

**Three Essays on Owner Control in Private Firms: Dynasties, Employee
Empowerment and Entrepreneur Faith**

DISSERTATION
of the University of St.Gallen,
School of Management,
Economics, Law, Social Sciences,
International Affairs and Computer Science,
to obtain the title of
Doctor of Philosophy in Management

submitted by

Matthias Ch. Würsten

from

Saanen (Bern) and Zurich

Approved on the application of

Prof. Dr. Thomas Zellweger

and

Prof. Dr. Urs Fueglistaller

Dissertation no. 5261

Difo-Druck GmbH, Untersiemaun 2022

The University of St.Gallen, School of Management, Economics, Law, Social Sciences, International Affairs and Computer Science, hereby consents to the printing of the present dissertation, without hereby expressing any opinion on the views herein expressed.

St.Gallen, May 24, 2022

The President:

Prof. Dr. Bernhard Ehrenzeller

Acknowledgments

Four years of dedication, commitment, and hard work were required to compose this dissertation consisting of three distinct paper projects. During the time working on my dissertation, I was accompanied by several people who, in one or the other way, made this work possible after all. Hereinafter, I would like to express my sincerest and most humble gratitude to these individuals.

First and foremost, I would like to express my gratitude to Thomas Zellweger for his constant guidance and extensive support during my four years at the Center for Family Business at the University of St.Gallen. His mentorship repeatedly motivated me to push my own limits and to strive for excellence.

Similarly, I would also like to thank Urs Fueglistaller for his support and advice throughout the dissertation process and for agreeing to be the co-supervisor to my dissertation.

Beyond, I would like to thank Josh Wei-Jun Hsueh for his support regarding our shared research project, his patience with a me as a greenhorn in the field of research, and his repeated, valuable feedback in response to my research presentations.

Furthermore, I am very grateful for all the feedback and review sessions, the critical thoughts, and the mental support that Isabella Hatak, Christine Scheef, and Michael Rychener provided me with. Especially in times of doubts, they reassured me through the constructive nature of their feedback that I am right on track. In addition, I would like to express my sincerest gratitude to Marlies Grämiger, who always had my back in projects at the institute, and to Patricio Ohle, whose drive, experience, and honesty I came to admire.

Most importantly, I would like to express my gratitude to my family whose support carried me through all the good and the bad of my PhD-journey. I dedicate my dissertation to my beloved wife, whose presence constantly inspires me to become a better person, to my mother, whose dedication for her children remains unchallenged, to my brother, whose achievements left the footprints affecting my own aspirations, and to my father, whose early, unexpected loss made the best in me come to live.

Table of Contents

Acknowledgments	I
Table of Contents	II
List of Figures	V
List of Tables	VI
List of Abbreviations	VII
Executive Summary	VIII
Zusammenfassung	IX
1 Introduction	1
1.1 Overarching Topic and Structure	1
1.2 Research Gaps	3
1.3 Methodological Preview	6
1.4 Overview of Papers	7
2 Business Dynasties: An Evolutionary Perspective	10
2.1 Abstract	10
2.2 Introduction	10
2.3 Theoretical Background	12
2.3.1 Family Business Literature: Three Theoretical Foci	14
2.3.2 Gaps in the Existing Literature	15
2.4 Theoretical Framework: Evolutionary Theory	15
2.5 Methods	17
2.5.1 Case Profiles	17
2.5.2 Data Sources	22
2.5.3 Data Analysis	23
2.6 Results on the Co-Evolution of the Family and Business Domains	24
2.6.1 The Dawn of Gradual Variation through Family Members' Births and Marriages	30
2.6.2 Selection after Family Deaths: Successors and Punctuated Changes in Businesses	32

2.6.3	Retention Strategies and the Career Paths of Non-Successors.....	35
2.6.4	Evolutionary Feedback Loops across Generations.....	38
2.7	Discussion.....	38
2.7.1	Contributions	40
2.7.2	Limitations and Future Research	43
2.7.3	Conclusion	43
3	Employee Empowerment in Owner-Managed Firms.....	44
3.1	Abstract.....	44
3.2	Introduction	44
3.3	Theoretical Background	46
3.3.1	Resource Dependence Theory	47
3.3.2	Principal-Agent Theory	48
3.3.3	The Gap in the Existing Literature	48
3.4	Methods	49
3.4.1	Case Profiles	49
3.4.2	Data Sources	52
3.4.3	Data Analysis.....	54
3.5	Process of Employee Empowerment in Owner-Managed Firms	60
3.5.1	Entrepreneurial Goal Conflicts	62
3.5.2	Mechanisms of Employee Empowerment.....	67
3.5.3	Effects of Employee Empowerment.....	78
3.6	Discussion.....	83
3.6.1	Contributions	84
3.6.2	Limitations and Future Research	85
3.6.3	Conclusion	85
4	Transition of Owner-Manager Faith into the Professional Environment.....	86
4.1	Abstract.....	86
4.2	Introduction	86

4.3	Theoretical Background	88
4.3.1	Social Identity Theory (SIDT).....	89
4.3.2	Role Identity Theory (RIDT).....	90
4.3.3	The Gap in the Existing Literature	91
4.4	Methods	91
4.4.1	Case Profiles	91
4.4.2	Data Sources	95
4.4.3	Data Analysis.....	97
4.5	Transition of Christian Owner-Manager Faith into the Professional Environment.....	102
4.5.1	Owner-Manager Faith: Central Tenets of Christianity.....	104
4.5.2	Christian Owner-Manager Purpose: Beacons Serving God	110
4.5.3	Enactment of Christian Owner-Manager Faith in the Firm.....	114
4.6	Discussion.....	127
4.6.1	Contributions	128
4.6.2	Limitations and Future Research.....	129
4.6.3	Conclusion	129
5	Concluding Chapter.....	130
5.1	Contributions	130
5.2	Limitations and Future Research.....	131
5.3	Conclusion.....	132
	References.....	133
	Appendix.....	146
A.	Appendix Paper II: Exemplary Interview Guide.....	146
B.	Appendix Paper III: Exemplary Interview Guide	153
	Curriculum Vitae.....	160

List of Figures

Figure 1: Evolutionary process of business-dynasty formation	25
Figure 2: Coding process: From data to concepts	55
Figure 3: Process of employee empowerment in owner-managed firms	61
Figure 4: Mechanisms and effects of employee empowerment in owner-managed firms	68
Figure 5: Coding process: From data to concepts	98
Figure 6: Model of transition of Christian owner-manager faith into the professional environment.....	103

List of Tables

Table 1: Dissertation structure.....	3
Table 2: Summary of the dissertation papers	7
Table 3: Sample and data summary.....	18
Table 4: Examples of events in the evolutionary processes of the sampled business dynasties	26
Table 5: Sample and data summary.....	50
Table 6: Representative quotes.....	56
Table 7: Sample and data summary.....	93
Table 8: Representative quotes.....	99

List of Abbreviations

ATLAS.ti	software for qualitative data analysis
BWM	Bayerische Motoren Werke (car company)
CAD	computer aided design
CEO	chief executive officer
CFO	chief financial officer
CHF	Swiss franc
CO ₂	carbon dioxide
Covid-19	coronavirus disease 2019
Dr. / PhD	doctor / doctor of philosophy
e.g.	exempli gratia (for example)
EBITDA	earnings before interest, taxes, depreciation, amortization
ed. / Ed. / Eds.	edition / editor / editors
et al.	et alii / et aliae / et alia (and others)
etc.	et cetera
gen.	generation
HR	human resources
i.e.	id est (in other words; that is)
IT	information technology
Ltd.	limited
LVMH	Moët Hennessy Louis Vuitton (luxury goods company)
M&A	mergers and acquisitions
min.	minutes
Orbis	online research database
p. / pp.	page / pages
Prof.	professor
R&D	research and development
RDT	resource dependence theory
RIDT	role identity theory
SARL	société à responsabilité limitée (form of organization)
SEW	socio-emotional wealth
SIDT	social identity theory
vs.	versus

Executive Summary

This doctoral thesis explores three distinct aspects of owner control in private firms. The three paper projects, which constitute the extant dissertation, shed light on the overarching topic of owner control in private firms by elaborating on (1) the formation of business dynasties, (2) employee empowerment in owner-managed firms, and (3) the transition of owner-manager faith into the professional environment.

The *first paper* focuses on transgenerational owner control by exploring the formation of business dynasties over long periods of time. The paper discusses the evolutionary process that couples family events and business-domain changes across generations. Based on a comparative multiple case study approach using longitudinal data from six dynasties from Western countries, a process model was developed explaining how some families manage to form business dynasties over generations.

The *second paper* addresses the distribution of owner control by elaborating on the drivers, mechanisms, and effects of employee empowerment in owner-managed firms. Applying a comparative multiple case study approach, the study builds on qualitative data from six owner-managed firms which are active in the Swiss main- and ancillary construction industry. A process model was developed explaining how owner-managers can effectively share control with their employees.

The *third paper* focuses on the execution of owner control by exploring the transition of Christian faith of owner-managers into the professional environment. Using a comparative multiple case study approach, the paper relies on qualitative data from eleven Swiss privately-owned firms which are led by publicly-known Christian owner-managers who admitted that their Christian faith affects their professional environment. A model was developed elaborating about how Christian owner-managers transition their faith into the professional environment.

Overall, this dissertation critically and holistically debates owner control in private firms and thus contributes to the wider discussion in academia and practice.

Zusammenfassung

Diese Dissertation untersucht drei verschiedene Aspekte von Eigentümerkontrolle in privaten Unternehmen. Die drei Studien, aus denen sich die vorliegende Doktorarbeit zusammensetzt, beleuchten das übergreifende Thema, indem sie (1) die Entstehung von Unternehmensdynastien, (2) Mitarbeiter-Empowerment in inhabergeführten Unternehmen und (3) den Übergang des Glaubens von Inhabergeschäftsführern in ihr berufliches Umfeld untersuchen.

Die *erste Studie* konzentriert sich auf die generationenübergreifende Kontrolle von Eigentümern, indem sie die Entstehung von Unternehmensdynastien über lange Zeiträume hinweg untersucht. Der Beitrag befasst sich mit dem evolutionären Prozess, der familiäre Ereignisse und Veränderungen auf der Unternehmensebene über Generationen hinweg miteinander verbindet. Auf der Grundlage eines vergleichenden Multi-Fallstudien-Ansatzes mit Langzeitdaten von sechs Dynastien aus westlichen Ländern wurde ein Prozessmodell entwickelt, das erklärt, wie es einigen Familien gelingt, Unternehmensdynastien über Generationen hinweg aufzubauen.

Die *zweite Studie* befasst sich mit der Verteilung von Kontrolle durch die Eigentümer, indem er die Treiber, Mechanismen und Auswirkungen von Mitarbeiter-Empowerment in inhabergeführten Unternehmen erörtert. Der Beitrag stützt sich auf qualitative Daten von sechs inhabergeführten Unternehmen aus der Schweizer Bauhaupt- und Baunebenindustrie, die im Rahmen einer vergleichenden Multi-Fallstudie untersucht wurden. Es wurde ein Prozessmodell entwickelt, das erklärt, wie Inhabergeschäftsführer die Kontrolle effektiv mit ihren Mitarbeitenden teilen können.

Die *dritte Studie* konzentriert sich auf die Ausübung von Kontrolle durch die Eigentümer, indem sie den Übergang des christlichen Glaubens von Inhabergeschäftsführern in ihr berufliches Umfeld untersucht. Unter Verwendung eines vergleichenden Multi-Fallstudien-Ansatzes stützt sich das Papier auf qualitative Daten von elf inhabergeführten Unternehmen in der Schweiz, die von bekennenden Christen geführt werden und die zugaben, dass ihr christlicher Glaube ihr berufliches Umfeld beeinflusst. Es wurde ein Modell entwickelt, das aufzeigt, wie christliche Inhabergeschäftsführer ihren Glauben in ihr berufliches Umfeld übertragen.

Insgesamt beleuchtet diese Dissertation kritisch und ganzheitlich Eigentümerkontrolle in privaten Unternehmen und leistet damit einen wertvollen Beitrag zur Diskussion in der Wissenschaft und Praxis.

1 Introduction

1.1 Overarching Topic and Structure

‘May the force be with you’¹—firms, in which operational and strategic control lies in the hands of one single owner or a group of dominant proprietors, share similar challenges stemming from their owners’ position of power (Schulze & Zellweger, 2021). While this value-driven type of organization accounts for the majority of companies worldwide—be that owner-managed firms (McCann & Vroom, 2014) or, in case of a transgenerational focus, family businesses (Chua, Chrisman, & Sharma, 1999; Zellweger, 2017)—owner-centrality in these firms is both the source of rich opportunities and imminent hazards. As a result, owners face the strategic challenge of thoughtfully weighing the pros and cons of exercising their legitimate control over their businesses (Schulze & Zellweger, 2021). This cumulative dissertation sheds light on three distinct aspects of owner control in private firms: (1) the formation of business dynasties, (2) employee empowerment in owner-managed firms, and (3) the transition of Christian faith of owner-managers into the professional environment.

The *first paper* of this cumulative dissertation addresses transgenerational owner control by discussing the formation of business dynasties over long periods. Families that accumulate significant wealth via the transgenerational control of companies (Carney & Nason, 2018; Marcus & Hall, 1992; Nordqvist & Zellweger, 2010) are a prevalent phenomenon in both emerging (Carney & Gedajlovic, 2002; Khanna & Palepu, 2000) and developed countries (Iacobucci & Rosa, 2010). Moreover, these long-lasting business dynasties face challenges from multifaceted domains (including family and business domains) critically testing their survival (Le Breton-Miller & Miller, 2018). Using a comparative multiple case study approach, the first paper investigates how some families manage to form business dynasties over generations.

The *second paper* explores the distribution of owner control by shedding light on employee empowerment in owner-managed firms. Owner-managers face the particular dilemma of whether to retain full control over the firm—tying corporate growth to the own limited capacities, but benefitting from owner-manager centrality (Foss & Weber, 2016; Schulze & Zellweger, 2021)—or whether to engage in employee empowerment—sharing power with trusted individuals and therefore enabling corporate growth, but partially losing control (Demsetz, 1983; Wasserman, 2017). This

¹ By analogy with the famous saying of ‘Han Solo’ in the movie ‘Star Wars’.

particular dilemma is prevalent among owner-managed firms across the globe (Gedajlovic, Lubatkin, & Schulze, 2004). Hence, a legitimate question revolves around how owner-managers can effectively share control with employees in their firms. By applying a comparative multiple case study approach, the second paper aims to improve our understanding of the procedural aspects of employee empowerment in owner-managed firms.

Lastly, the *third paper* of this doctoral thesis addresses the execution of owner control by exploring the transition of Christian faith of owner-managers into the professional environment. Although it appears at first glance that faith and business are of seemingly incompatible, antithetic nature, numerous companies are owned and managed by believing individuals who embed Christian faith in their professional environment (Astrachan, Astrachan, Campopiano, & Baù, 2020; Kellermanns, 2013; Paterson, Specht, & Duchon, 2013; Tabor, Madison, Marler, & Kellermanns, 2020). Their position of authority allows Christian owner-managers to pursue various goals tied to their faith-related identities (Fauchart & Gruber, 2011) and thus to transition their faith into the professional environment (Carradus, Zozimo, & Cruz, 2019). By applying a comparative multiple case study approach, the third paper aims to develop integrative theory on the procedural transition of Christian faith of owner-managers into the professional environment.

Following this overview on the fundamental topics of the extant doctoral thesis, the upcoming subchapters (subchapters 1.2 and 1.3) present the research gaps and methodological approaches of each research project. Furthermore, a summary table is provided in subchapter 1.4 concisely summarizing the key elements of each study. In chapters 2, 3, and 4 each individual paper project is presented in depth. Chapter 5 concludes the dissertation by discussing the contributions (subchapter 5.1) as well as the limitations and opportunities for future research (subchapter 5.2) of each study. The doctoral thesis closes with final remarks in subchapter 5.3. Table 1 illustrates the structure of this dissertation.

Table 1: Dissertation structure

Chapter 1	Introduction
	<ul style="list-style-type: none"> ▪ Overarching Topic and Structure ▪ Research Gaps ▪ Methodological Preview ▪ Overview of Papers
Chapter 2	Paper 1: Business Dynasties: An Evolutionary Perspective
Chapter 3	Paper 2: Employee Empowerment in Owner-Managed Firms
Chapter 4	Paper 3: Transition of Owner-Manager Faith into the Professional Environment
Chapter 5	Concluding Chapter
	<ul style="list-style-type: none"> ▪ Contributions ▪ Limitations and Future Research ▪ Conclusion

1.2 Research Gaps

While all three papers investigate a particular aspect of owner control in private firms, each study addresses a distinct research gap in the extant literature—as discussed followingly.

The *first paper* centers around the extended networks of family members who control businesses over generations and accumulate significant wealth called business dynasties (Gilding, 2005; Jaffe & Lane, 2004). Although business dynasties are more prominent in emerging economies (Caselli & Gennaioli, 2013), there are various examples of them in developed countries; for example the Wallenberg family (Lubatkin, Lane, Collin, & Very, 2005), the Ochs-Sulzberger family, or the Ford family (Lambrecht, 2005; Lambrecht & Donckels, 2008). However, the formation of these business dynasties in the Western hemisphere remains still an insufficiently understood phenomenon. Three streams were identified within the family business literature that provide valuable insights into business dynasties: business groups, succession, and transgenerational entrepreneurship. However, while individually insightful, these literature streams either apply a rather static view that overlooks the dynamics surrounding generational transitions, as with the business groups literature (e.g., Han, Shipilov, & Greve, 2017; Khanna & Palepu, 2000; Yang & Schwarz, 2016); focus on a the succession of a single

firm from one to another family generation, as with the succession literature (e.g., Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001; Calabrò, Minichilli, Amore, & Brogi, 2018; Huang, Chen, Xu, Lu, & Tam, 2020); or have only begun to study the interconnected long-term evolution of the family and business domains, as with the transgenerational entrepreneurship literature (Jaskiewicz, Combs, & Rau, 2015; Michael-Tsabari, Labaki, & Zachary, 2014; Nordqvist & Zellweger, 2010; Zellweger, Nason, & Nordqvist, 2012). We therefore build on evolutionary theory (Aldrich, 1979; Van de Ven & Poole, 1995; Van de Ven & Sun, 2011) to develop a model unearthing the nature of evolutionary variation, selection, and retention across the family and business domains shaping the formation of business dynasties. Hence, the first paper is led by the following research question:

How do some families manage to form business dynasties?

Paper two focuses on employee empowerment in private firms where the controlling owner also serves as manager. The owner-managers in these firms often share a similar dilemma (Wasserman, 2017): while they strive for value creation supporting their firms' growth ambitions (Lepak, Smith, & Taylor, 2007; Morrison, Breen, & Ali, 2003), they are similarly reluctant to share control with employees and thereby to distribute power more evenly (Aghion & Tirole, 1997; Foss, Foss, & Klein, 2007; Heller, 2003; Wagner III & Gooding, 1987). Accordingly, the necessity to empower employees represents a crucial phenomenon shared among owner-managed firms. Two theoretical perspectives were identified which contribute to the understanding of employee empowerment in owner-managed firms: resource dependence theory (Emerson, 1962; Hillman, Withers, & Collins, 2009; Pfeffer & Salancik, 1978) and principal-agent theory (Alchian & Demsetz, 1972; Eisenhardt, 1985; Eisenhardt, 1989a; Jensen & Meckling, 1976). While the former discusses mainly how firms reduce organizational uncertainty by distributing control in exchange for critical resources (e.g., Finkelstein, 1992; Pfeffer & Salancik, 1978), the latter examines agency-related effects that accompany the distribution of control (e.g., Ang, Cole, & Lin, 2000; Jensen & Meckling, 1976). However, there is still a lack of integrated theorizing and understanding about how to effectively share control with employees in owner-managed firms. By bridging resource dependence theory and principal-agent theory, the study attempts to unearth the drivers, mechanisms,

and effects of employee empowerment in owner-managed firms. Therefore, the second paper aims to answer the following research question:

How do owner-managers effectively share control with employees in owner-managed firms?

