change in strategy. However, events can be complex to interpret as they can be of any kind, such as certain decisions or meetings (Langley, 1999). Considering that events and processes take place throughout time and space, it can be concluded that, as a result, process theory is ambiguous and context dependent (Pettigrew, 1992). In order to draw up a process theory, Langley (1999) describes several strategies for sense-making which have different outcomes, such as uncovering patterns or mechanisms.

Considering that the aim is to uncover patterns in the company's key events that have affected their strategy over time, both the narrative and visual mapping strategy are being used. The first refers to creating a story or chronology out of key events, while the latter aims to give a visual overview of the key events that have taken place in the company's history (Langley, 1999). By combining both strategies, key events or changes will be pointed out and explained in the next paragraphs and will subsequently be added to the timeline. This timeline with the key events over time can be seen in figure 2 in appendix II.

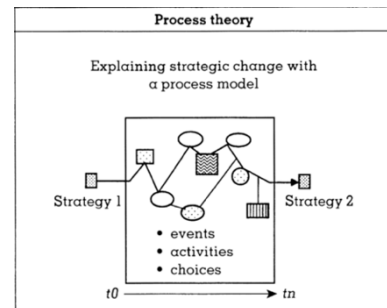


Figure 1: Process theory Langley (1999)

### 3.5. Company's historical key events

In the following paragraphs the company's historical key events will be listed first and described up to the company's current strategy and position. Key events were chosen, because they constitute moments that require businesses in general to reflect on their strategic accounts (Kaplan & Orlikowski, 2012) and thereby pose a situation in which family values are somehow challenged. This step was necessary to steer the interviews around these events. In order to ensure anonymity, no exact dates will be mentioned in the following paragraphs.

#### 3.5.1 Company foundation and becoming a furniture specialist

When the company under study was founded in the 1940s, it was merely focused on selling all kinds of home goods. However, after the founder handed over the company in the 1970s, the company gradually started focusing on selling furniture only. The reason behind this was that the family business lost its purchasing power on the home goods market, as larger chains entered the market. By selling furniture only, the company was able to buy larger quantities at fewer suppliers and so, their purchasing position would improve. However, in these years the company still sold both home goods products and furniture.

Nevertheless, furniture happened to be the founder's passion and he aimed to specialize on selling on this market only. As a result, the company decided to sell furniture all year round and stopped selling non furniture related products. Hence, the company became a specialist instead of a generalist. By doing so, the company expanded and moved to a building in an industrial area, which was uncommon for the time being. In the 1990s, the company moved again, as their storages were splintered throughout different locations. By moving to a larger building, the company was able to have their storage and sales area at only one place, which improved their processes and enabled them to store more furniture and so, sell higher quantities

### 3.5.2. Producing furniture

A couple of years later, the company shifted from selling furniture only towards producing these on their own. Main reason behind this was the increased customer demand for teakwood furniture, which was not manufactured in large quantities in the Netherlands. It was decided that these wooden products had to be manufactured by themselves in Asia. By producing furniture in Asia, the company was able to build their own furniture brands and to design their own furniture as well. Moreover, they were able to meet their customer demands and to offer and store a large collection of wooden furniture. Producing furniture did not only hold the advantage of determining the design, but also helped in excluding third parties, which made the company less dependent on other furniture manufacturers in the Netherlands. In addition, as the company was one of the first furniture companies to produce wooden furniture on a large scale against favorable prices, it kept them ahead of competition on the Dutch market.

### 3.5.3. Regional and national expansion and a new generation on board

In order to keep up with the regional growth of the company, a new logistic center was established in the late 2000s. This was done to not only create more storage space, but also to be able to streamline and improve logistical processes. However, by this time, the company noticed that other competitors would produce on large scales in Asia as well, which threatened their own purchasing conditions with manufactures and the selling prices towards customers. In order to maintain their current purchasing conditions, the company had to increase its purchases volumes. However, to be able to do so, more storage space at one location was needed. By building a logistic center, the company was able to take the next step.

By the early 2010s, the founder's son took over the company. A year after his takeover, the company started their Dutch web shop and decided to build a second establishment in the middle of the Netherlands next to the highway. Whereas starting the web shop was a vision of the successor, the new premises was based on the concerns of the predecessor to maintain purchasing power. However, both measures were taken to improve the reachability for Dutch consumers and to secure the company's purchasing position in Asia.

### 3.5.4 International expansion and internal development

As the company did not only want to set foot in the Netherlands, the decision was taken to expand internationally. Both German and Belgian customer demand in their (web)shops, gut feeling and research put out that starting web shops in these countries could be successful. As a result, the Belgian and German web shop started in the late 2010s and are still live as of today. Starting these web shops did not only require new departments but demanded a more international focused company as well. In line with this, the company has changed its departmental setup ever since. By merging and splitting several departments and processes, the company aims to create a higher degree of synergy. Renewing their organizational structure and departmental setup is however still an ongoing process.

### 3.5.5. Strategy creation, future expansion and professionalization

A rapid growing company calls for a clear strategic direction. However, until 2019 the company did not possess of a mission, vision and well-defined core values. By formulating these in the first half of 2019, the company was able to create their strategic goals for the upcoming five years as well. Moreover, to keep up with their current growth, a new managing board was put together. This involved the addition of four non-family directors of which two actually partly own the company. This means that the company is not solely owned by family any longer. An important part of the company's current strategy, which will be described in the next paragraph, is to maintain growth and to achieve scalability. To achieve this and to keep up with future growth, a new venue on a strategical location will be established. Moreover, in this building all departments and processes can be located in the same venue and so, are expected to become more streamlined.