The *third paper* centers around the transition of Christian faith of owner-managers into the professional environment. While religious belief and the professional environment represent two seemingly incompatible worlds, examples of firms which expressively build their legacies on the faith of their founders and owner-managers, such as Marriott, In-N-Out Burger, Dilmah, or Chick-fil-A, are prevalent around the globe. Because owner-managers are central figures within their firms, they are able to express their identities (Fauchart & Gruber, 2011) by enacting their faith in the professional environment (Carradus et al., 2019; Iannaccone, 1998). Hence, two theoretical perspectives were identified discussing the transition of owner-manager faith into the professional environment: social identity theory (Tajfel, 1972; Tajfel, Turner, Austin, & Worchel, 1979) and role identity theory (McCall & Simmons, 1966; Stryker, 1968, 1980, 1987; Stryker & Serpe, 1982; Turner, 1978). While both theoretical perspectives discuss the nature of the society-shaped concept of self and how it builds the basis for human choice and behavior (Stets & Burke, 2000), there is still a lack of sophisticated understanding and integrative theorizing on the transition of owner-manager faith into the professional environment. By extending and merging both perspectives of social identity theory and role identity theory, the study attempts to shed light on the fundamental tenets of Christianity, the faith-derived purpose of Christian owner-managers, and the enactment of faith-derived purpose in the professional environment. Thus, paper three addresses the following research question:

How do Christian owner-managers transition their faith into the professional environment?

1.3 Methodological Preview

Apart from their individual perspectives on owner control in private firms, the three studies followed a similar methodology: a comparative multiple case study approach.

The *first paper* adopted a comparative multiple case study approach enabling to theorize the formation of business dynasties over time (Eisenhardt, Graebner, & Sonenshein, 2016; Gehman et al., 2018; Stutz & Sachs, 2018). The case selection included six business dynasties with long histories, with vivid cross-domain interactions between family and firm, and in developed countries and industries with rich historical records on socioeconomic change. To ensure data triangulation, the study relies on data from multiple sources, specifically secondary database and archival data. Following the suggestion of Eisenhardt (1989b), for each case a case profile with a detailed description of case history (within-case analysis) was compiled which was followed up by a pair-wise comparisons of the cases (cross-case analysis).

Paper two applied a comparative multiple case study approach (Eisenhardt et al., 2016; Gehman et al., 2018; Stutz & Sachs, 2018) to unearth processes of employee empowerment in owner-managed firms. Following the principles of theoretical sampling (Eisenhardt et al., 2016), the case selection included six owner-managed firms in the Swiss main- and ancillary construction industry. To ensure data triangulation, the study relies on qualitative data from 22 semi-structured interviews with various representatives, internal documents, and field notes. Using the qualitative analysis program ATLAS.ti, it was aimed to generate in depth understanding of each case first (Glaser & Strauss, 1967; Strauss & Corbin, 1990), before generalizing across cases through patterns or variation (Eisenhardt, 1989b).

Similarly, the *third paper* applied a comparative multiple case study approach (Eisenhardt et al., 2016; Gehman et al., 2018; Stutz & Sachs, 2018) to analyze the transition of owner-manager faith into the professional environment. Following the principles of theoretical sampling (Eisenhardt et al., 2016) eleven firms were selected that are currently led by publicly-known Christian owner-managers. To ensure data quality and to strengthen validity, a triangulation of data collectors and data sources was conducted (Eisenhardt, 1989b): two formerly trained assistants and the author conducted 20 semi-structured interviews with owner-managers, members of the management, and members of the board of directors. By following the suggestion of Eisenhardt (1989b), each case was analyzed in detail before engaging in cross-case comparisons.

1.4 Overview of Papers

Table 2: Summary of the dissertation papers

Paper 1: Business Dynasties: An Evolutionary Perspective	
Research Question	How do some families manage to form business dynasties?
Research Gap	Lacking understanding about the evolutionary processes of variation, selection, and retention across the family and business domains shaping the formation of business dynasties.
Main Constructs	Business dynasty; Family business group; Evolutionary theory; Family events
Methodology & Sample	Comparative multiple case study approach; analysis based on six cases of business dynasties that have lasted for at least three family generations stemming from Germany, France, Italy, the United Kingdom, and the United States.
Findings	Development of a model revealing evolutionary processes composed of gradual variation in business activities triggered by family births and marriages, selection of next-generation leaders leading to punctuated changes to business activities because of family leaders' deaths, and various retention strategies for non-successors. The establishment of a business dynasty parallels an evolutionary process that couples family events and business-domain changes across generations.
Contribution	Contribution to business group literature by overcoming its rather static view and addressing the distinct role of family events of the controlling owner for the evolution of business groups; Contribution to entrepreneurship and family business literatures by applying a long-term perspective; Contribution to scholarship on evolutionary management by shedding light on how life-cycle events at the level of the controlling owner alter the evolution of firms
Authorship	Prof. PhD Josh Wei-Jun Hsueh Matthias Ch. Würsten Prof. Dr. Thomas Zellweger

Table 2: Summary of the dissertation papers (continued)

Paper 2: Employee Empowerment in Owner-Managed Firms	
Research Question	How do owner-managers effectively share control with employees in owner-managed firms?
Research Gap	Lack of integrative theorizing on procedural aspects of employee empowerment in owner-managed firms.
Main Constructs	Owner-manager; Employee empowerment; Firm growth; Case study research
Methodology & Sample	Comparative multiple case study approach; analysis based on 22 semi-structured interviews with owner-managers, members of the management, and members of the board of directors of six owner-managed firms in the main- and ancillary construction industry in Switzerland.
Findings	Development of a process model discussing the drivers, mechanisms, and effects of employee empowerment in owner-managed firms.
Contribution	Contribution to private firm literature by illustrating considerations of balancing corporate growth ambitions, the use of resources, and agency-related issues; Contribution to resource dependence theory by outlining mechanisms on how to effectively make use of acquired resources and pointing out the related costs; Contribution to principal-agent theory by proposing that the costs tied to a principal-agent constellation can be outweighed by the realized growth opportunities; Contribution to resource dependence theory and principal-agent theory by linking both theories
Authorship	Matthias Ch. Würsten

Table 2: Summary of the dissertation papers (continued)

Paper 3: Transition of Owner-Manager Faith into the Professional Environment	
Research Question	How do Christian owner-managers transition their faith into the professional environment?
Research Gap	Lack of understanding and integrative theorizing on the transition of owner-manager faith into the professional environment.
Main Constructs	Owner-manager; Christian faith; Entrepreneurial identity; Case study research
Methodology & Sample	Comparative multiple case study approach; analysis based on 20 semi-structured interviews with owner-managers, members of the management, and members of the board of directors of eleven Christian-led, owner-managed firms in Switzerland.
Findings	Development of a model illustrating the procedural transition of Christian faith of owner-managers into the professional environment—discussing the central tenets of Christian faith, assessing how they shape owner-manager purpose, and showing how Christian owner-managers enact their faith on the individual and organizational level.
Contribution	Contribution to social identity theory and role identity theory by linking the religious identity of Christian owner-managers with their enactment in the professional environment; Contribution to private firm literature by outlining the process of owner-managers transitioning their Christian faith into the professional environment; Contribution to the concept of socio-emotional wealth (SEW) by proposing to add religious believe as another dimension of SEW to explain the nature of non-financial goals in owner-managed firms
Authorship	Matthias Ch. Würsten

2 Business Dynasties: An Evolutionary Perspective

Prof. PhD Josh Wei-Jun Hsueh, Matthias Ch. Würsten, Prof. Dr. Thomas Zellweger

2.1 Abstract

Adopting an evolutionary perspective, we develop a process model explaining the formation of business dynasties—namely, families that accumulate significant wealth across generations via control of businesses. Based on a longitudinal study of six dynasties from Western countries, we reveal an evolutionary process composed of (1) gradual variation in business activities triggered by family births and marriages, (2) selection of next-generation leaders leading to punctuated changes to business activities because of family leaders' deaths, and (3) various retention strategies for non-successors. The establishment of a business dynasty parallels an evolutionary process that couples family events and business-domain changes across generations.

Keywords: business dynasty, family business group, evolutionary theory, family events

2.2 Introduction

Business dynasties—namely, families that accumulate significant wealth via the transgenerational control of companies—have attracted significant attention both in the popular press and in academia (e.g., Carney & Nason, 2018; Economist, 2008). While particularly prominent in emerging economies (Carney & Gedajlovic, 2002; Khanna & Palepu, 2000), business dynasties are also found in developed Western countries (Iacobucci & Rosa, 2010), as evidenced, for instance, by the Quandt family from Germany or the Wallenberg family from Sweden. Studies typically assume that in well-developed Western economies, dynastic control over firms is inefficient (Caselli & Gennaioli, 2013; Casson, 1999) and that family control of businesses is progressively lost over time (Calabrò et al., 2018; Franks, Mayer, Volpin, & Wagner, 2011). Indeed, business dynasties face important challenges in both the family and business domains, which test their survival (Le Breton-Miller & Miller, 2018). In the family domain, business dynasties are often confronted with the challenges of selecting capable and motivated successors (Huang et al., 2020), dealing with the erosion of family unity (Rau, Schneider-Siebke, & Günther, 2019), and managing family conflicts over time and generations (Jaffe & Lane, 2004). In the business domain, business dynasties are confronted with inevitable environmental changes that occur across time, which threaten the prosperity of business assets (Pérez & Raposo, 2007; Salvato, Chirico, & Sharma, 2010). Against the backdrop of these significant family- and business-domain challenges, we seek to explain how some families manage to form business dynasties.

We identified three streams within the family business literature that hold fruitful insights for studying business dynasties: business groups, succession, and transgenerational entrepreneurship. While individually insightful, these literature streams either apply a rather static view that overlooks the dynamics surrounding generational transitions, as with the business groups literature (e.g., Han et al., 2017; Khanna & Palepu, 2000; Yang & Schwarz, 2016); focus on the succession of a single firm from one family generation to the next, as with the succession literature (e.g., Cabrera-Suárez et al., 2001; Calabrò et al., 2018; Huang et al., 2020); or have only begun to study the interconnected long-term evolution of the family and business domains, as with the transgenerational entrepreneurship literature (e.g., Jaskiewicz et al., 2015; Michael-Tsabari et al., 2014; Nordqvist & Zellweger, 2010; Zellweger, Nason, et al., 2012). The gaps left by these perspectives stand in the way of better theorizing on the formation of business dynasties.

To fill in these gaps, we build on evolutionary theory (Aldrich, 1979; Van de Ven & Poole, 1995; Van de Ven & Sun, 2011), in particular, the study of evolutionary processes across multiple domains (Abatecola, 2014; Murmann, Aldrich, Levinthal, & Winter, 2003). Specifically, we develop a model explaining how evolutionary variation, selection, and retention recur across the family and business domains and thereby shape the formation of business dynasties. We adopt a multiple case study approach, investigating six cases of business dynasties that have lasted for at least three family generations (with a range of 72 to 180 years of age) stemming from Germany, France, Italy, the United Kingdom, and the United States. The success of the studied business dynasties varies between continued prosperity and bankruptcy, allowing us to identify overarching patterns based on within and cross-case comparisons of successes and failures (Eisenhardt, 1989b; Yin, 2002).

Analyzing historical archives and databases as well as contemporary material and videos, we unearth a distinct evolutionary process that couples family and business events in the formation of business dynasties (Van de Ven & Poole, 1995). For example, in our cases, birth and marriage events contributed to variation among successor candidates and encouraged business leaders to gradually vary their existing business portfolios over time to uphold the continued prosperity of their businesses and accommodate future successors. In turn, the death of senior family leaders triggered a successor-selection process and often prompted punctuated changes in business operations as successors tried to build their own business legacies after taking over. The success of next-generation dynastic ambitions hinged on successors' ability to retain

cooperative relationships with non-successors—namely, family members who were not selected as business leaders. In contrast, the formation of a business dynasty was put under strain if confrontational relationships between successors and non-successors were not contained. We even found that some non-successors started competing firms.

Our paper makes three main contributions. First, we speak to the business groups literature by overcoming its rather static perspective (e.g., Boyd & Solarino, 2016; Chang, 2003; Gu, Lu, & Chung, 2019; Kandel, Kosenko, Morck, & Yafeh, 2019) and documenting the distinct role of controlling owners' family events (i.e., births, marriages, and deaths) for the evolution of business groups. Second, by taking a very long-term perspective (for each case, we observed at least three successions), we add to the entrepreneurship and family business literatures, which typically explore single succession events, often from founders to successors (e.g., Calabrò et al., 2018; Huang et al., 2020; Nason, Mazzelli, & Carney, 2019). We build on Jaskiewicz et al. (2015) legacy view and show that the relationships between successors and non-successors are crucial for establishing and continuing business dynasties: in the successful cases, successors and non-successors maintained mutually beneficial cooperation after the succession. Third, we contribute to scholarship on evolutionary management: namely, we complement its traditional focus on how country- and industry-level forces impact the success and survival of firms (Abatecola, 2014; Burgelman, 1991; Hannan & Freeman, 1977; Ruef & Scott, 1998) by studying how life-cycle events at the level of the controlling owner—in our case, the family—alter the evolution of firms. We depict the evolution of a business dynasty as an optimization process of the relationships between successors and non-successors in both the family and business domains.

2.3 Theoretical Background

Entrepreneurs often aspire to uphold family control over their firms (Iacobucci & Rosa, 2010; Zellweger, Kellermanns, Chrisman, & Chua, 2012), which can eventually lead to the formation of business dynasties that come to hold significant business interests over generations (Marcus & Hall, 1992; Nordqvist & Zellweger, 2010). These business dynasties are sometimes composed of extended networks of family members who together control businesses beyond the founding generation and accumulate significant wealth from their extended economic activities (Jaffe & Lane, 2004; Le Breton-Miller & Miller, 2018). While particularly prominent in emerging economies (Carney, Gedajlovic, Heugens, Van Essen, & Van Oosterhout, 2011), business dynasties are also prominent in the Western world. For instance, in Sweden, the Wallenberg family, whose business interests date back to the 18th century, today controls about 14 listed firms,

representing close to 40% of the Stockholm Stock Exchange's value (Lubatkin et al., 2005).

Business dynasties are often seen as an anachronism in the Western world given important inefficiencies tied to family capitalism (e.g., Claessens, Djankov, & Lang, 2000). Rarely do family firm owners and their firms make it to the dynastic stage, whereby a family is able to accumulate economic value over more than three generations (Le Breton-Miller, Miller, & Steier, 2004).² Indeed, when a business ages and expands, family members' interests often start to diverge such that the focal family has difficulty maintaining a shared identity and defining how it will jointly develop its concentrated wealth (Jaffe & Lane, 2004). Also, over generations, firm- and family-related complexities increase and cause problems regarding the effective involvement and distribution of responsibilities among a growing number of family members (Schulze, Lubatkin, & Dino, 2003). Further, in pursuit of their dynastic ambitions, families in business often face problems identifying capable and motivated successors (Huang et al., 2020) as well as rivalries among potential successors (Bertrand, Johnson, Samphantharak, & Schoar, 2008; Bertrand & Schoar, 2006; Huang et al., 2020). These dynastic ambitions are also under threat because of the progressive loss of family control from delegating management to non-family professionals and opening firms' equity to outside investors to support the growth of business operations (Franks et al., 2011; Masulis, Pham, & Zein, 2020).³ In light of these challenges, the continued success of business dynasties in the Western world represents an insufficiently understood phenomenon. In the next section, we review three streams of literature—business group, succession, and transgenerational entrepreneurship—that serve as the background against which we develop our evolutionary theory of business-dynasty formation.

² We chose the three-generation threshold because it reflects the observation that most family firms do not persist beyond three generations, as reflected in the saying "From shirtsleeves to shirtsleeves in three generations" (see also Franks et al., 2011).

³ Economists have been particularly critical about dynastic control over business assets. For example, Casson (1999, p. 13) admonishes "that the restriction of the membership of the firm to people belonging to a single family reduces the flexibility of the market system," that "the expansion of the firm is retarded by exclusive reliance on the re-investment of profit," that "members of the family cannot diversify their portfolios against the specific risks afforded by the commercial operations," and that "the firm is also prevented from attracting entrepreneurial talent from outside the family." Economists thus point at important inefficiencies tied to dynastic control (see also Caselli & Gennaioli, 2013).

2.3.1 Family Business Literature: Three Theoretical Foci

In the family business literature, one focus examines business-dynasty formation by analyzing business groups. Business groups are networks of legally independent companies whose equity is held together by formal entities or through informal bonds (Khanna & Palepu, 2000; Khanna & Rivkin, 2001). Examples of such informal bonds are familial relationships between owners and managers of the affiliated companies (Bertrand et al., 2008; Ng, Teh, Ong, & Soh, 2014). Family business groups are the most common form of business groups, particularly in developing countries (e.g., Guillen, 2000; Khanna, 2000; Luo & Chung, 2005; Wang, Wan, & Yiu, 2019). Related literature centers on the performance variation of groups and affiliated firms (e.g., Almeida & Wolfenzon, 2006; Chang & Hong, 2000; Khanna & Palepu, 2000; Khanna & Rivkin, 2001). Scholars often draw on agency theory to examine problems between controlling and minority owners (Chang, 2003; Ng et al., 2014) and on institutional theory, which points at the benefits of family business groups in overcoming institutional deficiencies (Carney & Gedajlovic, 2002; Chittoor, Kale, & Puranam, 2015; Khanna & Palepu, 2000; Khanna & Rivkin, 2001).

Another focus in the family business literature centers on succession processes, particularly the transition of a single firm from predecessors to successors. Studies falling into this focus document the role of successors' commitment (Huang et al., 2020), family conflicts (Eddleston & Kellermanns, 2007), successors' capabilities (Bennedsen, Nielsen, Perez-Gonzalez, & Wolfenzon, 2007), and problems of asymmetric altruism between parents and children in successor selection (Schulze, Lubatkin, Dino, & Buchholtz, 2001) often to determine whether a firm successfully continues beyond the founding generation.

Relatedly, under the focus of transgenerational entrepreneurship, family business researchers explore the role of families, as opposed to individual entrepreneurs, as drivers of new economic activity in society and as proactive planners for long-term entrepreneurial success (Nordqvist & Zellweger, 2010; Zellweger, Nason, et al., 2012). They examine how families manage and control their resources, such as the education and experience of children, to sustain the entrepreneurial legacies of their firms over time (Jaskiewicz et al., 2015). The core observation of these studies is that by shifting the attention to the family's vision and resources for the firm, scholars can come to realize the expansion and scale of family-controlled business activity beyond a single firm and across generations, even in Western societies (Michael-Tsabari et al., 2014; Zellweger, Nason, et al., 2012).