### 3.5.6. Current strategy

As mentioned in the previous paragraph, the company recently drew up their mission and vision and redefined their core values. By composing these, their strategic goals for the upcoming five years were created as well. To begin with, the company's mission is to go beyond customers' expectations and to take an extra step for customers to achieve this. Next to this, the company's vision is to make an ambassador out of everyone, including customers and partners. The corresponding core values are, attention, knowledge, passion, togetherness, and surprising positively. These core values are expected to be needed in order to achieve their strategic goals. These strategic goals are focused on realizing growth in order to achieve scalability. In addition, the strategic goals are aimed on retaining satisfied customers, creating dedicated partners and to act socially responsible.

With regard to their actual strategy, it can be stated that this one is based on customer intimacy, as described by Treacy and Wiersema (1998). This implies that, as mentioned in the vision and mission, the customers stand central in everything the company does. Not only throughout internal processes like sales and aftersales, but also through external processes, such as delivery partners and their conditions. Besides the focus on customer intimacy, the strategy is focused on realizing growth. However, this growth needs to be paired with a higher degree of efficiency, in order to achieve scalability. As growth forms an important part of their strategy, this growth should derive from both market penetration and market development. Market penetration is especially relevant for the Dutch market where certain parts of the country offer potential. In addition, the company aims to attract consumers to buy furniture more often without compromising on the furniture's quality. Regarding market development, especially the German market offers opportunities for realizing growth.

### 3.5.7 overview

An overview of the described key events in this section can be found in figure 2 in appendix II. Patterns and mechanisms that result from these key events will be further discussed in part 4, the results section of this thesis.



## 4. Results

In this section the outcomes of the interviews and observations will be described in order to outline how family firms create stability and growth during strategy making practices, but also how they preserve family values throughout this. By taking the interviewees through the company's key events and asking them about the role of family values throughout these events, several patterns could be discovered and will be explained in this section. Even though this research is aimed on uncovering how family values are preserved throughout strategy making practices, patterns were found outside strategy creation as well. As most patterns result from strategic decisions or the influence of the family and contribute to preserving family values, the following categories are drawn up, (1) strategic, (2) internal and (3) external.

### 4.1 Aligning family values with strategy making

Strategical patterns incorporate how family values are entwined with strategy making practices within the firm and how these lead to stability and growth. The next paragraphs will therefore illustrate how family values are enacted on and so, are preserved throughout strategy creation.

#### 4.1.1. Core values and family values

The company only recently drew up an official strategy, mission and vision and redefined core values. The rationale behind this was not only that a certain sized company needs to possess of them, but also to reinforce the position of family values towards employees. This means that by incorporating family values in their strategic elements, they can be preserved in times of growth as well. One director describes that:

*"Our values, mission, vision and strategy are in my head and are very logic to me. It is simply how the family does their business, but if you are with so many, you have to write them down in order for everyone to understand them."*

Thus, by entwining strategic elements with their family values, these values can be lived up to by a larger group and can become the leading philosophy in a company. The following paragraph will depict in detail how family values are interwoven with strategic elements.

With regard to the core values, interviewees recall that these come from the family. Meaning that they emphasize that the values of attention, passion, knowledge and togetherness have always been present in the company's history and are values that the family has introduced. By making core values out of these family values they have become *"a stable common thought for everyone in the company"*. This signals that family values are actually being preserved in the form of their core values and so, have become a leading rationale in the company which fosters stability. The same goes for the company's mission and their promise (*'putting the dot on the I'*), which are considered as family features. A family member explains these family features as:

*"My father is the definition of 'putting the dot on the I'. He has always been a person who emphasizes the importance of doing it together."*

By stating this, family members point out that these strategic components actually result from family values and are still in use as of today. Hence, by aligning the strategic components above with long-standing family values, they can be preserved and become stable, common thought in the company.

#### 4.1.2. Strategic principles and family values

Regarding the company's strategy, several strategic principles were formulated in order to create a strategy that fits the company's identity and its values. With regard to preserving family values and aligning them with strategy creation, two of these strategic principles are worth mentioning in this process. First, one guiding principle recalls that the strategy should fit to the retention of family business culture. This implies that each aspect of the strategy should conform to the family culture

that is present within the company. To lend force to this, one director explains that this has always been the case, even after the succession of the younger generation, as he describes:

*"I think the succession is a good example of the preservation of family values. The succession came with a lot of changes, like going online, but the culture remained the same and that is what we want for now as well."*

By stating this, it can be reckoned that family culture did not only live through another generation but has become an important part of the company's identity as well.

Second, another guiding principle is the preservation of independency. This principle recalls the importance of the company staying in family hands and not being 'for sale'. This is not only beneficial for the company itself, but also for preserving family values. By formulating the strategic principle of remaining independent, the company actually has the possibility to maintain their family values and to formulate their strategy around this. Moreover, a company staying in family hands is especially an enactment on the family values of trust and togetherness and offers stability towards employees as well. A manager illustrates this as follows:

*"Especially when you're looking for stability, it gives a feeling of trust and security that the company will stay in family hands. It implies to them that the current culture and values can be preserved."*

Accordingly, by having the strategic principles mentioned above, the company is able to preserve their current family values within their strategy and is able to create stability towards its employees by staying independent.