2.3.2 Gaps in the Existing Literature

The three foci within the family business literature are insightful in light of their specific research traditions. However, the three foci in the literature largely disregard the evolutionary processes through which business dynasties emerge. The business group focus adopts a static perspective, such as by concentrating on governance (Chacar & Vissa, 2005) and network structures (Chung, 2006). In consequence, this focus misses the long-term dynamics in the formation, rise, change, and decline of business groups (Kandel et al., 2019). Although the foci of succession and transgenerational entrepreneurship adopt a more temporal and dynamic perspective, they tend to concentrate on a limited timeframe, typically a single generational transfer. In turn, they have little to say about the long-term and often unplanned evolution of both families and businesses across multiple generations (Zahra, 2018). In particular, these latter two foci allocate limited attention to family dynamics and events, such as the birth, marriage, and death of family members and their impact on the focal family's business activities (Jaskiewicz, Combs, Shanine, & Kacmar, 2017).

What is needed to study business-dynasty formation and overcome the deficiencies of existing work is an approach that goes beyond static and firm-centered perspectives, takes family dynamics and events seriously, and explores how these dynamics and events spill over to the business domain. Paying little attention to family events, such as births, marriages, and deaths, in the formation of business dynasties seems to be an important oversight. Especially in management scholarship, sociologists and economists alike have long acknowledged that such family events have important economic consequences for the actors involved (Becker, 2009; Parsons, 1949). For example, such family events typically change the composition of households, alter the alignment of interests within families, escalate rivalries, and redistribute resources among members (Carney, Gedajlovic, & Strike, 2014; Marcus & Hall, 1992). Therefore, we build on evolutionary theory to seriously consider the family dynamics and life-cycle events that spill over to the business domain to overcome the view that business dynasties are stable, monolithic actors.

2.4 Theoretical Framework: Evolutionary Theory

In light of these concerns, we adopt evolutionary theory as our main theoretical framework to study the formation of business dynasties. Evolutionary theory has been developed as an umbrella theory to explain the change and progression of systems, organizations, groups, and individuals (Aldrich, 1979; Burgelman, 1991; Child, 1972; Hannan & Freeman, 1977; Nelson & Winter, 1982; Van de Ven & Poole, 1995).

Organization theorists use evolutionary theory to explain organization-level change by referring to Darwinism—the idea of passive selection based on a constant cycle comprising three principles⁴: *variation*, *selection*, and *retention* (Aldrich & Ruef, 2006; Van de Ven & Poole, 1995). *Variation* indicates that there are no two identical organisms. *Selection* means that organisms need to be well adapted to the environment. Certain variation that does not fit the environment loses the fight over scarce resources and is eliminated. Finally, *retention* denotes that organisms preserve and pass their variation to the next generation.

Evolutionary theory provides an overarching framework to study the intertemporal variation of organizations (Aldrich & Ruef, 2006). Companies are argued to be embedded in a multi-layered context, such as the political and economic environment, and, like human beings, are different from each other (variation). Each company has its own footprint that differs from others, such as having a unique past (Barnett & Hansen, 1996), resources (Hannan & Freeman, 1977), and strategic planning process (Burgelman, 1991). Aldrich and Ruef (2006) argue that (organizational) variation is driven by either intentional or blind adaptation through selection and retention after changes in the socioeconomic environment.

Studying business dynasties from an evolutionary perspective represents a fruitful approach because it focuses on the core dynamics and tensions in the multi-layered context in which these families and their businesses are embedded. While previous research has extensively studied the evolution of firms along with general society and industry domains (for an overview refer to Abatecola, 2014), what is unique to the context of business dynasties and, at the same time, remains understudied is the co-evolution of family dynamics and business activities. Such a cross-domain evolutionary perspective highlights the distinct evolutionary process that families, as opposed to firms, typically adopt. Families tend to follow a *life-cycle* process of change (Van de Ven & Poole, 1995) consisting of a preconfigured sequence of adaptations. In particular, the sequence of birth, affiliation or marriage, and death is archetypical in families (Nisbet, 1970). In business dynasties, this life-cycle-based change process coincides with firm-level change processes that often evolve in less preconfigured ways. For example, Tichy argues that “the biological analogy of a system going through predictable phases of development does not hold up to empirical scrutiny” and that

⁴ The Darwinian perspective argues that passive selection is the locus of evolutionary change and builds the foundation of all evolutionary streams (Gould, 1982; Hodgson & Knudsen, 2006).

“organizations do not follow predictable biosocial stages of development” (1980, p. 164). Rather, change in organizations has been described as multi-faceted; as a composite of multiple change motors (Van de Ven & Poole, 1995); and as resembling an evolutionary process of variation, selection, and retention (Burgelman, 1991). This perspective of organizational change emphasizes the fit between firm and context and the struggle over scarce resources (Van de Ven & Poole, 1995), sometimes also resulting in punctuated equilibria (e.g., Greiner, 1972; Tushman & Romanelli, 1985). Inspired by these insights about the parallel yet asynchronous co-evolution of the family and business domains, our study on the formation of business dynasties focuses on the evolutionary dynamics of and the coupling procedures between the family and business domains.

2.5 Methods

We adopted a multiple case approach (Eisenhardt et al., 2016; Gehman et al., 2018; Stutz & Sachs, 2018), which allowed for *theoretical replication* to accommodate the diversity and emerging commonality in evolutionary patterns (Langley & Abdallah, 2011). In turn, this approach resulted in a more generalized theory that should be applicable across contexts (Yin, 2002).

2.5.1 Case Profiles

Following the principles of evolutionary process research (Langley, Smallman, Tsoukas, & Van de Ven, 2013) and theoretical sampling (Eisenhardt et al., 2016), we selected six business dynasties with long histories (from 72 to 180 years with at least three generations of continued business activity) and significant wealth creation during their existence. We chose the minimum threshold of three generations as family business research shows that family firms rarely survive beyond this time frame (see Le Breton-Miller et al., 2004). Table 3 summarizes the key characteristics of our six business dynasties.

Table 3: Sample and data summary

Family	Agnelli	Quandt	Hermes
History of family involvement	1899–present (118 years)	1883–present (134 years)	1837–present (180 years)
The latest generation in the family domain	6 th generation	5 th generation	7 th generation
Total assets (of the family business dynasty when the family is still involved) ⁵	163.78 billion (euros)	195.51 billion (euros)	7.68 billion (euros)
The generation of the current/last family firm leader	5 th generation	4 th generation	6 th generation
Successful/non-successful dynasty	Continuation of the dynasty today	Continuation of the dynasty today	Continuation of the dynasty today
The current/last main industry	Automobile	Automobile	Fashion
Country of origin	Italy	Germany	France

⁵ The data collection for the sampled cases started from the founder's birth and ended either in December 2017 or when the family exited the dynasty (i.e., Gucci and Vanderbilt).

Table 3: Sample and data summary (continued)

Family	Agnelli	Quandt	Hermes
Incidents of birth with significant business impact	2	4	5
Incidents of marriage with significant business impact	0	3	2
Incidents of death with significant business impact (successor selection)	3	4	3
Incidents of setting up a coordination entity (a holding company or trust)	4	8	2
Common retention paths of non-successors	Private holding, business partner, or in an unrelated field	Private holding, business partner, or in an unrelated field	Private holding, business partner, or in an unrelated field

Table 3: Sample and data summary (continued)

Family	Gucci	Vanderbilt	Sainsbury
History of family involvement	1921–1993 (72 years)	1810–1970 (160 years)	1869–present (148 years)
The latest generation in the family domain	4 th generation	7 th generation	6 th generation
Total assets (of the family business dynasty when the family is still involved)	700 million (US dollars)	6.5 billion (US dollars)	19.80 billion (pounds)
The generation of the current/last family firm leader	3 rd generation	4 th generation	4 th generation
Successful/non-successful dynasty	Dissolution of the dynasty through an external takeover	Dissolution of the dynasty through bankruptcy	Dwindling dynasty with minor family ownership (< 10% of shares)
The current/last main industry	Fashion	Transportation	Retail
Country of origin	Italy	United States	United Kingdom

Table 3: Sample and data summary (continued)

Family	Gucci	Vanderbilt	Sainsbury
Incidents of birth with significant business impact	2	1	0
Incidents of marriage with significant business impact	3	2	2
Incidents of death with significant business impact (successor selection)	4	4	20 ⁶
Incidents of setting up a coordination entity (a holding company or trust)	1	1	1 ⁷
Common retention paths of non-successors	Private holding and conflicted separation	Private holding or in an unrelated field	Private holding or in an unrelated field

⁶ Successor selection with Sainsbury resembled a more gradual process than in the other cases as it started before the retirement and death of current leaders.

⁷ The Sainsbury family trust served to loosely coordinate the mainly philanthropic activities of the 18 individual trusts controlled by Sainsbury family members.

All our cases revealed vivid cross-domain interactions between family and firm (i.e., continuous family involvement in the firm, such as in ownership, on the board, or in management), providing rich information on the evolution of business dynasties. Our cases stem from developed countries with rich historical records on socioeconomic change, such as industrial revolutions and two world wars. Moreover, our cases are comparable regarding industry sectors—Agnelli, Quandt, and Vanderbilt in transportation and Hermes, Gucci, and Sainsbury in consumer business. We chose three successful cases that persist today (Agnelli, Quandt, and Hermes) and three less successful cases in which either the family exited the firm (Gucci and Sainsbury) or the main firm went bankrupt (Vanderbilt). These features of the sampled business dynasties made us confident that we could theorize on the generic evolutionary processes in the formation of business dynasties (Gehman et al., 2018; Langley & Abdallah, 2011). The data-collection process stopped in December 2017 or when the family completely exited its business (Gucci, in 1993⁸) or the business operations went bankrupt (Vanderbilt, in 1970).

2.5.2 Data Sources

All authors, along with seven trained student assistants, collected data from multiple sources, including Orbis (for ownership and industry sector data), corporate reports, books, press releases, industry reports, news and academic articles, governmental reports, and documentaries. Such data triangulation supported our theorization and ensured data convergence (Eisenhardt, 1989b). We combined both historical and contemporary data sources: the historical data (e.g., secondary databases, industry reports, and academic articles) allowed us to keep temporal distance and helped avoid subjective and contemporary biases, such as from direct involvement in the cases (Stutz & Sachs, 2018). In contrast, contemporary data, such as corporate reports, press releases, new reports, and documentaries, helped avoid historical bias in that the analysis was disconnected from the contemporary context in a temporal sense (Yin, 2002). By covering the complete timespans of the six business dynasties since their inception, we were able to reliably reconstruct and study the co-evolution of the family and business domains in these cases (Langley et al., 2013; Pettigrew, 1990; Rynes & Gephart Jr, 2004).

⁸ Because the Sainsbury family did not completely exit the firm, we also collected its data until December 2017.

2.5.3 Data Analysis

We began with within-case analysis (Eisenhardt, 1989b) by triangulating our data sources for each case to build a case profile with a detailed description of the family and firm history. These case profiles were first compiled and analyzed by student assistants under the close supervision of the authors. Later, the three authors conducted a more extensive data search, analyzed the data independently, and revisited the interpretation⁹ to ensure the convergence and reliability of the data (Jonsen, Fendt, & Point, 2018). We coded each case individually over a period of about five weeks to avoid coding fatigue and prescriptive coding informed by the other cases (Crayne & Hunter, 2018). In total, we compiled 117 single-spaced pages of case profiles, including a visual map and a description of each incident in each case history.

Following prior research on evolutionary patterns, we built case profiles around *incidents*, or raw datum or occurrences in a case history (Langley, 1999), such as the birth of a family member. We then categorized these incidents into *events*, defined as repeated incidents that have a chronological impact on a firm's social context (Van de Ven, Bechara, & Sun, 2019), coming up with a series of key events in the family and business domains for each firm.

In the family domain, we drew a visual map for each case family (Gehman et al., 2018) to capture the family incidents, which was supported by the construction of a family tree. In each map, we assigned temporal brackets (Langley et al., 2013) to mark repeated incidents that converged to form one of three key family events: *birth*, *marriage/divorce*, and *death*. Each visual map focused on the life events of the family members closest to the respective business. We complemented each family visual map with incidents in the business domain, such as changes in the main product offering, changes in ownership and governance, engagement in mergers and acquisitions, and further changes in strategy (Le Breton-Miller & Miller, 2013). We combined repeated incidents within and across cases with key business events: *gradual change* in a case firm's existing business model that took a long time to implement (e.g., adapting the business portfolio or developing a new business line), *punctuated change* that occurred in a much short timeframe (e.g., mergers, acquisitions, and divestitures), and the formation of *coordination entities* (e.g., holding companies and trusts) that coupled the family and business domains. In our within-case analysis, we synthesized the family and business

⁹ We also invited an independent, external scholar who is an expert in case studies to help us navigate the coding and analytical process.

events for each case into a combined visual map that takes the form of a table, which helped us analyze the cross-domain processes across time (Langley, 1999). Cells in this table record incidents, rows represent calendar years (the first row is the birth year of the founder[s]), and columns contain the family and business events.

We continued with cross-case analysis through pair-wise comparisons of the cases (Eisenhardt, 1989b). We first identified whether the emerging patterns in the family and business domains were replicated between cases. Moreover, we employed an *iterative analytical process* to compare our data with prior literature to refine the internal validity of our findings (Rynes & Gephart Jr, 2004; Yin, 2002). Additionally, we paid close attention to variation between cases to identify whether the events were systematic variation (i.e., similarity among cases) or random variation (i.e., uniqueness of the case) (Van de Ven & Sun, 2011). Identifying similarities and differences helped us come up with an overarching framework (Suddaby, 2010) anchored by the three key evolutionary mechanisms: variation, selection, and retention.

2.6 Results on the Co-Evolution of the Family and Business Domains

Figure 1 presents our model of business-dynasty formation and documents the evolutionary process connecting family and business events, which we explore in full detail below.

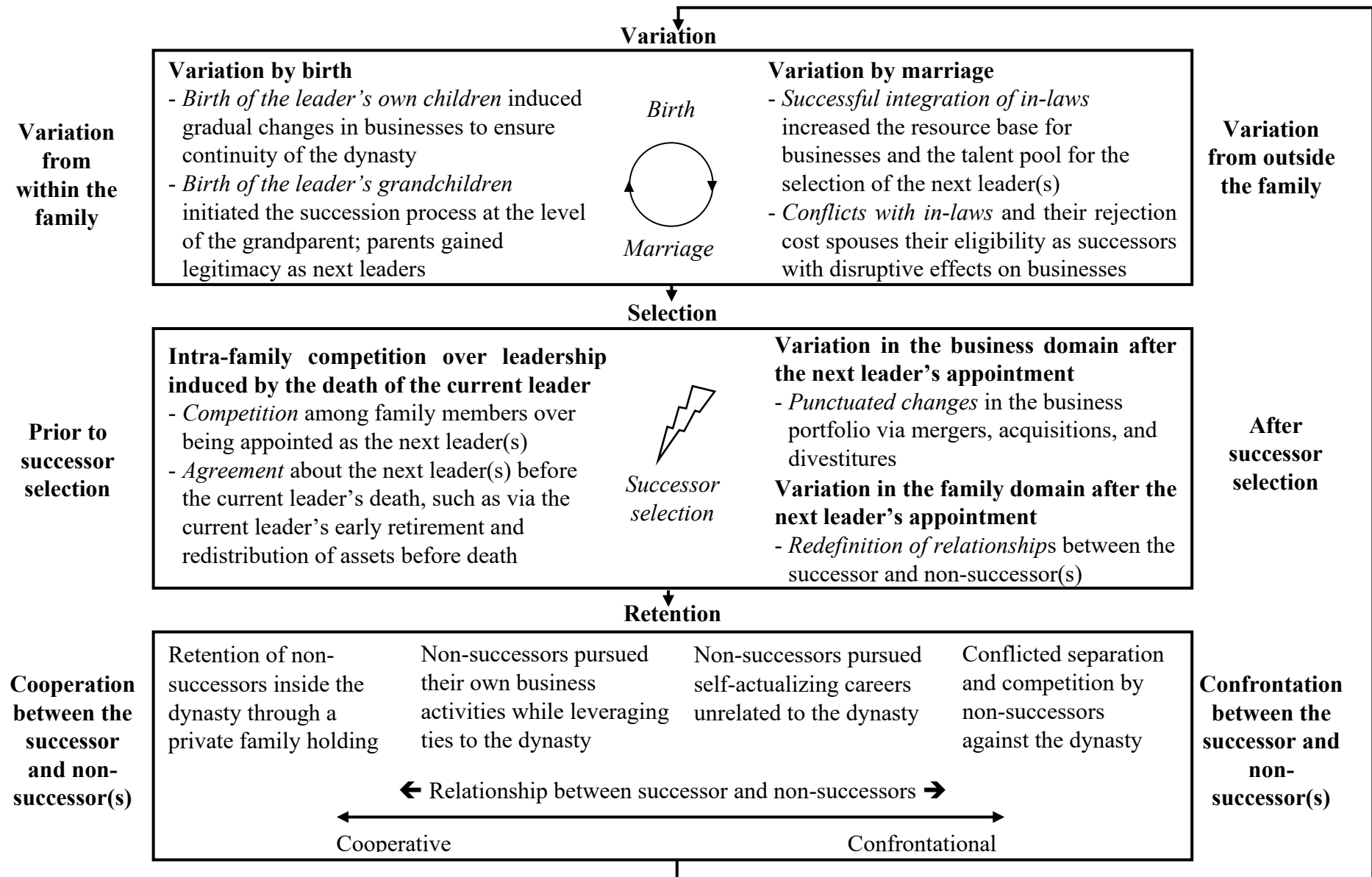
Figure 1: Evolutionary process of business-dynasty formation

Table 4: Examples of events in the evolutionary processes of the sampled business dynasties

Evolutionary process		Example cases	Events	
			Family level	Business level
Variation	<u>From within the family by birth</u>	Quandt	First two male members of the 3 rd gen.—Helmut and Herbert Quandt in 1908 and 1910.	Günthert Quandt started acquiring and restructuring the firm in 1911.
	Leader’s own children		1 st son from Herbert Quandt’s (3 rd gen.) 3 rd marriage—Stefan Quandt in 1967.	Herbert Quandt acquired a baby-food company in 1969.
	Leader’s grandchildren	Hermes	1st member of the 4 th gen.—Jeanne Hermes in 1889.	Charles-Emile Hermes started involving Adolphe and Emile Hermes (3 rd gen.) in the firm in 1894.
			16 members of the 6 th gen. between 1954 and 1963.	Robert Dumas, Jean-Rene Guerrand, and Francis Puech started involving Jean-Louis Dumas (5 th gen.) in 1964.
	<u>From outside the family by marriage</u>	Quandt	Marriage of Emil Quandt (1 st gen.) and Hedwig Draeger in 1880.	Emil Quandt founded the firm in 1883 by acquiring his brother-in-law’s firm.
		Sainsbury	John Benjamin Sainsbury (2 nd gen.) married Mabel Miriam van den Bergh in 1868. Robert Sainsbury (3 rd gen.) married Lisa Ingeborg van den Bergh in 1937.	The van den Bergh family was a rich Dutch family in the margarine industry.
		Hermes	Emile-Maurice Hermes (3 rd gen.) married Julie Hollande in 1900.	Julie Hollande’s complaint about handbag design triggered diversification into handbags in 1923.
			Jacqueline Hermes (4 th gen.) married Robert Dumas in 1928. Aline Hermes (4 th gen.) married Jean Guerrand in 1929. Yvonne Hermes (4 th gen.) married Francis Puech in 1931.	Three sons-in-law took over leadership from Emil Hermes (3 rd gen.) in 1951. Jean Guerrand, a perfumer, initiated diversification into perfume products in 1951.

Table 4: Examples of events in the evolutionary processes of the sampled business dynasties (continued)

Evolutionary process		Example cases	Family level	Events
-		Gucci	Aldo Gucci (2 nd gen.) openly disclosed his affair with Bruna Palombo in 1963.	Aldo Gucci and Bruna Palombo's daughter, Patricia Gucci, was the first female director on the board as of 1982. Inheritance fight between Aldo Gucci's widow and mistress in 1990.
		Vanderbilt	Maurizio Gucci (3 rd gen.) married Patrizia Reggiani in 1972.	Maurizio Gucci was fired from the company but re-entered the firm in 1973. Cornelius Vanderbilt III was disinherited in 1896 until reconciling with his mother in 1904.
			Cornelius Vanderbilt III (4 th gen.) married Grace Graham Wilson in 1896.	
Selection	<u>Intra-family competition over leadership after the death of the current leader</u> (The events are ordered by the family degrees between competing members as potential successors)	Gucci	Guccio Gucci (1 st gen.) died in 1953. His three sons, Aldo, Vasco, and Roldofo, removed their stepbrother, Ugo, and sister, Grimalda, from the company.	Aldo, Vasco, and Roldofo Gucci started Gucci US.
		Vanderbilt	Cornelius Vanderbilt (1 st gen.) died in 1877. William Henry (2 nd gen.) fought against his other three siblings over the inheritance.	William Henry settled the lawsuit with his siblings and became the sole leader in 1879.
		Agnelli	Giovanni Agnelli (3 rd gen.) died in 2003. Margherita (4 th gen.) and John Elkann (5 th gen.) engaged in an inheritance fight until 2007 when other members bought out Margherita.	John Elkann set up a new holding company, Exor N.V., in 2008.

Evolutionary process		Example cases	Family level	Events	Business level
		Quandt	Harald Quandt (3 rd gen.) died in 1967. His brother, Herbert, started fighting against his widow, Inge Bandekow, for his assets.	Inge Bandekow exited and set up an independent holding company for her family branch. Herbert Quandt started divesture from the chemical industry in 1968 and M&A in the metal and baby-food industries in 1969–1970.	
		Gucci	Rodolfo Gucci (2 nd gen.) died in 1983. His son, Maurizio (3 rd gen.), started the succession fight against his brother, Aldo, and nephews, Giorgio and Robert, in 1983–1987.	Maurizio Gucci became the only family owner in 1987. When he was assassinated in 1995, there was no family successor. In turn, the financial investor, Investcorp, became the majority owner, and the CEO position was taken over by the family attorney, Domenico De Sole.	
Retention	<u>From cooperation to confrontation</u>	Hermes	Xavier Guerrand (5 th gen.) was the CEO of Hermes Perfume. Frederic Dumas (5 th gen.) and Sandrine Dumas (6 th gen.) had their own careers in the entertainment industry.	These non-successors were also involved in the private family holding companies, such as Emile Hermes SARL, as board directors.	
	Involvement in a private family holding				
	Business partner leveraging ties	Agnelli	Andrea Agnelli (4 th gen.), nephew of Giovanni Agnelli.	Andrea served as the president of Juventus, the soccer club owned by the Agnelli family.	
		Quandt	Sven Quandt (4 th gen.), son of Herbert Quandt (from his 2 nd marriage).	Sven ran his own racing car company in partnership with BMW.	
	Self-actualizing career unrelated to the dynasty's business	Gucci	Ugo Gucci (2 nd gen.), stepson of Guccio Gucci.	Ugo was involved in Mussolini's government.	

Table 4: Examples of events in the evolutionary processes of the sampled business dynasties (continued)

Evolutionary process	Example cases	Events	
		Family level	Business level
Conflicted separation as competitors	Sainsbury	Timothy Sainsbury (4 th gen.), brother of John Davan.	Timothy became a Tory MP in 1973.
	Vanderbilt	Consuelo Vanderbilt (4 th gen.), daughter of William Kissam Vanderbilt; Gladys Moore Vanderbilt (4 th gen.), daughter of Cornelius Vanderbilt II; and Consuelo Vanderbilt (5 th gen.), daughter of William Kissam Vanderbilt II.	They all married nobles, including a duke, a count, and an earl.
	Gucci	Giorgio and Paolo Gucci (3 rd gen.), cousins of Maurizio Gucci, and Alessandra and Allegra (4 th gen.), daughters of Maurizio Gucci.	They all became entrepreneurs and started their own fashion businesses.

2.6.1 The Dawn of Gradual Variation through Family Members' Births and Marriages

2.6.1.1 *Variation from within the family—birth*

The birth of new family members signaled rejuvenation and the start of a new chapter in a family's life (Dyer, Nenque, & Hill, 2014). We identified distinct firm-level impacts of the birth of (1) the children versus (2) the grandchildren of business leaders. The birth of a senior-generation leader's own children (i.e., the next generation) typically directly influenced the senior leader to consider varying business activities, motivated by the prospect of continued family control over the business (Diaz-Moriana, Clinton, Kammerlander, Lumpkin, & Craig, 2020). Upon the birth of their own children, family leaders often engaged in new business activities that could eventually be passed down. For example, in the case of the Quandt family (see Table 4), after the family's first two sons were born—Helmut in 1908 and Herbert in 1910—their father and firm leader, Günther Quandt, acquired a new textile firm. Similarly, Herbert Quandt, who led the firm beginning in 1954, acquired a baby-food company in 1969 after his first son of his third and last marriage, Stefan, was born in 1967.

In contrast, after the birth of grandchildren (i.e., the junior generation), current leaders (senior generation, grandparents) started to hand over leadership to their own children (next generation, children). For instance, in the Hermes case, when the first member of the fourth generation, Jeanne Hermes, was born in 1889, the second-generation leader, Charles Emile Hermes, started involving his two sons Adolphe and Emile Hermes in management from 1894 on after seeing that Jeanne was growing up in good health. A similar incident occurred when the fifth-generation leader, Jean-Louis Dumas, was promoted to the leadership position in 1964 after 16 members of the sixth generation were born since 1954. This leadership change signaled the advent of a new family generation and indicated that it was time for the senior generation to hand over the reins. Different from previous studies discussing the aspirations of the next generation to take over control from senior-generation leaders (e.g., Bennedsen et al., 2007; Huang et al., 2020), we found more indirect succession dynamics. That is, the birth of a junior generation seemed to stimulate the senior generation's "feelings of urgency and an awareness (...) [that] it is time to move ahead" (Gersick, 1994, p. 12). Specifically, the arrival of grandchildren likely signaled to senior-generation leaders the professional maturity of their own children as possible successors and the need to engage in succession planning in line with a generative, inevitable code of life. In other words, the arrival of grandchildren seemed to gradually cause senior-generation leaders to

realize that it was time to hand over leadership to the next generation—that is, to their children.

In our cases, changes in business operations following the variation caused by the birth of family members tended to be gradual. On average, these changes occurred five years after the first birth (of a senior leader's own child or grandchild) based on 14 birth incidents from five cases. The birth of a senior leader's own child seemed to cause the leader to consider what business legacy could be passed down to the new generation. Furthermore, the birth of grandchildren appeared to motivate the leader to consider the grandchild's parents as future firm leaders and start the generational transition process.

2.6.1.2 Variation from outside the family—marriage

Another key family event that infused variation in business operations was marriage—the legal and relational bond that introduced new members into a family's available resource pool and in its considerations about future leadership. Although previous studies emphasize the expanded resources and networks that come with in-laws (Han et al., 2017; Le Breton-Miller & Miller, 2018), we found that the variation induced by the arrival of in-laws caused mixed reactions from existing family members with mixed consequences for the future of a dynasty.

On the one hand, new family members contributed valuable new resources to the dynasties. For instance, the Quandt dynasty was founded upon Emil Quandt's acquisition of his brother-in-law's textile firm in 1883. Similarly, the Sainsbury dynasty built connections in the margarine business through John Benjamin Sainsbury's (second generation) and Robert Sainsbury's (third generation) marriages into the van den Bergh family. Hermes diversified its business through the arrival of in-laws in a more indirect way. Emile Hermes (third generation) was inspired by his wife, Julie Hollande, to delve into the handbag business after she complained about the existing handbag designs available on the market. Later, one of his sons-in-law, Jean Guerrand (fourth generation), a perfumer, facilitated Hermes' diversification into the perfume business in 1951. Besides bringing new assets and ideas into the dynasties, in-laws also expanded the pool of potential next-generation leaders for the dynasties. For instance, three sons-in-law, Jean Guerrand, Robert Dumas, and Francis Puech took over the leadership of Hermes after Emile's death.

On the other hand, however, if in-laws (and their illegitimate children) were not welcomed by a family, this rejection and ensuing conflicts sometimes added to the variation inside the focal dynasty, reducing their spouses' eligibility for a future

leadership role in the dynasty. For instance, when Maurizio Gucci (third generation) married Patrizia Reggiani in 1972, his father, Rodolfo Gucci, excluded him from the company. In a related way, Aldo Gucci (second generation) appointed his illegitimate daughter, Patricia Gucci (whose mother was Aldo's mistress, Bruna Palombo), as the first female board member in 1982, creating variance in the firm's governance. A further example can be found in the Vanderbilt family: Cornelius Vanderbilt III (fourth generation) was disinherited by his parents in 1896 after marrying Grace Graham Wilson, whom his parents did not approve of. In contrast, the Quandt family, specifically Herbert Quandt, managed to prevent negative spillover effects from marriage problems on future succession. Herbert started distributing assets among his children from his previous two marriages between 1973 and 1977 so that the dynasty's main business, BMW, would only be passed to his third and last wife and their joint children.

In sum, we found that marriage caused gradual changes in business operations.¹⁰ When in-laws were well integrated into a family, their novel resources and perspectives triggered innovation in the respective dynasty's business operations, such as by enabling new business development or by taking over key positions in the dynasty. In contrast, when in-laws were rejected by a family, this rejection sometimes cost their partners their succession candidacy and even threatened their financial stability as a result of ensuing family feuds. Thus, preventing conflicts and accommodating in-laws appeared to be important differentiators between successful and failed generational transitions of dynasties.

2.6.2 Selection after Family Deaths: Successors and Punctuated Changes in Businesses

2.6.2.1 Intra-family competition after a family death

We found that the death of a family business leader was one of the most critical and disruptive family events for the continuity of a family business dynasty. This event called for the imminent selection of a successor to fill the looming power void inside the focal dynasty. In the selection process, we found intensive competition and infighting among multiple heirs for the "throne" after the death of the previous leader. For example, when Guccio Gucci passed away in 1953, his three sons (Aldo, Vasco, Rodolfo) removed their sister (Grimalda Gucci) and stepbrother (Ugo Gucci) from the

¹⁰ After a marriage event, it took around nine years, on average, for the next significant change in business operations to occur (based on twelve incidents across five cases).

shared leadership of the firm. Similarly, when Cornelius Vanderbilt passed away in 1877, William Henry Vanderbilt had to fight with his three siblings over firm shares and inheritance before William officially came to lead the business empire in 1879.

In later generations of a dynasty, we found the infighting to occur between members with more distant degrees of kinship. For instance, in the case of Agnelli, when Giovanni Agnelli (third generation) passed away in 2003, his grandson, John Elkann (fifth generation), had to fight against his aunt, Margherita Agnelli (fourth generation), over his grandfather's inheritance before fully establishing his leadership. In the Quandt family, when Harald Quandt (third generation) passed away in 1967, his brother, Herbert Quandt, fought Harald's wife, Inge Bandekow, over Harald's shares of the dynasty, driving Harald's family branch out of the dynasty's businesses. The Gucci family also experienced an intra-family fight between cousins and an uncle. When Rodolfo Gucci passed away in 1983, the family went through a fervent inheritance dispute over the distribution of firm shares among his son (Maurizio), brother (Aldo), and nephews (Giorgio and Roberto Gucci). In the end, Maurizio allied with an institutional investor to buy out the other family shareholders in 1987 and established himself as the sole owner and dominant leader.

To prevent such conflict, current leaders sometimes appointed their successors before their own passing. A notable case is the Sainsbury family. During the five generations of active family leadership of the supermarket chain, we identified 20 incidents of smooth succession processes: the successors entered the firm in their early 20s,¹¹ gradually became executive-level managers in their 50s, retired, and transferred their chairmen positions to the next successor before their deaths. Similarly, in the Quandt family, before Herbert Quandt died in 1982, he had already distributed assets to his children from previous marriages and ensured that only one of his family branches—his third and last wife and their common children—would inherit the main business.

When a family was unable to agree on a clear successor and thereby fill the power void after the death of the focal business leader, the family ran the risk of dynasty dissolution (as in the case of Gucci and Vanderbilt). For instance, when William Kissam Vanderbilt II (fourth generation) passed away in 1944, there was no successor in sight to take over the dynasty, undermining the family's ability to defend itself against relegation to a minority shareholder role in 1950; a hostile takeover in 1954; and, ultimately, bankruptcy in 1970. The Gucci case provided an even more dramatic testimony of failed

¹¹ Except John Benjamin Sainsbury (second generation), who entered at the age of 14.

succession: First, there were power struggles among heirs after the death of Rodolfo Gucci, with Maurizio Gucci becoming the sole family owner in 1987. After Maurizio was assassinated in 1995, however, there were no family successors to prevent an external takeover.

2.6.2.2 After selection: Punctuated changes

We found that once successors were appointed and firmly entrenched in their role as new leaders, they initiated punctuated changes within a short time (Tushman & Romanelli, 1985), commonly one year after the death event that triggered their succession. These changes mainly comprised rearranging the business portfolio, primarily through mergers, acquisitions, and divestments. Punctuated changes also occurred in the family domain in the form of redefining relationships with non-successors—namely, those who were not selected as the next-generation leaders (see the next session on retention).

For instance, in the case of Gucci, after excluding their sister and stepbrother in 1953, the newly appointed leaders, Aldo, Vasco, and Rodolfo, immediately supported the firm's international expansion to the United States. In the Agnelli family, once John Elkann settled the inheritance fight against his aunt in 2007, he set up a new holding company, Exor N.V., in 2008 to consolidate the family's estate. In the case of the Quandt family, when Herbert became the sole leader and excluded the family branch of his late brother from the main business in 1967, he sold parts of the dynasty's chemical businesses in 1968 and started mergers and acquisitions in the metal and baby-food industries in 1969–1970. These incidents illustrate the punctuated changes introduced by new successors with the intention to establish their own dominant leadership in their dynasties.

In sum, death events of family leaders triggered family- and firm-level selection across all our cases, with more than 20 observed death incidents. This selection resulted in punctuated changes for the case business dynasties, in strong contrast to the gradual variation introduced by births and marriages (except for the case of Sainsbury, for which the death of family leaders resulted in more gradual changes given the farsighted transition of responsibilities). The death of a family leader called for the imminent selection of a successor and most often precipitated a competitive selection process among heirs for the top position of the focal business empire. When the succession question was not closed prior to the death of a business leader (contrasting the example of the Sainsbury family), rivalries and distortions surfaced upon the death of the leader. Failing to resolve conflicts over successor selection resulted in a leadership vacuum that

seemed to facilitate the fragmentation and loss of family control and, ultimately, the demise of the respective dynasty (e.g., Gucci and Vanderbilt). When a clear next-generation leader was selected, the new leaders tended to make punctuated changes in the business domain, including acquisitions, mergers, divestments, and diversification, while rearranging their relationships with non-successors (see the following section).¹²

2.6.3 Retention Strategies and the Career Paths of Non-Successors

The co-evolution of the family and business domains and, ultimately, the formation of family dynasties were substantially affected by how new leaders and non-successors redefined their relationships after selection. We identified four retention paths through which the new leaders in our cases sought to optimize and maintain relationships with non-successors depending on their cooperation versus confrontation (see Table 4).

2.6.3.1 *Involvement in a private family holding*

We found that the most cooperative retention path for keeping non-successors involved in a dynasty's business activities was assigning them the role of shareholder and/or board member in a coordination entity, such as a private family holding company. Retaining and involving non-successors in this way was beneficial from the new leaders' (i.e., successors') point of view because it avoided the costly payout of family shareholders (Ellul, Pagano, & Panunzi, 2010; Jaskiewicz et al., 2015). As such, it prevented the eventual sale of shares to non-family outsiders, which would have undermined the family's control and the dynasty's continuity. Such retention also limited non-successors' ability to interfere in business operations and thus prevented successors' ability to effectively lead and restructure operations from being compromised. Continuous involvement with a dynasty via a holding company was also in the interest of non-successors. Despite any frustration and hurt feelings over non-selection, in this way, non-successors were still able to support their families and the family businesses to which they belonged.

The most successful example of this retention path was the case of the Hermes family. The family set up its first family holding company, Emile Hermes SARL, in 1989 to consolidate the family's shares and prevent a possible takeover, which a competing firm, LVMH, had experienced. In 2010, Bertrand Puech (fifth generation, board president) set up another private family holding company, H51 SAS, bringing the equity stakes of more than 50 family owners under its roof. Such holding companies not only pooled

¹² In all our cases, the successors were male.

the dispersed equity stakes of family members to fend off external threats but also helped create a larger pool of family human capital. For instance, Xavier Guerrand (fifth generation, CEO of the perfume business), Frederic Dumas (fifth generation, photographer), and Sandrine Dumas (sixth generation, movie director and actress) served as board members of these holding companies. We also observed the successful use of family holding companies in the Agnelli and Quandt families. In these cases, holdings seemed to be used to help settle family disputes as various assets were redistributed within these families and placed into separate holding companies to settle claims.

Our evidence suggests that such organizational coordination entities helped keep families together and keep “family baggage” out of the business domain such that a family was more likely to lose control over its dynasty without a coordination entity, as evidenced by the Gucci, Vanderbilt, and Sainsbury cases. For instance, in the case of Gucci, Maurizio allied with the institutional investor Investcorp to buy out and exclude other family members rather than setting up a coordination entity to pool the family’s equity stakes, including those of his cousins. As a consequence of his solo run, Maurizio was unable to prevent the later takeover by Investcorp in 1993. Similarly, the Vanderbilt’s New York Central Railroad did not have a holding company to defend a hostile takeover in 1954. Although Sainsbury set up a parent family trust in 1997 to coordinate 18 trusts held by individual family members, this parent family trust was only set up for philanthropic purposes.¹³ Thus, it was ineffective in supporting numerous family owners’ ability to maintain joint control over the family’s supermarket empire.

We observed that such coordination entities consolidated control not only in the family domain (among family owners, particularly non-successors) but also in the business domain. For instance, the Agnelli family set up a holding company, IFI, in 1927, after the business dynasty expanded to the banking and media sectors in 1925–1927. Similarly, the first Quandt family holding company, Draeger GmbH, was set up in 1930 after a series of acquisitions in the chemical and textile sectors in 1926–1929. These coordination entities thus also consolidated families’ control over often diversified business empires.

¹³ See <https://www.sfct.org.uk/>

2.6.3.2 Non-successors as business partners

This second path to retain non-successors was still characterized by cooperative ties between non-successors and their families. In our cases, some non-successors chose not to stay within their families' dynasties but maintained and leveraged their connections with their families and their activities by becoming business partners. In this way, non-successors sought their independence while keeping family ties intact and cooperating with the newly appointed successors. We found that this retention path was common in cases with a large number of family branches and an extensive business portfolio, such as with Agnelli, Quandt, and Hermes.