#### 4.1.3. Strategic direction and family values

Not only the strategic principles are an enactment on the family values, the strategy itself is as well. As mentioned before, an important family value is the importance of togetherness in the broadest sense. This implies that the company believes that well-established relationships between customers, employees and partners are an important factor in creating stability and growth. The company's strategic direction is focused on customer intimacy in which the customer stands central. This direction is quite unusual considering that the company serves the mass and is not on the B2B-market or a service provider. However, this strategic choice is a result of the fact that the family values of togetherness, passion and attention are considered as important and are core values as well. A family member explains how this works in practice:

*"We want to treat the customers our way, which means that we will always give them our undivided attention, offering them a free cup of coffee, smile at them and share our knowledge with them"*

In addition, a director explains how the strategic direction of customer intimacy leads to growth as well:

*"We want customers to feel special, so they get this positive feeling and that is how you create value and realize growth."*

Thus, the family values mentioned above have become leading in their strategic direction of customer intimacy and are actually put into practice throughout the customer journey. Moreover, having this strategic direction is considered as a pillar of their value proposition and so, enables growth. That the strategic direction of customer intimacy is not just a statement, but a true belief can be seen in the fact that one of the company's strategic goals is having and retaining enthusiastic customers and a critical success factor is having a unique and consistent customer experience.



#### 4.1.4. Board of non-family directors and family values

As the company plans on expanding in the upcoming years and also has the desire to preserve the family culture, adding four directors was considered as needed. One director explains this as:

*“We have these family values of attention, passion and togetherness, but with our current knowledge and capabilities, we could not give this to all departments.”*

This implies that even though family values have become core values, there was not sufficient knowledge and capability to carry out these family values in all departments. As a result, in order to live up to the strategic direction of customer intimacy as well, directors in the field of finance and logistics were added to the board. These directors were appointed to give the required attention and knowledge to certain departments in order to create more stability and to safeguard growth. A director describes this as:

*“Especially now we want people on board that can keep up with our current growth and beyond.”*

In addition, these non-family board members do not only enable stability and growth, but they are also a mean to bolster the position of the family values within the company. This is explained as follows:

*“These new directors only reinforce our family values, because they believe in our core values as well and are certain they can give that to their departments.”*

Thus, in order to alienate family values with their strategy and to actually put this into practice throughout the company, directors were appointed to achieve this.

#### 4.2. Entwining family values with organizational culture

Internal patterns include how family values are enacted on and preserved within the organizational boundaries. Miller and Le-Breton Miller (2005) outline that the value of community can especially be recognized within family business strategy. Community can be described as how family firms create an internal community through the presence of a family and family values. The following paragraphs will depict the internal patterns that were found and how family values and organizational culture are entwined.

##### 4.2.1. The importance of togetherness

As mentioned before, the company under study strongly emphasizes the value of togetherness. Preservation of this can especially be seen in the way the organization aims to organize and manage their logistics and buildings. Throughout their history, the company has always aimed to have a showroom and logistic center in one building in order to operate as effective as possible and to have all employees in the same building. However, due to continuous growth, the warehouses had spread throughout the region. This did not only involve logistical difficulties, but also to not having all staff at the same place. Just like in the 1990s and the late 2000s, the company is facing the same warehousing problems once again. In order to not only create growth, but to stabilize processes as well, the firm decided to build a new establishment in which all activities and employees can be located to create a stronger sense of the value of togetherness and stability. An interviewee explains this as:

*“It is not only about working more efficiently, but it also involves all our core values. We come together under one roof, we gather all the knowledge and that is how you can do your job with more ambition, passion and attention”.*

Hence, by gathering their activities under one roof, their family values can be maintained, and stability and growth can be established.

#### 4.2.2. Bonding employees

In line with the value of attention, interviewees state that learning about the company's family values starts from the beginning of someone's career by onboarding programmes and a company tour which is held by directors. Not only do onboarding programmes hold the advantage of welcoming people, it also offers the opportunity to introduce the new employees to the company's family culture right away. Accordingly, a director describes the importance of this as:

*"We think it is so important to get to know our people, but also for them to get to know us and to tell them who we are."*

Another director adds to this that:

*"By giving them a welcome present and guiding them around, you can give them attention from the beginning and people will feel more welcome."*

Thus, preserving family values internally starts as soon as employees are introduced to the company and can also be considered as a mean to live up to these family values by making people feel welcome.

Regarding the value of togetherness, the company aims to bring their employees together by several corporate parties throughout the year on which employees of every location are present. Moreover, the employees who work at the more remote showroom are always picked up and brought back to ensure their presence at these events as well. By having these kinds of activities, the company aims to create a sense of 'familiness' between employees, so they will be more dedicated to the firm and contribute to creating growth. A director describes the importance of this as:

*"If you create a kind of family out of a team, then this family will always take an extra step to help and will share the same stable set of values."*

This observation signals that by bringing people from all locations together, these corporate parties can be considered as a mean to preserve family values, but it also leads up to creating closer ties between employees.

Not only onboarding activities and corporate parties contribute to maintaining family values, trainings do as well. One of the family's main points is to have a great deal of knowledge in the field of furniture, or as the founder puts it *"just like sports, you want to be upfront in a certain field"*. However, it is only possible to preserve this value internally by offering employees the possibility to gain knowledge. One director describes their vision on trainings as:

*"20 years ago, our customer did not know that much. Nowadays they can look everything up on the Internet. Hence, we have to know more than them and that is something we invest in."*

In line with this, the founder of the company recalls that if you want to be considered as a specialist, you will have to train and equip your employees as such to retain that position in the market and to realize growth. As a result, by training their staff in several fields, such as the German language or leadership, the company enacts on their values of attention and ambition and aims to realize growth.