For instance, Andrea Agnelli, the nephew of the third-generation leader, Giovanni Agnelli, took over the presidency of the family-owned football club, Juventus F.C., a field different from the dynasty's automobile business. In the case of the Quandt family, Sven Quandt (fourth generation), the son of Herbert Quandt, launched his own racing car company in partnership with BMW, the main business controlled by his half siblings. More examples can be found in the Hermes family, where several non-successors remained connected to the family's fashion business. For example, Frederic Dumas (fifth generation) worked as a photographer in collaboration with the dynasty's main business, and Coralie de Seynes (sixth generation) founded her own fashion business in partnership with Hermes. In sum, by becoming business partners with successors, many non-successors in our cases were able to enjoy autonomy while maintaining mutually beneficial relationships with the new leaders and their respective dynasties.

2.6.3.3 Non-successors pursuing their own careers unrelated to dynasties' businesses

In this third path, non-successors detached themselves from their dynasties' business activities while maintaining cooperative ties in the family domain. In all our cases, non-successors in this path focused on self-actualization by entering socioeconomic fields very different from those of their families' dynasties, typically fields with high publicity and social status. One common example was the pursuit of a political career (in the case of Gucci, Sainsbury, and Vanderbilt). For instance, Ugo Gucci was involved in the Mussolini regime of Italy; Timothy Sainsbury became a member of parliament in the United Kingdom; and several Vanderbilt non-successors married nobles, including a duke, a count, and an earl. We assume here that these new careers were not only beneficial to the non-successors who secured them but also contributed to their families' reputational and political capital, thus creating side benefits for the business dynasties as well (Le Breton-Miller & Miller, 2018).

2.6.3.4 Conflicted separation of non-successors from business dynasties

The last path of non-successor retention was characterized by confrontational relationships between non-successors and new leaders. In the related cases, non-successors fell out with their families and business operations upon non-selection. When successor selection was perceived as questionable or unjustified, non-successors remained spiteful and hostile against the successors. In turn, we found that grudging non-successors often took advantage of their insider knowledge by starting their own firms and competing against their families' original businesses. For example, Aldo Gucci's three sons, Giorgio, Paolo, and Roberto, all started their own fashion businesses after they were excluded by their cousin and the dynasty's new leader, Maurizio Gucci.¹⁴ In these cases, the disputed successor-selection process engendered severe repercussions for the associated dynasties in the form of adversarial competition from family members.

2.6.4 Evolutionary Feedback Loops across Generations

Figure 1 summarizes our findings on the evolutionary process of business-dynasty formation. Within the same generation, the largely predetermined sequence of birth and marriage instilled change at both the family and business levels, as detailed in the variation part of Figure 1. In turn, the death of a family leader triggered the selection process for the next-generation leader, as seen in the selection part of Figure 1. Finally, the selected new leader then needed to redefine his or her relationships with non-successors: some non-successors were retained while others departed from the dynasty (see the retention part of Figure 1). This evolutionary process of variation, selection, and retention repeated itself in a feedback loop across generations (Colli, Howorth, & Rose, 2013; Langley et al., 2013; Van de Ven & Poole, 1995), which highlights the challenges related to establishing business dynasties.

2.7 Discussion

With our paper, we sought to explain the formation of business dynasties, defined as families who accumulate significant wealth via the control of businesses over multiple generations. Although the literatures on family business groups, succession, and transgenerational entrepreneurship shed partial light on this issue, prior to this study, we lacked an integrative evolutionary perspective that overcomes static and firm-

¹⁴ After losing control over the dynasty in 1995, some family members still remained involved in the fashion industry as competitors to the original business, such as Alessandra and Allegra Gucci (fourth generation) with their own fashion firms.

centered approaches and explores the coupled evolution of the family and business domains across generations. Our analysis of six business dynasties (from Germany, France, Italy, the United Kingdom, and the United States with between 72 to 180 years of history) reminds us that the evolution of a family typically follows a *life-cycle* process of change (Van de Ven & Poole, 1995) consisting of an imminent program or preconfigured sequence of birth, marriage, and death (Nisbet, 1970). These family events introduce variation, selection, and retention not only at the level of the family but also at the level of business activities. This long-term coupling of family- and business-level change motors poses a challenge to the long-term survival of business dynasties. Specifically, we found that the effective connection between family life-cycle events and business-level changes was an important prerequisite for the establishment and continued success of the dynasties we explored.

For variation, we found that the *birth* events of their own children caused current-generation leaders to further improve business operations so they could eventually be handed down to the next generation (Dahl, Dezső, & Ross, 2012). In contrast, the birth of their grandchildren caused grandparents to view their children, the parents of the newly born, as legitimate next-generation leaders such that the birth of grandchildren triggered succession processes inside the dynasties. *Marriage* events represented a double-edged sword for the formation of the business dynasties. On the one hand, we found that in-laws often brought valuable new resources to families in the form of human, social, and financial capital and frequently served as catalysts of novel business activities that fit with their expertise (Han et al., 2017). In-laws, at least those who were well accepted in a family, also entered and expanded the pool of potential successors. On the other hand, however, in-laws who were rejected by a family sometimes cost their spouses their candidacy as successors, and the ensuing conflicts often had disruptive effects on the dynasties' prosperity.

Further, we found that evolutionary selection was mainly triggered by *death* events of leading family members. Such death events often precipitated a competitive selection process among heirs for the top spot in the focal business empire. Once appointed to their new leadership role, new leaders often initiated punctuated changes to business activities through acquisitions, mergers, and divestments. We also found that the power vacuum following a failed succession often put the business dynasties at risk of being overtaken by external investors (Franks et al., 2011).

Finally, we found that the retention of non-successors forced the business dynasties to confront an intricate dilemma. On the one hand, the concentration of power in the hands

of a new leader seemed to be a dominant concern for the dynasties likely because it supported the focal family's and firm's agility and preserved the leader's financial incentives to sustain the family's business operations (Miller & Le Breton-Miller, 2006). On the other hand, non-successors, or "losers" in the successor-selection process, sometimes stirred up severe conflict with disruptive effects for the family and the business (Carney et al., 2014; Ellul et al., 2010). We found four distinct non-successor retention paths that vary in the extent to which the ties between successors and non-successors were cooperative versus confrontational. In the case of cooperative and benevolent relationships, non-successors typically remained involved within their respective dynasties by taking new roles in the governance of their families' business activities, often in organizational coordination entities, such as a private family holding. Alternatively, we found that non-successors often either engaged in business partnerships with their families' dynasties through their own firms or delved into activities largely unrelated to their families' businesses, such as politics. We see these two career paths as a way to gain a higher level of professional independence while preserving family relationships. Finally, we found that the most negative effects for dynasties arose when spiteful non-successors transferred their family conflicts to the business domain by starting firms that directly competed with their families' business-dynasty operations.

2.7.1 Contributions

Our study contributes to the business group literature by overcoming its rather static perspective and by taking the role of cross-domain influences seriously, in particular the role of family events for the evolution of business activities (e.g., Boyd & Solarino, 2016; Chang, 2003; Gu et al., 2019; Kandel et al., 2019). We found that the formation and, ultimately, the structure of the business groups controlled by dynasties are contingent on family events, such as births, marriages, and deaths (particularly business leaders' deaths). The latter event prompts a sudden successor-selection process and significant business-level changes. These findings thus answer the recent call in the business group literature to acknowledge cross-domain effects and take a long-term perspective (Han et al., 2017; Yang & Schwarz, 2016).

Moreover, our analysis also suggests the need to revisit the role of family holding companies, organizational entities that are typically depicted as devices for family owners to expropriate minority owners (Carney & Child, 2013). Instead, our analysis points to a distinct and more productive role of such entities (Carney, Van Essen, Estrin, & Shapiro, 2018). Holding companies are an important device to consolidate and

exercise family control in effective ways, avoiding fragmentation and, ultimately, the dissolution of family control, such as in the face of takeover attempts. These entities also allow families to pool resources, which provides economies of scale for investments and asset allocation (Jaffe & Lane, 2004). Family holdings effectively couple yet also partly separate family and business affairs, which helps keep family feuds out of businesses (Gilding, 2005). Also, such structures are used to accommodate cooperative non-successors to secure their continuous involvement in dynasties without an immediate and potentially ineffective influence on business operations.

Our long-term perspective—for each case, we observed at least three successions—is of value to the literature on family business succession, which typically explores single succession events for firms, often from founders to successors (e.g., Bennedsen et al., 2007; Calabrò et al., 2018; Huang et al., 2020). Specifically, the transgenerational success of family-controlled businesses critically hinges on successors' business-level initiatives, such as through restructuring or rearranging the business portfolio. These adjustments may imply a change from the "*family business legacy*" and a move away from the focal family's original business activities (Jaskiewicz et al., 2015). However, such a step away from the original legacy, albeit typically seen as a failure from a socioemotional standpoint (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Hammond, Pearson, & Holt, 2016), may be decisive for the continued success of a business dynasty and thus important for what we may call the "*business family legacy*." Thereby, making adjustments to a dynasty's business portfolio resembles an investment approach that has been described as family equity (Bierl & Kammerlander, 2019; Zellweger, 2017), which is distinct from the approach observed with private equity investors. The family-equity approach is defined by longer holding periods for individual business assets and is decisively affected by family events as opposed to payout and return demands by investors (Kaplan & Stromberg, 2009). These findings are of particular value for research on transgenerational entrepreneurship. We go beyond the traditional focus on families' resources and their top-down planning for family businesses' entrepreneurship (Jaskiewicz et al., 2015; Michael-Tsabari et al., 2014; Verver & Koning, 2018; Zellweger, Nason, et al., 2012). Instead, our findings suggest entrepreneurial legacy as an outcome of the evolutionary dynamics between the family and business domains.

Our findings on the retention of non-successors after the selection of successors as well as on the relational ties between successors and non-successors after succession are novel. Specifically, our findings on the retention paths for non-successors contrast

previous studies on how some family firms persist across generations by essentially forcing non-successors to leave the firm without buying them out in order to support business continuity (Harrington & Strike, 2018; Jaskiewicz et al., 2015). Instead, retaining non-successors seems to support the establishment and continuity of business dynasties. However, we also found cases of successful families that decided to split estates between family branches or members of earlier and later marriages. Also, we identified more nuances in dynasties' retention strategies for non-successors, such as via involvement in a holding company, continuous collaboration as a business partner to the respective dynasty, or involvement in a prestigious new role in wider society. Our findings suggest that non-successors deserve more scholarly attention because they may significantly impact (i.e., complicate) post-succession dynamics (Huang et al., 2020).

We contribute to the evolutionary literature in management scholarship (e.g., Aldrich & Ruef, 2006; Hannan & Freeman, 1977; Van de Ven & Sun, 2011) and complement its traditional focus on country and industry cross-domain effects with a focus on the controlling owner—in our case, the family. Specifically, we study the role of family life-cycle events in the evolution of firms. We thus depict the establishment of a business dynasty as a repeated co-evolutionary process that intertwines the family and business domains, whereby family events have a critical impact on business-level change.

Our findings on non-successor retention paths reach beyond organizational evolutionary theory with its original rooting in biology (Aldrich & Ruef, 2006). Biologists argue that the evolutionary stability of a species group relies on optimizing the cooperative relationships between dominant individuals and subordinates in that group (Johnstone, 2000; Vehrencamp, 1983). In this optimization process, subordinates have been found to sacrifice their interests after their non-selection as leaders to ensure the success of their species group (Queller & Strassmann, 1998). Our study does not provide direct evidence of self-sacrificial tendencies among non-successors. However, in the successful dynasties we observed, non-successors cleared space for successors by retreating to secondary roles in private family holdings (e.g., Hermes) or by exiting their families' immediate business activities while maintaining beneficial commercial ties with their families' original firms (e.g., Agnelli and Quandt). In contrast, we found that dynasties were undermined when non-successors chose completely self-actualizing careers (e.g., Vanderbilt and Sainsbury) or when they challenged their dynasties by starting rivaling businesses (e.g., Gucci) (West, Griffin, Gardner, & Diggle, 2006). Thus, in future research, organizational evolutionary scholars may want to embrace more

nuanced evolutionary perspectives when studying the long-term reconfiguration of relationships between newly appointed leaders and contenders for the throne.

2.7.2 Limitations and Future Research

Our study comes with certain limitations. In the family domain, our cases have rather traditional family structures—namely, patriarchal structures. More recent socioeconomic trends, such as the rise in divorce rates, women entering the workforce and top leadership roles, out-of-wedlock births, single-parent households, and unmarried couples without children (Aldrich, Brumana, Campopiano, & Minola, 2021; Aldrich & Cliff, 2003), may further complicate family dynamics beyond what we observed in our study. Nevertheless, our cases include quite some variance in family dynamics and structures, such as remarriages and children from previous marriages. Still, future work may give more attention to other family structures that may lead to different dynamics in the distribution of assets and control (Han et al., 2017; Mahmood, Zhu, & Zaheer, 2017), such as the co-existence of multiple families in the same business (Duran & Ortiz, 2020). Future work could also relax our focus on the family and business domains and study further contextual forces, such as political-regime change or regulatory change (for an overview refer to Abatecola, 2014).

2.7.3 Conclusion

Adopting an evolutionary perspective, our paper explored the formation process of business dynasties. Studying the long-term cross-domain interactions between the family and business domains in six business dynasties from Western countries sheds novel light on a, as some say, anachronistic but surprisingly prominent economic phenomenon. Despite the prominence of business dynasties in the Western world, our understanding of their formation remains limited. With our paper, we hope to make a modest step in developing this understanding.

3 Employee Empowerment in Owner-Managed Firms

Matthias Ch. Würsten

3.1 Abstract

I develop a model explaining procedural aspects of employee empowerment in owner-managed companies. Based on 22 interviews with representatives from six owner-managed firms active in the Swiss main- and ancillary construction industry, I find that firm complexity and resource necessity act as a regulator for growth ambitions forcing these firms to empower their employees. I find that employee empowerment in owner-managed firms can be executed through mechanisms of participative leadership, professionalization of collaboration and ownership dispersion. Furthermore, my study sheds light on effects of employee empowerment such as benefits tied to reduced owner-manager dependence and downsides linked to increased agency costs. My model thus presents integrative theorizing of the drivers, mechanisms, and effects of employee empowerment in owner-managed firms.

Keywords: owner-manager, employee empowerment, firm growth, case study research

3.2 Introduction

When being the owner and manager of a company a central question revolves around whether to retain full control over the firm—tying the company’s fate to one’s own capacities, but benefiting from owner-manager centrality (Foss & Weber, 2016; Schulze & Zellweger, 2021)—or whether to engage in employee empowerment—allowing employees to contribute to even greater success of the firm, but partially losing control (Demsetz, 1983; Wasserman, 2017). As all power and authority naturally lies in the hands of the controlling owner-manager in these firms (Baker, Gibbons, & Murphy, 1999), the dilemma of being forced to choose between the ‘throne’ and the ‘kingdom’ (Wasserman, 2017), is prevalent among privately-held companies across the globe (Gedajlovic et al., 2004). And even if an owner-manager is inclined to forgo some control in exchange for growth opportunities, empowering employees, especially if poorly executed, carries a lingering risk of harming the firm and the owner-manager (Ang et al., 2000; Lam, Huang, & Chan, 2015). For example, as employee empowerment can enable corporate growth, it potentially diminishes benefits traditionally tied to the owner-management (e.g., agility benefits) and creates agency-related costs (e.g., loss of control, monitoring mechanisms) (Jensen & Meckling, 1976; Kotey & Meredith, 1997). Hence, beyond the difficult choice between the ‘throne’ and the ‘kingdom’, another legitimate question revolves around how to develop a ‘throne’

into a ‘kingdom’. In this paper I aim to understand better the processes of employee empowerment in owner-managed firms.

I identified two common theoretical perspectives which contribute to the understanding of employee empowerment: resource dependence theory and principal-agent theory. Research from these theoretical perspectives examines how firms reduce organizational uncertainty by distributing control in exchange for critical resources and discusses agency-related effects that accompany the distribution of control. Despite the individual insightfulness and the valuable contributions by these theoretical perspectives, we still lack integrated understanding about how to effectively share control with employees in owner-managed firms. By bridging resource dependence theory and principal-agent theory, my study aims to unearth the drivers, mechanisms, and effects of employee empowerment in owner-managed firms.

I adopt a multiple case study approach: six cases are selected from owner-managed firms that are active in the main- and ancillary construction industry in Switzerland. By conducting and analyzing 22 semi-structured interviews, field notes, and internal documents, I show distinct processes of employee empowerment in owner-managed companies. For example, corporate growth ambitions come at the cost of increasing firm complexity. Limited by owner-manager capacities, increasing firm complexity necessitates employee empowerment which in turn requires additional resources which lie in the hands of the owner-manager and the employees. To effectively empower employees in an owner-managed firm, mechanisms of participative leadership, professionalization of collaboration, and ownership dispersion can be applied. These mechanisms are accompanied by benefits tied to reduced owner-manager dependence but come with downsides linked to increased agency costs.

I make four main contributions. First, I contribute to private firm literature (e.g., Durand & Vargas, 2003; Schulze & Zellweger, 2021; Wasserman, 2017) as my integrated process model of employee empowerment illustrates considerations of balancing corporate growth ambitions, the use of resources, and agency-related issues. Second, I contribute to resource dependence theory (e.g., Emerson, 1962; Pfeffer & Salancik, 1978) by outlining mechanisms on how to effectively make use of acquired resources and pointing out the related costs. By extending the discussion on agency costs and proposing that the costs tied to a principal-agent constellation can be outweighed by the realized growth opportunities, I contribute to principal-agent theory (Alchian & Demsetz, 1972; Jensen & Meckling, 1976)—my third contribution. Finally, by providing an integrative process model of employee empowerment in owner-managed

firms I react to calls for the integration of resource dependence theory and principal-agent theory (e.g., Hillman & Dalziel, 2003; Zona, Gómez-Mejía, & Withers, 2018).

3.3 Theoretical Background

In companies where the controlling owner also serves as manager often two seemingly conflicting, if not contradicting, goals are aspired. On the one hand, owner-managers strive for value creation to support their companies' growth ambitions (Lepak et al., 2007; Morrison et al., 2003). On the other hand, they are reluctant to share power over their companies as it is associated with a loss of control (Aghion & Tirole, 1997; Foss et al., 2007; Heller, 2003; Wagner III & Gooding, 1987). Yet, the reluctance to distribute power more evenly and the desire for corporate growth can get in each other's way eventually (Wasserman, 2017). The sheer size and complexity of an organization that accompanies a growth path requires an owner-manager to share control with trusted employees (Greiner, 1972; Scott & Bruce, 1987). In other words, at some point owner-managers are confronted with the decision whether to strive for the 'throne'—by retaining full control over the business but potentially tying corporate growth to the own limited capacities—or whether to seek the 'kingdom'—by sharing power with trusted individuals and therefore enabling corporate growth (Wasserman, 2017).