#### 4.2.3. The power of freedom and trust

Throughout the interviews, respondents mention particularly how they notice the presence of the family values of freedom and trust in their work and especially how these values are preserved by the presence of the family. This means that it is the family who plays a part in maintaining these values by giving trust and freedom to others. The family director behind the business is hence characterized by several interviewees as:

*"Someone who is able to trust others and give them the opportunities and freedom to realize growth."*

This can especially be seen in the fact that a graduation project led to the foundation of the Belgian web shop and that a 23-year old employee came up with the idea to organize an event to start the

furniture season. The values of trust and freedom are not only enacted on by employees, but also by the company's CEO who recently took a sabbatical. A manager describes this sabbatical as:

*"He knows the ability of others and has hence great trust in giving others the freedom to lead the company in his absence".*

This sabbatical is however only an example of how trust and freedom are lived up to, as an interviewee quotes that:

*"The real success of our CEO and the company is that the former is able to share power and is open to give opportunities to others that have more expertise, especially now, as much expertise is needed."*

Thus, enactment on the values of freedom and trust by both the employees and the family leads to a mechanism of preserving family values and to giving employees the freedom to make the company grow.

#### 4.3 Expanding family values to external relationships

External patterns concern how family values are enacted on throughout external, strategic relationships. As described by Miller and Le Breton - Miller (2005), one of the most renowned values of family business strategy is the value of connection. Connection is concerned with the relationships that family firms have with their external stakeholders, such as suppliers and customers. The following paragraphs are therefore divided in two kinds of external relationships, (1) those with supply chain partners, (2) those with customers.

##### 4.3.1. Supply chain relationships and family values

With regard to the company under study, it can be said that the family values of connection or togetherness are strongly acted upon in their supply chain relationships. Within these strategic relationships, sustainability, trust and attention are factors that characterize these supplier relationships according to interviewees. The company's founder illustrates the company's focus on long-term relationships by quoting:

*"The relationships I started in Asia decades ago are still intact. In those companies, their kids have succeeded their parents as well, just like us."*

Long-term relationships can therefore be considered as a crucial part of the company's stability.

Nevertheless, looking at how these family values and supply chain relationships are aligned, the following can be stated. Regarding the value of trust within these supplier relationships, the family has always highly valued conducting business the right way, like creating beneficial margins for both parties and honoring commitments. A director describes this as:

*"The family's way of doing business is a very honest and ethical way and that leads to trust-based relationships."*

However, trust is not only established in these relationships by doing business the fair way, but also by investing in partners. Interviewees mention that trust is in this case gained by pre-financing certain manufacturers that produce furniture. By investing in these partners, these relationships become more stable as well. Accordingly, a director describes that:

*"We give them our trust by investing in them, which involves risks. However, we do think that this is the way to create a stable, trust-based relationship."*

Hence, trust is preserved, and stability is achieved in supply chain relationships by prioritizing fair business and investing in partners.

With regard to how the value of attention is preserved, interviewees mention that this value might be the most important one within their supplier relationships. Interviewees mention several measures how this value is acted upon in supplier relationships. They describe that partners share in their success, because in case employees get a present for their efforts, the same presents are being

sent to their suppliers as they are the reason behind the company's growth as well. A director describes the rationale behind this as:

*"They are part of our success, so if we give our employees those presents, why not our suppliers as well."*

In addition, at several corporate events, suppliers and partners are involved as well. This is not only done to show gratitude to their suppliers, but also to introduce employees to them and to create stronger ties between both parties. Thus, the value of attention is aligned with supplier relationships by making suppliers part of the company's successes too and by involving them at corporate events.

#### 4.3.2. Customer relationships and family values

Regarding the company's customer relationships, the same values are acted upon. The company does not only aim to attract new customers, but also to create long-term customers out of them. How these values are actually being entwined with customer relationships starts from the very beginning of the customer journey, as employees are trained to be advisors and not aggressive salespersons. An interviewee describes the importance of this as:

*"We don't want to push our products to our customers. We want for our customers to get honest advice even if that means we sell less."*

Honesty and sustainability can thus be considered as important family values in these customer relationships. In addition, attention is a family value that is especially being maintained in their customer relationships. This is done by, for example, offering a two-year warranty on their products, but giving customers that experience problems with their furniture after this period help as well. Moreover, in line with problem solving, last year the company introduced a service for unsatisfied customers to get help at their own place and some unhappy customers are sent a little present. A manager describes this approach as:

*"Something typical for the company and family. We promise to go the extra mile for the customer and we actually do so."*

This signals that by taking the extra step for the customer, the company is able to intertwine these customer relationships with their family values. Moreover, these customers will become more loyal and so, foster stability and growth.

In addition, another pattern and family value that is apparent within the company is that of goodness or accessibility. This value can be seen in the fact that customers get a free drink when they are at the showrooms, experience both online and offline a personal approach and are not bound to stringent rules regarding returns or damages. To illustrate this, an interviewee describes that:

*"I think we give customers a certain family feeling when you come here. By making them feel at home and to operate humanly, you understand our family values."*

Thus, by being hospitable and understanding towards customers family values are sustained and lived up to. Moreover, the company recently started introducing long-serving employees as 'cultural guards'. This implies that these guards do not only pass on the company- and family culture to other employees, but also to customers. As a result, customers get introduced to the family values as well and so, these values can be preserved.

#### 4.3.3. Family values as a moderator between strategy and external relationships

Even though long-term external relationships play an important part in the family's approach towards doing business, it is also a part of the company's strategy and their strategic goals. A manager describes that:

*"We do not only have these partnerships to just have them, but also to create mutual benefits and to make strategic partnerships out of them."*

Thus, both supplier and customer relationships are part of the company's strategic goals. However, the family's influence is apparent in this and a manager explains that:

*“These relationships are mentioned in the success factors, because our CEO values them.  
You can’t tell if another family member would do the same”*

Interviewees also mention that having these strategic partnerships and customer relationships based on family values leads to a stable basis, but also a basis for further growth. A manager summarizes that it results in the following:

*“This is the first company where the service doesn’t suck, the product is reliable, the margins are proportional, and relationships are actually sustainable.”*

Meaning that even though the company’s strategy is generally aimed at creating sustainable external relationships, family values bolster these aims.

#### 4.4 Synthesis results

With regard to the domains that were discussed above, several mechanisms and patterns were found that contribute to how family values are actually being preserved throughout strategy creating practices, but also in the company’s internal and external surroundings. In addition, it was discussed how these practices foster stability and growth. Therefore, the model below summarizes these findings and sums up which mechanisms and patterns were found to be of importance to preserve family values on the long term.

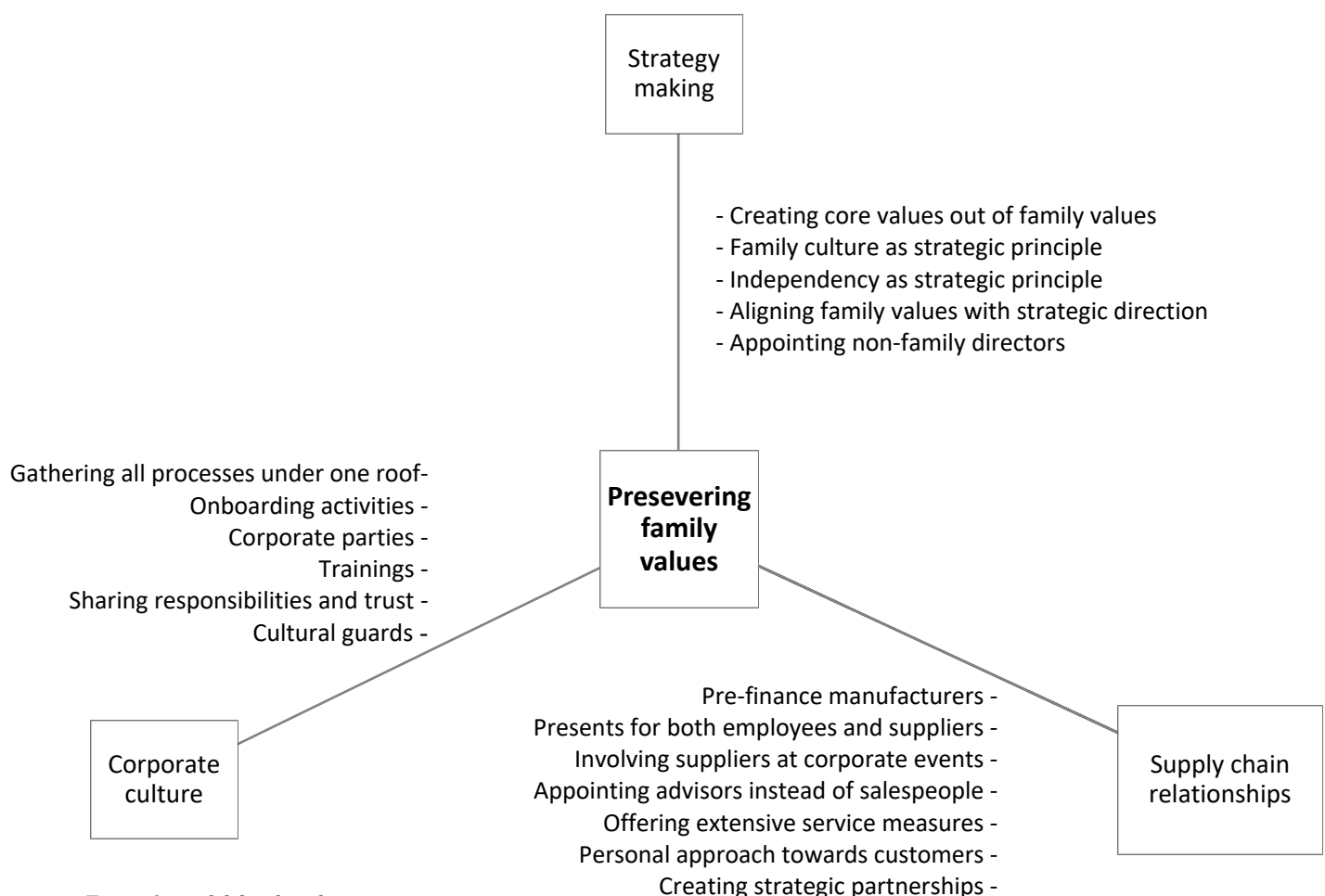


Figure 3: model family values

## 5. Conclusion

With regard to the research question of this paper *“How do family businesses realize stability and growth during strategy making practices without having to compromise on family values?”*, the following can be concluded. Based on the results, it can be assumed that even throughout times of growth, family values can be preserved through strategy making practices, the corporate culture and external relationships. By basing strategic elements, like core values, mission and vision on family values, these values can not only be preserved, but also passed down to a larger group of employees. As a result, this expanding group shares the same set of values and so, brings stability in the firm. By making independency and family culture a strategic principle, this does not only lead to more stability for employees, but also to retainment of the current culture in times of growth. Moreover, by adding non-family directors, the company is able to live up to their family- and core values of knowledge, attention and ambition. By appointing these non-family directors, all departments can get the attention and knowledge they need and so, are better able to realize growth, to keep up with growth and to become more stable in their processes.