Hence, while particular examples of privately-held companies such as Tesla or Facebook are cherished by the press for competing among the most successful companies worldwide, stagnant and small owner-managed firms, often only consisting of one person, are omnipresent (Schulze & Zellweger, 2021; Zahra & Filatotchev, 2004). Thus, the competence to effectively empower employees plays a crucial role with regards to affecting growth in owner-managed firms (Bird, 1988; Conger & Kanungo, 1988; Miller, 1987). Yet, employee empowerment in owner-managed firms is usually accompanied by unintended side effects stemming from principal-agent constellations (Ang et al., 2000; Jensen & Meckling, 1976). Considering these challenges, the necessity to empower employees represents a crucial phenomenon shared among owner-managed firms. Two theoretical perspectives have been commonly used to analyze the drivers, mechanisms, and effects of sharing control in owner-managed firms: resource dependence theory and principal-agent theory.

3.3.1 Resource Dependence Theory

Building on the open system perspective (Katz & Kahn, 1978; Thompson, 1967), the idea that firms rely on critical resources from actors in their environment was first captured by resource dependence theory (RDT) over half a century ago (Emerson, 1962; Hillman et al., 2009; Pfeffer & Salancik, 1978). Mainly literature on M&A (Casciaro & Piskorski, 2005; Haunschild, 1993; Yin & Shanley, 2008), ventures (Yan & Gray, 2001), board of directors (Boyd, 1990; Dalton, Daily, Johnson, & Ellstrand, 1999; Hillman & Dalziel, 2003), or executive succession (Zhang, 2006) use RDT as the focal lens (Hillman et al., 2009). According to RDT, the system of organizations is depicted as a conglomerate of power relationships which are based on the exchange of resources (Ulrich & Barney, 1984) and where success is defined as maximizing power (Kanter, 1979). The more vital a resource is to an organization, the better actors can exercise power over that organization in case they possess and control such a resource (Bode, Wagner, Petersen, & Ellram, 2011; Frooman, 1999). Voss and Brettel (2014), for example, argue that division of labor increases (owner-)managers' dependence from resources provided by subordinates—such as work effort, expertise, or networks—as they become more critical for the success of the organization, specifically when alternatives are rare. Similarly, Wasserman (2017) argues that organizational resource dependence is particularly strong for growth-oriented companies due to their extensive need for social, financial or human resources.

Further, organizations are viewed as coalitions altering their behavior in order to secure access to critical resources (Ulrich & Barney, 1984; Wry, Cobb, & Aldrich, 2013). In other words, organizational interdependency creates uncertainties regarding resource access which affects firm behavior (Hillman et al., 2009; Pfeffer & Salancik, 1978; Ulrich & Barney, 1984). Accordingly, organizations aim to reduce their own dependency by attracting resources (Mitchell, Agle, & Wood, 1997). However, while attracting critical resources reduces organizational uncertainty, it potentially increases managerial “control uncertainty”—uncertainty tied to a potential loss of control over the business—as providers of critical resources often are willing to share their resources only in return for power in the company (Finkelstein, 1992; Pfeffer & Salancik, 1978; Wasserman, 2017).

3.3.2 Principal-Agent Theory

In principal-agent theory it is assumed that costs emerge for the principal from agency relationships—prevalent, for example, when sharing control with employees—because of misaligned interests, information asymmetries, or differing risk attitudes between principal and agent (Alchian & Demsetz, 1972; Eisenhardt, 1985; Eisenhardt, 1989a; Jensen & Meckling, 1976). In reaction to these agency-related issues, principals are forced to install costly, internal monitoring and control mechanisms for which the costs are determined by how efficiently principals can monitor their agents (Ang et al., 2000; Fama & Jensen, 1983).

In that sense, agency costs are thought to be non-existent or insignificant in firms where ownership and management are occupied by the same person (Ang et al., 2000; Chrisman, Chua, & Litz, 2004; Jensen & Meckling, 1976). However, as owner-managers begin to distribute control through employee empowerment, they increase dependence from agents—be that managers or minority shareholders (Morck, Shleifer, & Vishny, 1988)—which forces them to install costly governance mechanisms to monitor their agents.

3.3.3 The Gap in the Existing Literature

In line with their specific traditions all the above-mentioned perspectives shed interesting light on procedural aspects of sharing control, and thus empowering employees, in owner-managed companies. Organizational resource dependence forces owner-managers to share power with employees in exchange for their resources. Although RDT provides valuable insights about the drivers of employee empowerment—a lack of critical resources—it comes short with regards to the use of these resources and the related costs. As discussed in principal-agent theory, engaging in employee empowerment creates costs tied to the installment of adequate governance mechanisms to monitor and control agents. However, besides focusing on the impact of agency costs on firm effectiveness, principal-agent theory avoids explaining the relation between these costs and gained growth opportunities. Hence, although both theoretical perspectives focus on individual facets of sharing control in owner-managed companies, we still lack integrative theorizing on procedural aspects of employee empowerment in privately-held companies. In this study, I aim to unearth these processes by bridging resource dependence theory and principal-agent theory—balancing corporate growth ambitions, the use of resource, and agency-related issues.

3.4 Methods

Aiming for theoretical replication I adopt a multiple case approach (Eisenhardt et al., 2016; Gehman et al., 2018; Stutz & Sachs, 2018)—accommodating similarities and variation regarding the process of employee empowerment in owner-managed firms. This approach aims to generate generalizable theory across contexts (Yin, 2009) as it bases on data with rich insights about processes (Eisenhardt, 1989b; Eisenhardt et al., 2016; Langley & Abdallah, 2011; Rynes & Gephart Jr, 2004). Therefore, this paper relies on qualitative data gathered from semi-structured interviews, field notes, and confidential firm-internal documents.

3.4.1 Case Profiles

Following the principles of theoretical sampling (Eisenhardt et al., 2016), I selected six owner-managed companies with a characteristically strong position of power of the owner-manager and a highly prevalent resource dependence. The Swiss main- and ancillary construction industry was identified useful for this purpose. Firstly, owner-managed firms and distinct power positions of owner-managers are highly prevalent in the industry. Secondly, competition in the main- and ancillary construction industry in Switzerland is high (low margins, lack of skilled personnel, labor intensive) leading to a pronounced dependence from rare (human) resources. To not violate comparability among cases I excluded micro- and small-sized companies from the sample as management- or board-levels might be inexistent. Table 5 summarizes the key characteristics of the six owner-managed companies.

Table 5: Sample and data summary

Firm	Industry	Foundation	Employees	Ownership Constellation	Interviews	Interviewee	Position
A	Heating, ventilation, air conditioning	1922	1000 (large-sized)	49.99% owned by owner-manager (49.99% owned by #2, 0.01% owned by #5)	6 (Ø 101min)	1	Owner-manager
						2	Management & board member
						3	Management member
						4	Management member
						5	Board member
						6	Board member
B	Building construction, civil engineering, real estate	1930	250 (large-sized)	100% owned by owner-manager	2 (Ø 90min)	7	Owner-manager
						8	Management member
C	Building construction, civil engineering	1914	750 (large-sized)	(*>)60% owned by owner-manager (*35% community of heirs/family, 5% several employees)	4 (Ø 78min)	9	Owner-manager
						10	Management member
						11	Management member
						12	Board member

Table 5: Sample and data summary (continued)

Firm	Industry	Foundation	Employees	Ownership Constellation	Interviews	Interviewee	Position
D	Timber construction	1989	70 (medium-sized)	80% owned by owner-manager (20% owned by #14)	4 (Ø 82min)	13	Owner-manager
						14	Management & board member
						15	Management member
						16	Management member
E	Timber construction	1977	50 (medium-sized)	100% owned by owner-manager	3 (Ø 72min)	17	Owner-manager
						18	Management member
						19	Management member
F	Timber construction	1998	70 (medium-sized)	100% owned by owner-manager	3 (Ø 80min)	20	Owner-manager
						21	Management member
						22	Management member

Between June 2019 and June 2020, I conducted 22 semi-structured interviews with owner-managers, top management members and members of the board of directors to ensure triangulation of sources, strengthen validity, and reduce possible bias of the findings (Eisenhardt, 1989b). Within the selected companies (A-F), each representing one case in the study, I conducted between two to six interviews. To ensure data quality and reliability, a two-way triangulation was carried out. First, as some questions in the interviews related to past events or thought processes, interviews were conducted not only with the owner-managers, but additionally with longtime representatives from the management and the board of directors. Secondly, internal documents served as additional sources of information (where accessible) allowing for critically comparing of what was said by the interviewees and what was reported at the time of occurrence.

For the purpose of this study, an owner-managed company is defined as an organization in which the controlling owner serves as the CEO of the firm or in a similar role. While owner-managed firms are perceived as consisting of a CEO owning 100% of the shares, I included three companies in which minority or parity shareholders are prevalent. Companies A and D are held by three (company A: two siblings each 49.99% and one member of the board of directors 0.01%) and two (company D: owner 80%, top management employee 20%) owners, however both companies are led by one single controlling owner. Similarly, in company C the ownership is divided into shares held by the owner-manager (60%), a community of heirs which the owner-manager is part of (35%), and top management employees (5%), however the company is led by the owner-manager in the role of an executive president of the board.

To summarize, the chosen research design allows for developing theory on how to empower employees in owner-managed firms through the usage of an inductive, comparative multiple-case design and qualitative data from 22 semi-structured interviews with representatives from owner-managed companies, internal documents, and field notes.

3.4.2 Data Sources

3.4.2.1 Formal Interviews

To raise interview quality, I developed a guide to thematically structure the interviews and to supported subject focus and time management¹⁵. Divided into two parts, the interview guide was crafted based on practical insights from discussions with

¹⁵ See: Appendix Paper II: Exemplary Interview Guide

representatives of owner-managed firms and findings from theoretical work on subjects of control in private firms (e.g., Schulze & Zellweger, 2021). While in the first part of the narrative-generating interview, broad questions allowed for high variation of possible answers, the second part covered questions that were mostly derived from existing theory and thus more concrete.

I conducted 22 semi-structured interviews with an average duration of over 85min per interview and with a wide range of informants. As the main- and ancillary construction industry is heavily male dominated, all interviewees were men. Interviewees included owner-managers (six interviews); members of the top management (ten interviews); and members of the board of directors (four interviews). The remaining two interviews were conducted with the brother of the owner-manager of company A (#2) who owns 49.99% of the company and a member of the top management of company D (#14) who owns 20% of the shares.

All 22 interviews were digitally tape-recorded and held face to face at a preferred location of the interviewee (e.g., workplace, home office)—except for two tape-recorded but online-held interviews which were conducted during times of Covid-19-pandemics. All interviews were held in the interviewee's native language (Swiss German) to allow for authentic, precise, and comfortable expression. To ensure anonymity, it was agreed that I would not use the companies' real names and furthermore, that I would use generic labels (e.g., owner-manager) rather than names or job titles when attributing quotations.

3.4.2.2 *Field Notes and Internal Documents*

Adding to the insights from the rich interview data outlined above, I took digital field notes in Microsoft OneNotes before, during and after each interview. In these field notes I captured subjective impressions, situational incidents, ideas on potential connections, and other circumstances—supporting understanding of the interviews and providing implications for the next interview sessions. By keeping abreast of relevant observations or events in or peculiarities of each case through field notes I reacted to the fact that interviewees seemed keen to discuss delicate or private aspects after the recordings were stopped. The field notes were not coded but provided valuable background information when analyzing the interview data. Additionally, I had access to protocols of board meetings (company A) from two years (February 2017 until April 2019). Given the quantity of the material, these documents were not coded, but summarized which provided again valuable background information.

3.4.3 Data Analysis

The data analysis process represents one of the core task in building theory from cases as it is the most challenging and at the same time least predefined assignment in research projects using comparative multiple-cases (Eisenhardt, 1989b). Due to Eisenhardt (1989b) data analysis consist of roughly four parts: within-case analysis, cross-case analysis, shaping hypothesis and enfolding literature.

I started off my analysis (Glaser & Strauss, 1967; Strauss & Corbin, 1990) by looking at each company separately and individually—starting with the respective field notes and internal documents before turning to the interview data—as this approach would allow me to unfold the unique pattern of each case before generalizing across cases (Eisenhardt, 1989b). Using the qualitative analysis program ATLAS.ti, I began with an in-depth open coding of each interview transcript (Strauss & Corbin, 1998) assigning every sentence in the transcripts with one or more codes. These first-order codes highlighted specific but also recurring topics that emerged from the interviews (Locke, 2001).

As first-order codes were identified for one case, I moved on to the next case—a process which was repeated until all interviews were coded and a thorough understanding of each case was reached. Starting from the first-order codes, I moved to axial coding in order to aggregate, conceptually connect and develop a set of higher-order codes across cases (Strauss & Corbin, 1998). Again, aggregating and narrowing down these higher-order codes allowed me to identify recurring patterns across cases which led to first-order concepts, and later, second-order concepts (see Figure 2). These emerging first- and second-order concepts were then systematically and iteratively compared with the data evidence from each case (Eisenhardt, 1989b).

In a final step, these concepts were set against and compared with the extant literature to ensure that they are in line with the collected data and (in line or contradicting) extant literature (Eisenhardt, 1989b). Table 6 provides representative quotes for each first- and second-order concept.

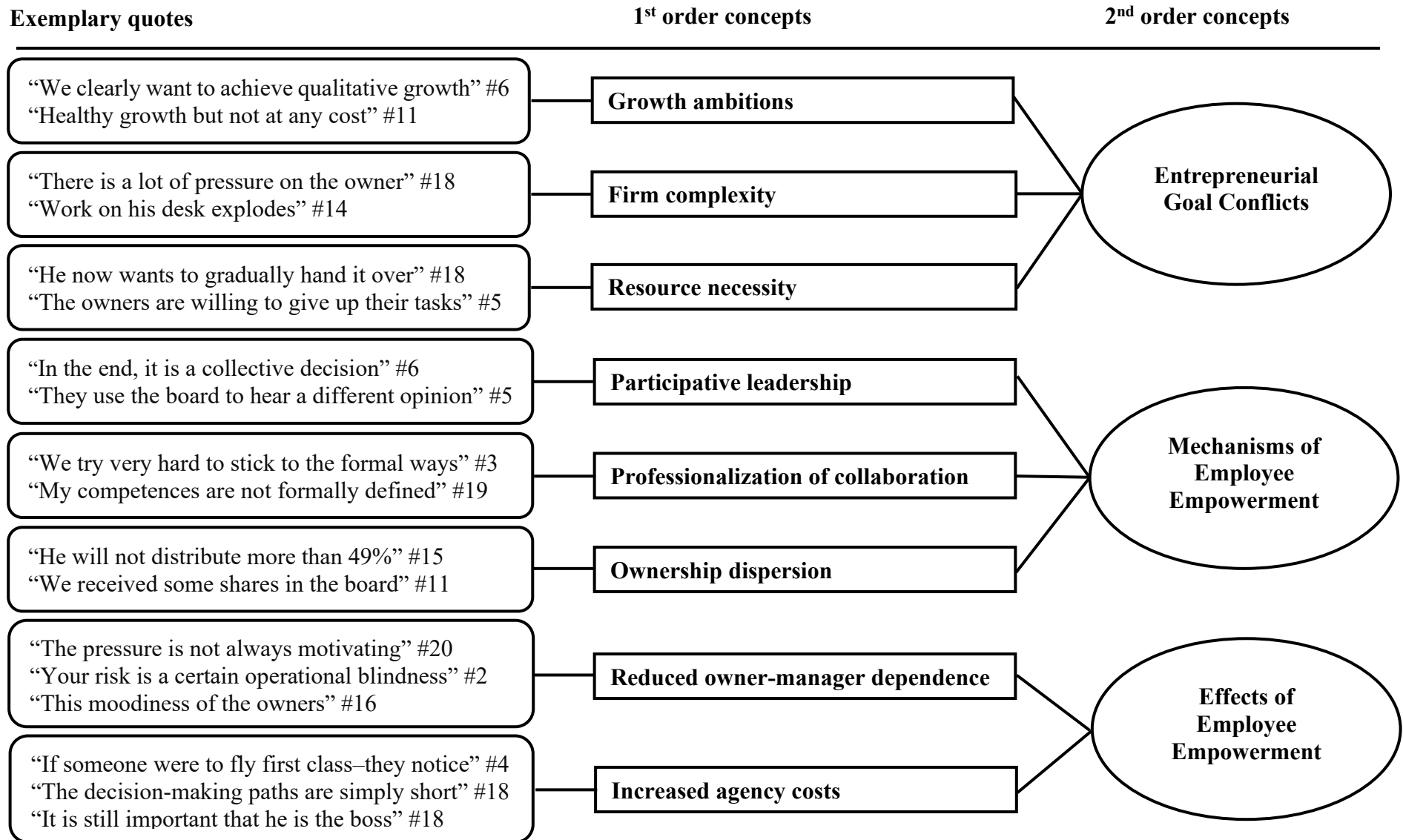
Figure 2: Coding process: From data to concepts

Table 6: Representative quotes

Process of employee empowerment in owner-managed firms	
1st & 2nd order concepts	Representative quotes from the data
<i>Entrepreneurial goal conflicts</i>	
Growth ambitions	<p>“[Our] projects increase in size constantly which makes [one] realize that increasing turnovers are desirable for the owner-manager (...) as the better the company is doing, the more the owner-manager can invest to support corporate growth [which brings along] financial advantages for him” (management member, #21).</p> <p>“[I aim to] generate corporate growth by extending staff base, by increasing the profit margins, and by maintaining the profit level” (owner-manager, #13).</p> <p>“We clearly want to achieve qualitative, sustainable growth” (board member, #6).</p>
Firm complexity	<p>“[Besides being the CEO,] I was also responsible for the service department. Yet, I had to admit to myself that it no longer works. There were too many requirements and too many detailed problems to be solved. I just could not do it anymore” (owner-manager, #1).</p> <p>“[The company] has grown very quickly while the structures remained the same. (...) However, we have reached a size where corporate growth is being prevented because the owner-manager is the sole boss” (management member, #21).</p>
Resource necessity: <i>Empowerment willingness</i>	<p>“[Sharing control] reduces the image of an almighty owner-manager by building a strong leadership team around quality delegates” (owner-manager, #9).</p> <p>“I would like to be allowed to gain deeper insights regarding financial aspects [of the firm] to understand where we stand in terms of returns. (...) I would like to analyze where our strengths and weaknesses are” (management member, #22).</p>
Resource necessity: <i>Empowerment competence</i>	<p>“If I have good people then I can be flexible indefinitely. However, if the [competence] level is not there then I cannot be extremely flexible and offer a variety of goods and services—that would backfire at one point” (owner-manager, #20).</p> <p>“Six new apprentices will join us this summer. (...) We would like to focus even more on training, developing, and keeping our own people” (owner-manager, #20).</p>

Table 6: Representative quotes (continued)

1 st & 2 nd order concepts	Representative quotes from the data
<i>Mechanisms of employee empowerment</i>	
Participative leadership: <i>Participative decision-making</i>	<p>“We have done workshops with employees. We distributed slips of paper to collect ideas (...) to find out what is good and what is bad and should therefore be improved. We ask the [employee] base and involve them” (owner-manager, #13).</p> <p>“Usually, I make the decision as to whether to respond to [M&A] requests (...) as I have the necessary experience. But that is simply a decision that makes a more in-depth assessment possible. What emerges from there on is subject to a committee decision (owner-manager, #1).</p>
Participative leadership: <i>Information monopoly</i>	<p>“There are decisions, for example when there are inquiries about a company purchase and [the owner-manager] thinks that it is not relevant for us because it does not fit in terms of time and size or in terms of the geographical area, then he decides: ‘I do not bring that into the group [in front of management and board] at all’. But we will be informed about the decision in the sense: ‘I had this and that request, but I refused them because of this or that reason’” (management member, #10).</p> <p>Yes, he is on the construction site eventually. Whenever he is on the road and drives past one, he will definitely take a look. He does not interfere, but he takes up things that might come up at a next meeting. He is still relatively deep in terms of [involvement in] workflows (management member, #19).</p>
Participative leadership: <i>Waiving authority</i>	<p>“[The owner-manager] is certainly not a person who drives a Rolls Royce. In this regard, he lives quite normally, like an employee outside wearing the overcoat. There are certain restrictions [that he imposes on himself] that not every person would make” (management member, #19).</p> <p>“They do not have big parties, drive expensive cars or constantly go by helicopter or whatever. They do not do things like that” (management member, #4).</p>