In addition, it can be concluded that preserving family values goes beyond strategy making practices. This means that preserving family values and creating stability and growth at the same times involves a company's internal and external environment as well. Thus, these three areas all contribute to achieving stability and growth and maintaining family values. Even though the firm's strategy determines the direction for the firm and its employees, the preservation and execution of family values can especially be seen in the company's organizational culture and their external relationships. To begin with, the organizational culture is an important pillar in maintaining family values and in creating stability and growth. By prioritizing that all processes and departments should be gathered under one roof, the company is able to live up to their value of togetherness and can streamline processes to make them more stable and ready for future growth. Within the organization, employees play an important role in maintaining family values. By offering onboarding activities, training staff, throwing corporate parties and appointing cultural guards, the company aims to pass down these family values and so, creates a culture of stability. Moreover, as the family is able to share responsibilities and trust, others get the opportunity to make the company grow, which also takes away the negative effects of path dependency.

Regarding the company's external relationships, it can be concluded that sustainable, strategic relationships have always been an important pillar for the family and so, have become a strategical goal. By pre-financing certain manufacturers, sharing successes with them and involving them at corporate events, trust is established which leads to long-term supplier relationships and so, a stable basis. With regard to customer relationships, the company preserves its family values by appointing advisors instead of salespeople in order to give customers a more welcome feeling and an honest advice. By offering extensive service measures and a personalized approach towards every customer, the company does not only live up to its strategy of customer intimacy, but to core family values as well. In addition, these extensive measures lead to a loyal customer group and to an accretion of customers and thus, stability and growth.

## 6. Discussion

In this part, the results of this thesis will be discussed based on literature. One of this thesis' main findings is that family values can actually be preserved through strategy making practices whilst at the same time induce growth of business. The findings of this paper also confirm that strategy making practices in family firms are based on value creation and long-term relationships with stakeholders (Salvato & Melin, 2008; Miller & Le Breton-Miller, 2006). By focusing on these pillars, growth can be established whilst there is still stability due to the presence of long-term partners. In addition, by entwining family values with strategic elements, these values become the leading rationale in the company. As a result, the family values that are included in strategic elements are lived up to in the firm's corporate culture and their external relationships. This is line with the idea of Nordqvist and Melin (2010) that both directors and employees take the family business context and family values into account not only during strategy making practices, but in their daily jobs as well.

Another finding of this study is that family values can be preserved even in times of rapid growth. This contradicts with the idea of Astrachan (2010) that if the size of the company increases, the influence of family values diminishes over time and as a result, family norms and informal routines disappear. The results of this thesis also imply that adding non-family board members leads to preserving family values and improving stability by making all departments ready for growth. Bammens, Voordeckers and van Gils (2008) confirm these results, as they found that as soon as more control is needed, a family firm is more likely to hire an outsider or non-family board members. Thus, as soon as more stability is needed, a non-family board member can be appointed to achieve this.

In addition, the findings of this study support the four values that Miller and Le Breton - Miller (2005) found to be of importance in family business strategy. First, the results show that the company under study strongly values the idea of togetherness, which can for example be seen in the mechanism of all processes needing to be gathered under one roof to create more stability and effectivity. This is in line with Miller and Le Breton-Miller (2005) who point out that the value of continuity, which involves stability and synergy, are of importance within family business strategy. Second, just like the value of community of Miller and Le Breton-Miller (2006), the findings of this study suggest that making a family out of your staff members, leads to a group of people sharing the same set of values, which fosters stability and growth especially when they are considered as trusted members who have the freedom to operate. Third, their value of connection, which stands for having long-term relationships with stakeholders, was found to be of importance for the company under study as well.

Furthermore, the findings of this study do not alienate with the value of command of Miller and Le Breton - Miller (2006). Command stands for family owners having the power and freedom to determine the firm's strategy. The findings of this study show that family values are actually being preserved by giving freedom and trust to others in order to make the company grow. In this study, the family plays a big role in creating an environment in which sharing responsibilities and trust stand central. By creating space for others, the company under study avoids the constrictive effects of path dependency and an over exacerbated sense of familiness. All in all, and in line with Pearson et al. (2008), the findings of this study indicate that in this case the influence of the family and their values leads to a higher degree of associability and competitive advantage, which encourages growth and change.



## 7. Theoretical implications

This paper contributes to theory by expanding the knowledge in the field of strategy creation in family firms. In addition, this study took the role of family values into account. The first implication of this study therefore concerns strategy creation in a family business setting. The available literature struggles to find consensus whether family business strategy is focused on either the long or short-term (Miller & Le Breton-Miller, 2006; Nordqvist & Melin, 2010;) and if the focus in their strategies is based on sustainable value creation or non-rational, personal ideologies (Salvato & Melin, 2008; Hall et al., 2006). This study confirms that in order to create growth and to preserve family values, strategy creation in family firms is, among other things, based on the long-term and on value creation. In addition, this paper corroborates that strategy creation in family firms is to a certain degree always influenced by the values and beliefs of the family (Carlock & Ward, 2001).

The second implication of this study is the effect of family business strategy on path dependency or 'familiness'. Literature in this field discussed that having family board members can lead to either constrictive or stimulating effects for family businesses. Greener (2002) and Habbershon et al. (2003) discussed that if values become leading in a company, this leads to less ability to change. Others argued that as family firms possess of a strong culture and internal cohesion, they are more likely to gain a competitive advantage (Habbershon & Williams, 1999). This study demonstrates that the latter is true, as long as the family is able to share freedom and trust with others. As sharing freedom and trust leads to improved assimilation of information and capabilities, a family firm will be less likely to become path dependent (Daspit et al., 2017; Barros et al., 2016). Thus, this study contributes to literature by finding that possessing and carrying out family values can lead to growth and change as long as family members have the ability to share power and trust.

Finally, this study contributes to literature in the field of strategy-as-practice in family firms. Nordqvist and Melin (2010) already found that focusing on strategy-as-practice in family firms leads to a better understanding of these complex strategy processes in family firms. Their study also pointed out that there is little knowledge on what effect the family, family routines and family values have on strategy making practices. This research therefore adds to literature by finding that the influence of family and family values can not only be seen in strategy making practices, but also in internal and external mechanisms, such as creating a community and prioritizing long-term partnerships. In this study, it was found that even though the family is very open to sharing freedom and trust, the family does have the final saying in what the strategy should look like. This elaborates on the strategy-as-practice study of Hall et al. (2006) who found that actors outside the family have to work around the family's values and norms throughout strategy making practices.



## 8. Practical implications

This chapter includes the practical implications of the findings of this study. Based on the results, it can be concluded that preserving family values and creating stability and growth starts with strategy making practices. First, it is recommended to include family values in elementary strategic elements, like core values, mission and vision. By including family values in these strategic elements, family values become common thought for everyone working in the company and so, lead to more stability. In addition, in order for family firms to live up to their family values and to create stability and growth, capable non-family directors could be appointed to achieve this. By hiring directors who have the ability to pass on more knowledge and attention to all departments, these departments will not only become more stable in their processes but will also have an improved ability to create growth or to keep up with growth.

Second, the findings indicate that creating stability and growth in family firms stands and falls with the dedication of employees. Just like Miller and Le Breton - Miller (2006) describe with their value of community, creating a family out of your staff is a family firm's greatest asset. It is therefore recommended to offer staff onboarding activities, trainings and corporate parties. By doing so, a family firm will not only be able to share its values with its staff, but the staff will in return take on the family firm's values as well. Not only will staff members take over these family values, the staff will become a stable community as well and are willing to take an extra step for the firm in times of growth. Another practical implication of this study is that family directors sharing freedom and trust leads to improved opportunities for creating growth. By giving capable staff the freedom and trust to execute their job, they will have more room to improve the company and so, contribute to creating stability and growth. Moreover, giving others space and trust will also diminish the constrictive effects of path dependency and thus, enable room for change.

Finally, creating stability and trust in family firms is for a larger part dependent on having sustainable relationships. This is also described by Miller and Le Breton-Miller (2006) as the value of connection. In order to preserve family values and to ensure stability and growth, it is recommended to prioritize long-term relationships. By making these relationships part of a family firm's strategy and entwine family values with these relationships, they will support in creating stability and growth. If relationships are based on family values like trust and attention, these relationships can last longer and become a stability in times of growth. Regarding customer relationships it is advised to intertwine them with family values as well. In the case of this study, choosing a human and personalized approach towards customers, led to customers feeling more comfortable and heard and so, became more loyal.

## 9. Limitations and recommendations for future research

This paper consists of a single case study of a large furniture retailer. By studying only one company, one family and a selected number of interviewees, the sample size is small and can thus be considered as a limitation of this research. Nonetheless, a single case does enable the opportunity of gathering useful data (Siggelkow, 2007). Moreover, as both directors, managers and family members were interviewed and observations and document analysis were executed to confirm this study's findings, thick description is established and so, the transferability of this research.

In addition, the company under study was characterized by a high degree of freedom and trust from the family towards its employees. This implies that preserving family values and path dependency in family firms could be dependent on the personality that goes behind the family director. The results of this study are therefore less applicable to all family firms.

This study focused on how family values can be preserved through strategy making practices and how stability and growth could be achieved. Because of the limited sample size of this research, future research should therefore be focused on finding consensus on the role of family values throughout strategy making practices. As this study indicates that preserving family values can support in creating both stability and growth, future research could focus on studying a larger number and different kinds of companies as well to find a more ambiguous answer on the role of family values on a firm's continuity.

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## Appendix I: Questionnaire

### A. Algemeen:

1. Hoe zou u de huidige strategie van de onderneming omschrijven?
2. Welke acties worden ondernomen om groei te realiseren?
3. Welke acties worden genomen om stabiliteit te realiseren?
4. Welke rol speelt familie binnen de strategie van de onderneming?
5. Welke 'family values' zijn er binnen de onderneming aanwezig en welke rol spelen deze?
6. Zijn deze 'family values' veranderd door de jaren heen?
7. Hoe worden deze 'family values' behouden binnen de onderneming?
8. Hoe dragen deze 'family values' bij aan de stabiliteit van de onderneming?
9. Hoe dragen deze 'family values' bij aan de groei van de onderneming?
10. Welke negatieve invloed(en) heeft/hebben deze 'family values' op de onderneming en haar strategie?
11. In welke mate vindt u 'family values' belangrijk binnen de onderneming?

### B. Key events:

1970-1980: Overname en verkoop meubelen

- Vanwaar de keuze om over te gaan op uitsluitend meubelen?
- Wat voor effect heeft dat gehad op de onderneming?

1970-1980: Nieuw pand

- Wat was de aanleiding voor het nieuwe pand?
- Welk effect heeft dat op de onderneming gehad?

1990-2010: Nieuw pand

- Wat was de aanleiding van het nieuwe pand?
- Welk effect heeft dat op de onderneming gehad?

1990-2010: Meubelen laten produceren

- Waarom werd er besloten om zelf meubelen te produceren?
- Wat was het effect van het produceren in het buitenland?

1990-2010: Bouw distributiecentrum

- Wat was de aanleiding van het distributiecentrum?
- Wat was het effect van het hebben van dit distributiecentrum op de onderneming en haar strategie?

2010-2015: Bedrijfsovername

- Welk effect heeft de overname gehad op de strategie van de onderneming?
- Welke aspecten zijn ondanks de overname gelijk gebleven?
- Hoe veranderde dit het bedrijf als familiebedrijf zijnde?