Table 6: Representative quotes (continued)

1 st & 2 nd order concepts	Representative quotes from the data
Professionalization of collaboration: <i>Restructuring hierarchies</i>	<p>“In regular intervals we think about implementing additional management levels, for example between our business unit managers and top managers” (owner-manager, #1).</p> <p>“The five [management] levels seem reasonable to me for this size of company. We have around 120 managers on 1’000 employees—such a quota is okay. (...) Further growth requires new structures. We are on an edge and very efficient now. We will probably have to build up staff in the future because at some point it will no longer work properly” (owner-manager, #1).</p>
Professionalization of collaboration: <i>Formalizing processes</i>	<p>“[At the moment,] there is no formal process, but we are currently trying to create a formal decision-making process in the innovation area because we need it. (...) This is especially important if you want more bottom-up innovation. Then people must know how the process works and who makes the decision according to which criteria. You must make it transparent” (management & board member, #2).</p> <p>“We try hard to stick to the formal processes. (...) [Also, the owner-managers] try hard to follow the formal rules even though they could break them at any time [as they own the firm]. But they try extremely hard to adhere to these formalities” (management member, #3).</p>
Professionalization of collaboration: <i>Assignment of autonomy</i>	<p>“When it comes to the procurement of machines, tools, vehicles and larger things (...) our procurement committee is responsible, consisting of four managers from various business units. (...) I do not buy a machine because a feeling on a Thursday tells me that I like it—it is a decision made by four other employees” (owner-manager, #17).</p> <p>“Especially if it was something we already have bought before and maybe broke down, I will let [the owner-manager retrospectively] know. If it is just something that is broken and that we absolutely need, then I do not even inform him (...) because there is no decision to be made—we just need it” (management member, #22).</p>
Ownership dispersion	<p>“In principle you can also solve [the incentive issue] with a bonus. You do not have to issue shares for this” (owner-manager, #7).</p> <p>“The next generation should again have shareholders around them that give them the chance to keep the company on a good course and that does not position the dividend strategy as a central aspect. (...) Thus, the shares lie where the interest is and the majority where the leadership is” (owner-manager, #9).</p>

Table 6: Representative quotes (continued)

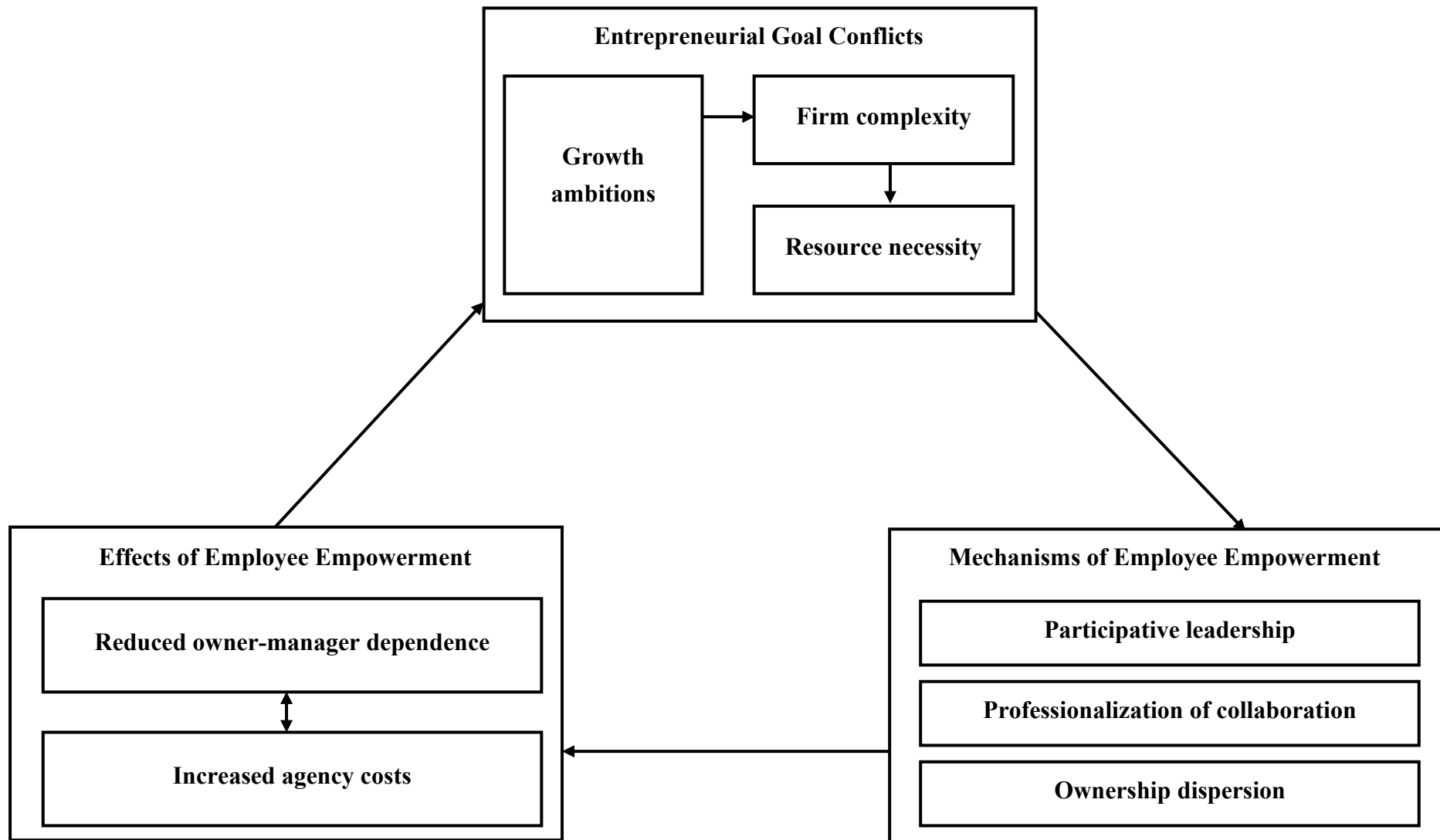
1 st & 2 nd order concepts	Representative quotes from the data
<i>Effects of employee empowerment</i>	
Reduced owner-manager dependence: <i>Decentralized processes</i>	<p>“I do not need a signature [from the owner-manager] to give something away. The branch and regional managers have a relatively large amount of freedom. You actually want to keep it that way because (...) [otherwise] the autonomy of the branches ceases to exist” (management member, #4).</p> <p>“I think [us going on vacation] would work without any problems. I am going on vacation for six weeks next year. That will work too” (management & board member, #14).</p>
Reduced owner-manager dependence: <i>Risk distribution benefits</i>	<p>“A disadvantage [of long tenures of owner-managers is] that you risk a certain operational blindness (...). You may be less ready to break out completely and really question things because you have just got used to certain things” (management & board member, #2).</p> <p>“Sometimes you are guided by your gut feeling. For example, a month ago it was not relevant and now suddenly it is important. That is a risk that one is somehow already emotionally controlled” (owner-manager, #13).</p>
Reduced owner-manager dependence: <i>Job enrichment</i>	<p>“You learn a lot because the owners are exciting and interesting people. If you work with them every day, you can benefit a lot from their knowledge. You also learn to a certain extent to reflect on yourself and how to deal with such people. [Owner-managers] are different people. I do believe that if you are open and recognize that, then you can benefit a lot as a person” (management member, #16).</p> <p>“[The owner-manager] should actually let go of the day-to-day business and the construction site visits. That would be the most important thing so that he could invest even more time in acquisition. That would be our big wish” (management member, #18).</p>

Table 6: Representative quotes (continued)

1 st & 2 nd order concepts	Representative quotes from the data
<p>Increased agency costs: <i>Monitoring costs</i></p>	<p>“We have our control mechanisms and targets installed. (...) There, [the owner-manager] is involved, for example, in these bi-monthly success- or controlling talks, as they are called, that are carried out with the relevant managers” (management member, #8).</p> <p>“[The owner-manager] does not check if his secretary is correctly filing documents. But he checks if the construction sites are tidy and how the safety regulations are being followed. (...) Accidents on the construction site are the worst (...) as it stops construction, increases insurance premiums, and damages the safety reputation [of the company]” (board member, #12).</p>
<p>Increased agency costs: <i>Bureaucracy costs</i></p>	<p>“At the moment, I do not have to create large documentations and I do not waste a lot of time with formal papers. I can [walk into the owner-manager’s office], quickly describe the problem, ask what he thinks (...) and then the business is done” (management member, #3).</p> <p>“[Still], the decision-making paths are short. From the mechanic to the branch manager to the management—that is 3 levels. That is extremely short” (board member, #6).</p>
<p>Increased agency costs: <i>Diminished impact of owner-manager tenure</i></p>	<p>“Our employees are not employees 1, 2, 3, 4, 5, and 6, but rather the employees Müller, Meier, Heiri, Hans and Franz. We have a personal relationships and bond with them, this means that you work better with people, because they know that the boss is there, works, gets up early in the morning and goes to bed late in the evening” (management member, #15).</p> <p>“Over the years you build up a huge network. (...) With some people you have to fight hard for their trust” (owner-manager, #20).</p>

3.5 Process of Employee Empowerment in Owner-Managed Firms

Figure 3 presents a process model of empowering employees in owner-managed firms. It illustrates the constant tension between growth ambitions of a firm, the associated increasing company complexity, and the criticality of resources. Further, Figure 3 shows mechanisms to empower employees through leadership, processes, and ownership, and documents their respective impacts such as transformation of roles, reformation of processes, and redistribution of risks.

Figure 3: Process of employee empowerment in owner-managed firms

3.5.1 Entrepreneurial Goal Conflicts

Scarce resources force individuals who own and lead a company to set priorities and to define preferences (e.g., Choi & Shepherd, 2004). Owner-managers, for example, who aspire to grow their businesses must accept associated, undesired corporate complexity which requires additional resources. In the following paragraphs, I will explain in detail the essential goal conflict with which owner-managers, arising from their entrepreneurial activities, are confronted.

3.5.1.1 Growth Ambitions

Although owner-managed companies pursue multifaceted goals, with the owner-manager often being the sole beneficiary of any residual outcome, growth ambitions are a key driver of entrepreneurial activity. However, definitions of corporate growth are manifold and include quantitative and qualitative measures. Quantitative proxies for corporate growth are changes in revenues, turnover, profit margins or simply in economic value creation (Gupta, Guha, & Krishnaswami, 2013). In addition, other quantitative measures are used as indicators for corporate growth such as growth in number of employees and headquarter size or the degree of geographical dispersion.

Furthermore, as the SEW-discussion in family business literature suggests, entrepreneurial activity is driven not only by purely financial or quantitatively measurable aspects (Gómez-Mejía, Cruz, Berrone, & De Castro, 2011). Qualitative indicators of corporate growth such as the degree of horizontal and vertical integration of a business model or changes in reputation, customer loyalty, and market position are being used as well: “On the one hand, the owner-manager wants to generate more sales and to have a larger company, on the other hand, he wants to make a better name for himself in the region so that we can take on even larger orders” (management member, #21). Similarly, changes in the level of owner-manager identification with the firm and respective feeling of responsibility towards their employees are major goals. In support of a mix of quantitative and qualitative measures, an owner-manager said: “In the end it is all about the company as a whole. Our employees are extremely important. However, [corporate growth] is not about aligning the firm towards either employee interests or financial numbers only” (owner-manager, #1).

Furthermore, corporate growth can be achieved internally, for example through steady improvements of processes or by investing in R&D, or externally, for example through M&A activities, strategic alliances, or investments in startups. Accordingly, an owner-manager mentioned that “[they] reinvest [their] profits in inventory, in technological

and personnel development, in operationally necessary properties, and in developable property” (owner-manager, #9).

Viewed in isolation there are no reasons for owner-managers to suppress growth ambitions of their firms. However, some benefits entailing owner-managed firms can decrease with corporate growth. Overall, awareness of the dark side of corporate growth in the context of privately-held companies is high among owner-managers. These flip sides, mainly firm complexity and resource availability potentially define to what degree corporate growth is acceptable and desirable.

3.5.1.2 Firm Complexity

A major byproduct of corporate growth is an increase in firm complexity which in turn reduces the attractiveness of corporate growth and acts as its regulator. In other words, the higher the aspiration for corporate growth, the more undesirable firm complexity must be accepted. Reservations about firm complexity specifically arise because of its implications on structures and processes in an organization. While corporate growth capacities are basically limitless, human capacity is not (Foss & Weber, 2016). However, corporate growth in privately-held firms often places a disproportionately high burden on the owner-manager, rather than evenly distribute work pressure among stakeholders. Limited by physiological capacities, it becomes more difficult for owner-managers to maintain the same degree of control as their firms grow. In addition, corporate growth leads to a rise in number, diversity, and complexity of tasks: “Our owner-manager had to detach himself from the idea [that he can control all aspects of the firm] as he would otherwise at some point be overwhelmed by the sheer workload” (management member, #22). As a result of corporate growth, both these aspects—limited owner-manager capacities and growing task requirements—increase the urgency to empower employees by distributing control more evenly.

Such control distribution is often accompanied by installing or adapting organizational structures: “Inevitably when you grow, you have to create long-term [organizational] structures” (owner-manager, #13). Hence, a growth path is usually accompanied by the installment of business units—enlarging horizontal organizational structures—which enable delegation of control to and involvement of designated, trustworthy employees: “We realized that we have reached our limits with the current [organizational] structures which is why we are now in the process of adapting them” (owner-manager, #20). Ultimately, the expansion of horizontal organizational structures is again limited by the number of direct reporting employees—basically the leadership span—manageable for the owner-manager: “Because all decisions are in his hands, all employees go to him.

(...) You may not be able to reach [the owner-manager] so you must try again the next day. This means that you cannot make any decisions, but rather postpone them” (management member, #21). Yet, the leadership span can be expanded by adding non-direct reporting subordinates through the vertical expansion of organizational structures which increases the number of management levels: “[If organizational structures do not follow the size of the firm] you end up having a management span that is too broad. You must have the courage to introduce another management layer at the right time. (...) At that time, we decreased our management span by reducing the number of direct reports” (management & board member, #2).

Hence, the expansion of organizational structures and the decline of owner-manager control—as employee empowerment by sharing authority with direct- and non-direct subordinates becomes necessary—go hand in hand. Moreover, such expansion of organizational structures creates interfaces and, subordinately, organizational inertia which, if not managed properly, could potentially reduce firm efficiency and limit corporate growth. Thus, an increasing amount of interfaces require improved coordination of work and efficient collaboration among employees.

***Proposition 1a:** Corporate growth leads to increased firm complexity as organizational structures expand and interfaces emerge. As firm complexity rises, owner-managers are urged to empower employees.*

3.5.1.3 Resource Necessity

I now aim to establish that growth-induced firm complexity, and subsequent employee empowerment, comes at certain costs which must be covered by additional resources. Firm complexity is costly because it requires owner-managers and employees both to renegotiate the adequate distribution of control in the organization to achieve employee empowerment. If no such renegotiations take place, then owner-managers experience skyrocketing work hours, followed by dramatic declines in family and leisure time and as a result tasks being delayed or, in some cases, even forgotten.

Therefore, on the one hand, employee empowerment calls for resources stemming from owner-managers: the willingness to share authority and the competence to meet the changing job requirements. On the other hand, it demands resources stemming from employees: the willingness and the competence to take on additional control previously lying in the hands of the owner-manager.

Empowerment willingness. Employee empowerment touches upon a pivotal, delicate question for owner-managers: ‘Am I willing to share control with employees to enable growth’? A central vantage of sharing control arises as it lifts off weight of the owner-manager’s shoulders because it reduces an organization’s dependence from the owner-manager’s competence that has amplified along corporate growth: “My willingness to delegate control came as the fear of being able to make unilateral decisions on my own grew—never knowing if I made right decisions. [And in addition, it is] very natural for entrepreneurs to controversially discuss opinions and exchange ideas” (owner-manager, #13). However, this critical resource—the willingness of the owner-manager to share control—is affected by various downsides such as the feeling of losing grip over parts of the business: “The bigger your company grows, the more you notice that certain things are no longer decided by you. (...) However, you must remind yourself constantly that in order to decide, you have had to get involved and invest your time” (owner-manager, #13). Even worse than losing grip and above all, by handing over tasks to subordinates one loses the ability, feeling and knowledge to make the right decisions forcing one to reduce, if not give up, involvement in such tasks: “For many tasks I am not competent enough anymore. For example, I cannot draw CAD and I no longer understand our current purchasing prices. In that case, one should simply no longer be involved in these processes” (owner-manager, #17).

Apart from becoming unable and incompetent at fulfilling certain tasks, owner-managers become more distant to the lower management levels as their numbers increase. Such distance ultimately impedes communication effectiveness, complicating alignment of interests within the firm and creating inhibition thresholds towards the owner-manager. But more importantly, by adding additional business units and management levels an owner-manager disappears little by little from being involved in daily business activities which an owner-manager might have loved, which represented his passion, or which he wanted to maintain control over—all causing emotional costs for the owner-manager. Accordingly, one owner-manager indicated that his daily routine had developed in recent years from working on wooden beams and assembling them on construction sites to working in an office. Corporate growth forced him to part ways with some of the tasks which had represented his passion (owner-manager #20).

Furthermore, employee empowerment requires the willingness of the employees to shoulder additional responsibilities and to support and shape the firm’s direction and ambition. Employees are positive towards taking on new responsibilities if it comes with increased work autonomy, higher information access, or if it provides possibilities

for self-actualization: “One incentive [regarding my professional career] is to take on additional responsibilities and to set up my business unit in the way I prefer. (...) Simply being able to choose the team which helps achieving my goals [is motivating]” (management member, #21). However, despite gaining relative control, employees are aware that the ultimate power remains in the hands of the owner-manager: “It is [the owner-manager’s] money after all. The main responsibility always remains with him” (management member, #8). But worse, the willingness of employees to take on additional authority drops drastically when growth ambitions and directions set by the owner-manager are not shared by employees or when additional responsibilities come without more authority and autonomy: “One disadvantage [of the owner-manager’s ultimate authority] could be that not all employees support the firm’s direction and that employees may confine support or even quit [the company]. Sometimes, you lose good employees because they do not share the boss’s opinion” (management member, #21). This implies that empowering employees must be accompanied by efforts of the owner-manager to align interests within the company.