2010-2015: Webshop

- Wat was de aanleiding om over te gaan op online verkoop?
- Welk effect heeft deze webshop op de onderneming en haar strategie?

2010-2015: Nieuw pand in een ander deel van het land

- Wat was de aanleiding om een pand in een ander deel van het land te realiseren?
- Welk effect heeft deze vestiging op de onderneming en haar strategie?
- Welk effect heeft het hebben van een locatie op afstand op de familieonderneming?

2016-2019: Duitse en Belgische webshop

- Wat was de aanleiding voor de internationalisatie?
- Welk effect heeft de toevoeging van twee landen op de strategie van de onderneming?
- Welke veranderingen heeft dit tot gevolg gehad voor de onderneming?

2016-2019: Verandering missie, visie en strategie

- Wat was het belang van het formuleren/aanpassen van de missie, visie en strategie?
- In welke mate werd/wordt er rekening gehouden met de huidige 'family values' bij het formuleren/aanpassen van bovenstaande aspecten?
- Welk uitwerking hebben de bovenstaande aspecten op de 'family values'?
- Wat is het (gewenste) effect van de bovenstaande aspecten op de onderneming?

2016-2019: Uitbreiding directieteam

- Om welke reden is het bedrijf niet in handen van uitsluitend familie gebleven?
- Welk effect heeft de uitbreiding op de huidige 'family values' en strategie?
- Op welke wijze draagt het nieuwe directieteam bij aan stabiliteit en groei?

2020: Nieuw pand

- Wat is het belang van het nieuwe pand voor de onderneming?
- Op welke wijze verandert het nieuwe pand de strategie en de bedrijfsvoering?

Algemeen

- Hoe hebben al deze key events de onderneming veranderd tot wat het is vandaag?



## Appendix II: Timeline

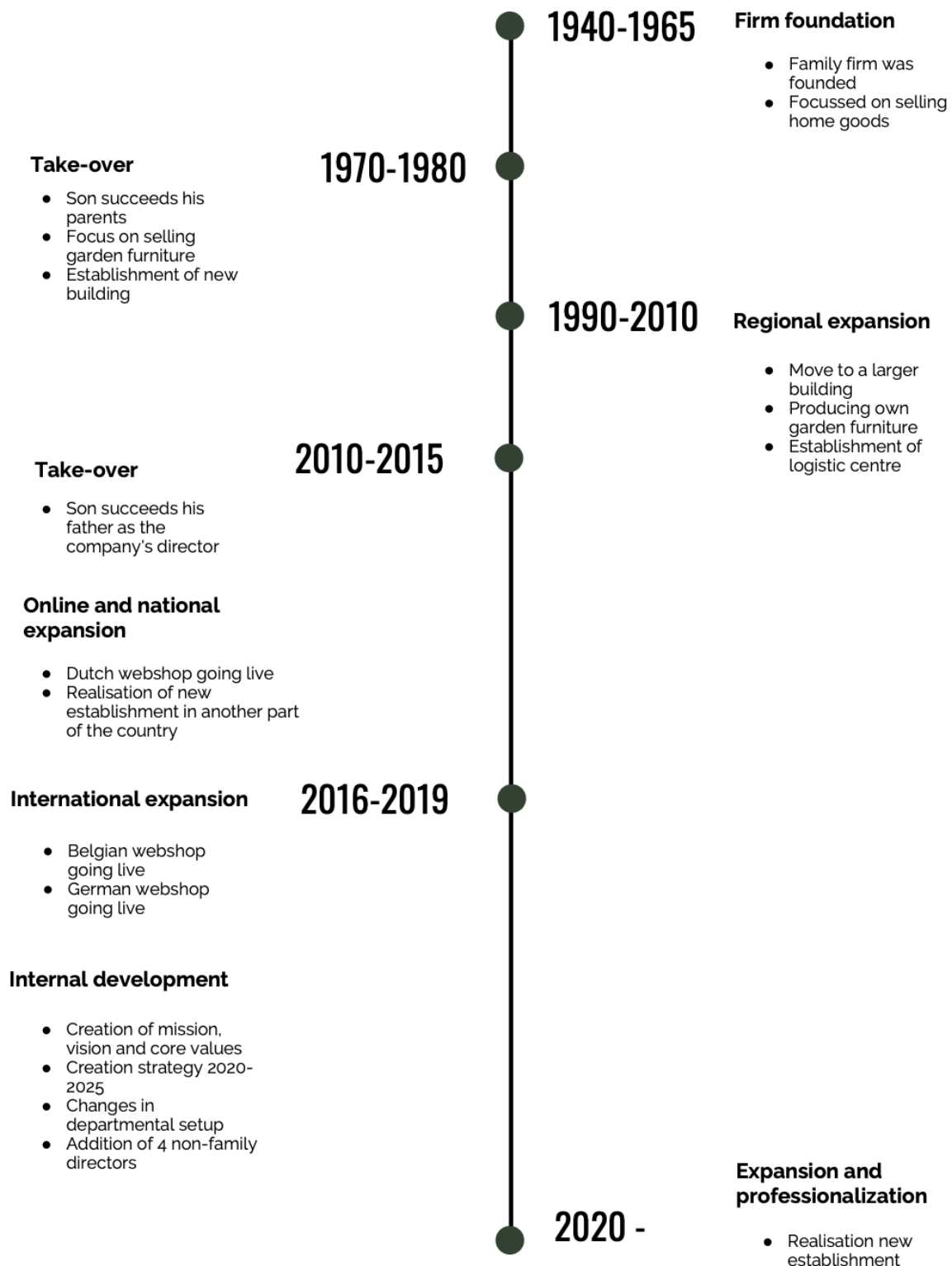


Figure 2: Timeline