Empowerment competence. Beyond the sheer willingness to take on responsibilities, employees need to be competent to meet the heightened requirements: “[Sharing control] is not difficult for me, but I have to be fully convinced of a good solution” (owner-manager, #1). Thus, having competent delegates enables the company to be operationally and strategically agile and flexible and allows for innovations to thrive: “I had a division before that pissed me off because effort and benefits were out of balance—it was simply not worth the trouble. Today, [the division] is led by someone who again sparked my joy for the division. It really depends on the right people in the right place in the company” (owner-manager, #20). In order to have competent employees available, additional resources are required for the acquisition, development and retention of talent (Voss & Brettel, 2014). However, the market for competent people is dry: “If I cannot find carpenters in the market, it will limit my growth. Now, we cannot find any carpenters—the right ones” (owner-manager, #20).

In the absence of competent subordinates, sharing authority is costly as it slows down firm processes, makes firms less agile and flexible, and forces owner-managers to compensate for delegate’s mistakes and drag these employees along. Accordingly, a preference to remain small arises from the desire to avoid problems and constant correction of mistakes caused by incompetent delegates and the reluctance to pull such people along: “(...) You need very good people when it comes to construction planning and management. I have had some [employees] who did not live up to it. In the end, I

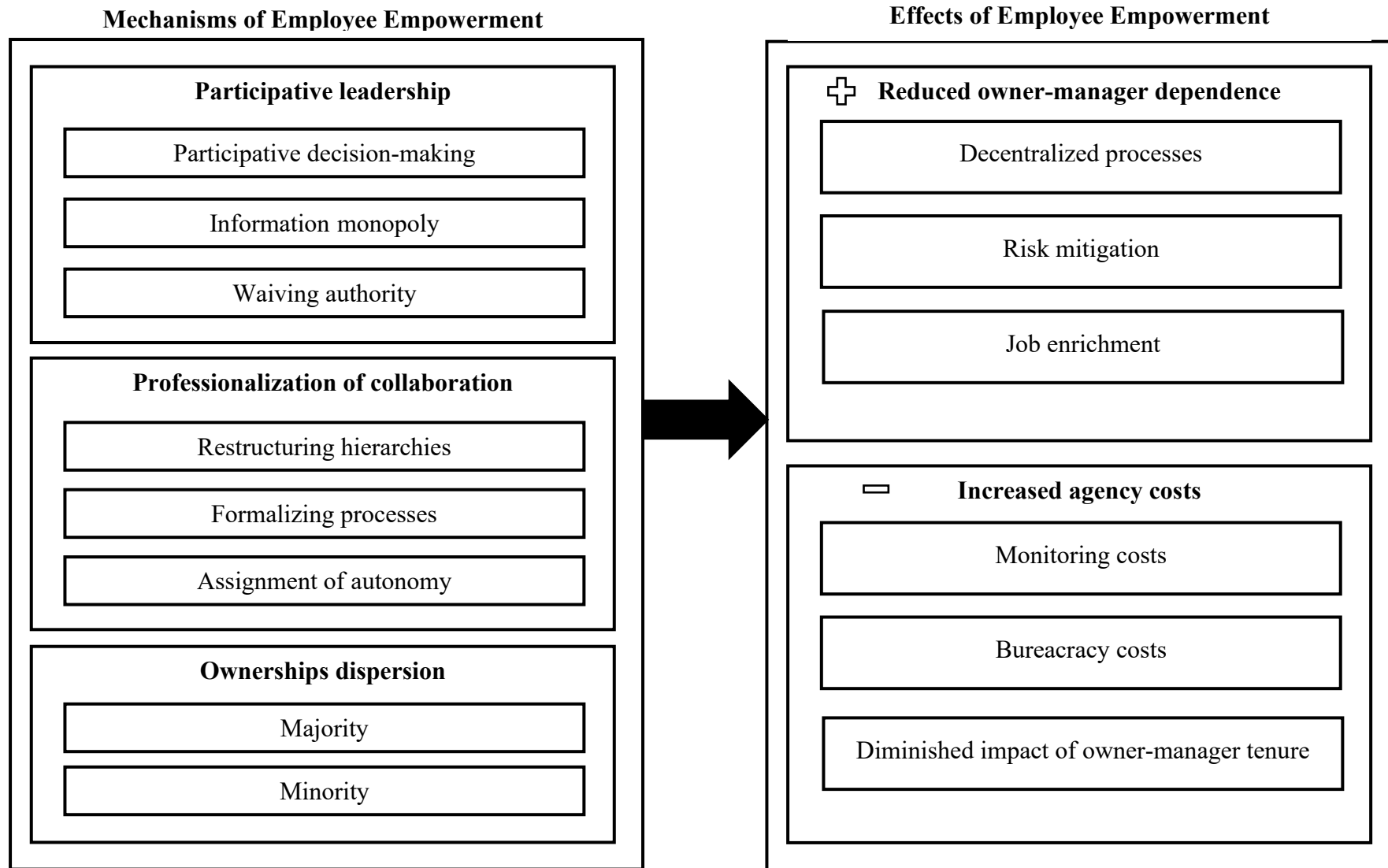
[repeatedly] had to bail them out. In that case I would rather stay small and have no trouble” (owner-manager, #17). Besides the damage employee incompetence can have on a firm, it can also harm such an incompetent employee: “You can place too much responsibility on someone. That person then only wants to live up to [the requirements] and drowns himself [in work]. Employees can feel overwhelmed and not say it” (owner-manager, #13).

But not only employees need to be competent to live up to their new role, owner-managers do too. For example, by delegating operational tasks to delegates, strategic responsibilities, which require a different type of skill set, become more imminent for the owner-manager. Thus, obsolete competencies must be replaced by required ones. A humble owner-manager reported the following: “Sometimes I have self-doubts. I have never had a proper [management] education to run a company. I have never looked into these topics myself either” (owner-manager, #20). To keep up with these changing competence requirements, owner-managers make use of tools such as executive education programs at universities abroad (e.g., owner-manager, #7) or taking over a role in company-related associations (e.g., owner-manager, #13).

Proposition 1b: *Growth-induced firm complexity calls for employee empowerment which requires owner-managers and employees to be willing and competent to take on their new responsibilities.*

3.5.2 Mechanisms of Employee Empowerment

We established that corporate growth in owner-managed firms increases firm complexity through the expansion of organizational structures and emerging interfaces which ultimately forces owner-managers to empower their employees. Such employee empowerment must be backed by resources provided by the owner-manager and employees. Thus, as I elaborated in the last section why corporate growth ultimately compels owner-managers to empower their employees, we uncover in the next section how to empower employees in owner-managed firms. Figure 4 shows three mechanisms of employee empowerment in owner-managed firms: *participative leadership*, *professionalization of collaboration*, and *ownership dispersion*.

Figure 4: Mechanisms and effects of employee empowerment in owner-managed firms

3.5.2.1 *Participative Leadership*

One way to enhance employee empowerment in owner-managed firms is to strengthen aspects of participative leadership (Chen & Tjosvold, 2006; Huang, Iun, Liu, & Gong, 2010; Huang, Shi, Zhang, & Cheung, 2006; Wagner III, 1994) through mechanisms such as promoting participative decision-making (Lam, Chen, & Schaubroeck, 2002), softening information monopolies (Lam et al., 2015), or voluntarily waiving authority within the organization (Schulze & Zellweger, 2021).

Participative decision-making. An important aspect of control refers to the ability to make decisions. By sharing control, the ability to make decisions shifts from owner-manager to employee. However, as most owner-managers like to maintain control to some extent (Ling, Simsek, Lubatkin, & Veiga, 2008), they are forced to think about when in the decision-making process (timing) to include whom (personnel) and for what reasons (reason).

Timing. Data show that decision-making processes can be influenced in four different ways—by coming up with ideas, by stating opinions, by making decisions, and finally by ensuring implementation of decisions. Any decision-making process starts with a variety of ideas which build the foundation for decisions that are later made. Being allowed to come up with ideas, to effectively communicate them and to put them up for discussion enables one to influence a decision-making process at the root: “If I have a good idea and manage to sell it, then the chances are high [that it is being followed up]” (management member, #11). Vice versa, limiting permission of subordinates to share ideas is an effective tool to keep control over the decision-making process. In the worst case, delegates are only allowed to participate in decision-making processes in which options are preselected by the owner-manager. Accordingly, an owner-manager (#1) admitted preselecting merger and acquisitions-offers and presenting offers only to the management team if he supported the offer and thus prevented undesired offers from being induced into the formal decision-making process where all management members have equal votes.

Another way to exert influence on a decision-making process is to state and defend one’s opinion and thus subjectively frame a topic for example by questioning and testing critically ideas from peers or, in the extreme case, the owner-manager. In turn, by simply ignoring delegates’ opinions or restricting the permission to critically think and state opinions one can keep control over the decision-making process. Accordingly, an owner-manager (#13) stated that apart from top management members, opinions are neither asked nor sought.

However, even if employees are allowed to come up with ideas or to state their opinions, they might be reluctant to do so. Accordingly, many owner-managers reported that they are desperately trying to foster a culture of sharing ideas by putting industry-related magazines in the break-room, by actively promoting and supporting ideas from employees, or by presenting successful examples of idea-sharing in the company and thus rewarding delegates who come up with new ideas—often with limited success. In a similar attempt they aim to promote an open culture where delegates feel comfortable to state their opinion by the owner-manager withholding his opinion in meetings, by avoiding speaking at the beginning of a meeting, or by creating a culture of hard but target-oriented discussions.

The third way to influence a decision-making process is by being allowed to make decisions. Assigning employees voting rights gives them influence over the decision-making process and the outcome of it especially. Vice versa, if delegates have no say, they do not feel empowered to participate in the decision-making process at all. Accordingly, many delegates mentioned being left out of the decision-making process by their owner-managers when it comes to large investments such as setting up new departments, renovating the headquarter, or even, in some cases, negotiating salaries with employees in their department: “Within a management team you have discussions, you look at advantages and disadvantages, and usually there are various possible solutions—but at the end one person makes the decision. That is the one person who has the majority [stakes]” (management member, #15).

And finally, making sure that prior decisions are ultimately implemented stands in support of the prior three ways to influence a decision-making process. The absence of proper implementation of decisions has devastating effects on the prior three mechanisms: “You set things up (...) but in the end everything on the construction site still runs as it did before and nothing changes. (...) Employees then ask later why [these topics] were even looked at if nothing changes after all (management member, #22).

Personnel. Apart from the timing, the question arises who to involve in decision-making processes of an organization and to what extent. Data shows that variation in the degree of employee involvement in a decision-making process ranges from no involvement, bilateral negotiations, partial team involvement, to the involvement of the full top management team. The following statement represents the prior two options: “For example, [I take the decision alone] whether we invite an ex-board member to a retirement event (...) or when the marketing department asks for my opinion about a planned event. (...) But I also talk a lot with my (...) CFO who, beyond his role, is also

my sparring partner when it comes to ideas” (owner-manager, #1). The third option, enlarging the decision-making process to partial teams, is carried out by owner-managers who involve the specific departments affected by a certain decision. Lastly, any decision could also be put up for discussion in the full management team independent of the fact whether the topic affects a delegate or not: “There are decisions that constitute a change of direction and for these [types of decisions] I submit a formal proposal to the top management. For example, I composed a small tax study with the goal to outsource our buildings to another company. Here I ‘landed face first’, because [top management members argued that] it makes no sense in terms of taxation. (...) As the owner I could have said: ‘You know what, this is none of your business’. But I understood and accepted their objections—it was not necessary” (owner-manager, #1).

An important aspect shaping the degree of employee involvement in a decision-making process is the formal setup and timing of decisions. Some decision-making processes follow a predetermined, formal path based on a previously circulated agenda and in regularly organized management team meetings for which protocols are composed and kept. Other decision-making processes follow a more spontaneous, informal path, for example based on bilateral discussions between office doors or exchanges during coffee breaks: “We do not have meetings that take place regularly—we just sit down together when something is due” (owner-manager, #20).

Reasons. Owner-managers use several argumentation lines to explain differences in timing and personnel of employee involvement in their company’s decision-making processes. Most argumentation lines circle around the type, the expected value, the radius, the volume, or the know-how requirements of a decision. Overall, data suggests that it is easier involving delegates in decision-making processes where operational instead of strategic topics are treated (‘type of decisions’): “[Developing and deciding on the strategic direction] largely depends on me. (...) But I want to keep that—it is my world” (owner-manager, #20). Similarly, owner-managers are more prone to involve employees in decisions if, based on previous decisions made by a delegate, the expected value of that delegate’s decision is high. Another argument revolves around the radius of a decision. In other words, the higher the number of delegates being affected by a decision, the higher the scope and degree of involving delegates in decision-making processes: “We are currently working hard to rework our prices. (...) In the end all must agree [on the prices] because it affects everyone. I do not decide that alone” (management member, #22).

Exactly the opposite seems to be the case with regards to the volume of a decision. The bigger the investment, the lower is an owner-manager's proneness to allow extensive delegate involvement in a decision-making process: "It is unacceptable that we [budget] 2 million at the end of the prior year and then employees can simply spend it as they want. I want to know about anything that is more expensive than CHF 20'000.-. The divisional managers have no financial responsibilities which is why it must be controlled [by me]. Such investments lie in my hands" (owner-manager, #7). Lastly, some owner-managers restrict delegates from being involved in certain decision because they argue that their delegates do not have the knowledge needed to make a high-quality decision ('know-how requirements').

In addition, one owner-manager came up with an extraordinary argumentation on why to include himself in certain decisions. He stated that backing up a delegate who is about to make a risky decision can relieve this delegate from too much pressure that arises from inside the company—especially if the decision turns out to be not a successful one: "[Let us assume] that a management member was forced in negotiations with an external partner to go over the limit he has set for himself. (...) In such a case we discuss it and decide together, (...) but at the end of the day it was really my decision and I internally credit my employee (...) as he may come back afterwards with an insufficient result" (owner-manager, #9).

Information monopoly. Another mechanism of participative leadership refers to the control over information flows and the possession of information sovereignty (Lam et al., 2015). Empowering employees by softening information monopolies relates to the degree of information access, defining how information access is ensured, and the degree of information gatekeeping, defining how transparent an organization is with regards to sharing information. Most often, the information monopoly lies in the hands of the owner-manager, who installed various mechanisms to secure information in- and out-flows (Wang, He, & Mahoney, 2009).

Enhancing participative leadership requires providing employees with an adequate degree of information access. However, data show that many owner-managers seem to keep their cards close to their chests when it comes to information access. Owner-managers use different techniques to ensure information quantity and quality. Some owner-managers admitted that they configure their own job profiles so that they obtain leadership positions in all relevant areas of the company, such as finance, human resources, or work acquisition. For example, being the head of the finance department ensures access to financial information and performance developments at all times:

“The boss always wants to have his finances under control. (...) I do not think I need a CFO now. I am still getting that straight” (owner-manager, #20). Similarly, installing competence rules which require the owner-manager to approve all invoices or keeping competencies a bit unclear which forces delegates to regularly check with and get approval from the owner-manager ensures information in-flow. Further, some owner-managers would show up on constructions sites unannouncedly to receive direct information or they would request feedback from external parties such as customers. Finally, information in-flows can also be guaranteed by installing regular meetings for project status updates or problem solving. Depending on the number of delegates involved in these meetings, an owner-manager can regulate information in-flows of all delegates.

Another aspect refers to the degree of information gatekeeping as participative leadership comes with certain transparency requirements. All owner-manager show some reluctance to share important information, especially with regards to financial performance, dividend policy or salary details. One delegate even reported being restricted from access to financial information of the department he leads which hinders him from improving efficiency: “It would be interesting for me to know [about the financial performance] considering my position in the company hierarchy. It would make it easier to understand and assess what is possible in terms of prices and locate areas where there is still room for improvement. (...) That is something you never talk about in the company” (management member, #22).

Waiving of authority. Uniting ownership and leadership in one person, the owner-manager is the natural and sometimes single institution of authority in an organization. However, while owner-managers always remain the ultimate authority in their firms, they can decide to voluntarily waive authority or partially transfer it to employees or other stakeholders. This can be achieved through mechanisms such as self-control (Lubatkin, Ling, & Schulze, 2007)—e.g., exemplifying modesty and remaining aware of power structures with its effects—or social control—e.g., voluntarily transferring authority to employees. Despite all power remaining in the hands of the owner-manager, some decided to symbolically and voluntarily, but no less powerfully, waive authority by simply being a humble role model of diligence, commitment, and parsimony (see for example: Owens & Hekman, 2016). Possible ways to do so are sticking to the first-in-last-out-principle (owner-manager, #17), by being reluctant about own material acquisitions such as houses, cars, hobbies, vacation, and clothes (owner-manager, #13), or by limiting the dividend payments (owner-manager, #9). Additionally, self-control

instruments such as talking last in team meetings, accepting ideas and opinions in discussion, not interfering in projects or work of others are tools used by owner-managers to waive some authority: “[In accordance with our] discussion culture I try to avoid being the loudest, the first, or the most dominant to speak and I attempt to give space for discussions, reports, and sensitivities” (owner-manager, #1).

Finally, data show that owner-managers only marginally engage in social control mechanisms such as for example publicly committing to certain values or goals. Partially assigning authority to the public which can then monitor the firm and hold it accountable, for example by openly committing to sustainability goals, was limited to broad statements: “It is a difficult subject. If I refuse to buy our department managers a Tesla that does not emit CO₂, but instead buy them a diesel Skoda, then I do it for economic reasons. (...) I cannot be the environmental pope because our customers do not want that. (...) We do what we can, but we cannot do everything” (owner-manager, #7). Overall, all firms in the sample only admitted themselves to social control mechanisms which do not limit firm autonomy.

Proposition 2a: *Employee empowerment can be achieved through the mechanism of participative leadership. Participative leadership includes allowing employees to participate in decision-making processes, softening information monopolies, and voluntarily waiving authority.*

3.5.2.2 Professionalization of Collaboration

A second way to enhance employee empowerment is to professionalize collaboration within the organization by setting up supportive organizational hierarchies, by formalizing processes of collaboration, and by allocating individual autonomy within the prior two.

Restructuring hierarchies. One way of enabling professionalization of collaboration is to restructure organizational hierarchies which, in parts becoming visible through organization charts, depict an organization’s power structure—unearthing relative authority of individuals in an organization. Employee empowerment only unfolds if old organizational power structures, in which owner-manager authority was potentially infinite, are adapted allowing delegates to take on additional control. Thus, restructuring hierarchies involves adding, shifting, and dissolving positions, business units, or management levels. This could mean exchanging a former department leader with a more competent and trusted delegate, promoting an existing department, or installing a new business unit: “[Sharing control with employees] is a topic that I have to address

as I want to continue expanding and growing. I have found an additional person who will develop the [newly created] real estate department” (owner-manager, #20). Thus, restructuring organizational hierarchies inherently asks for the appropriate number of management levels, the effective line-up of business units, and the efficient ratio between management delegates and regular employees.

Formalizing processes. However, restructuring organizational hierarchies does not necessarily portray processes of collaboration in a firm. Thus, another way to professionalize collaboration is to formalize processes and workflows while acknowledging existing, implicitly functioning processes of collaboration. A starting point of process formalization could mark the composition of process documentations depicting actual workflows which helps detecting weaknesses or even lack of systematic processes: “[Processes supporting innovation] do not exist—at least no systematic processes. The big innovation that would accelerate the supertanker and take it in other directions—we are lacking processes [to achieve this]” (owner-manager, #1).

Apart from defining workflows—improving guidance on how work is done—formalizing collaboration processes among employees—improving understanding of how work is done in collaboration—is another way of formalizing processes. One such way is to set and consistently adhere to formal processes of participative decision-making. That could mean for example to adapt the direction of some decision-making processes—from being top-down-driven to being bottom-up- or circular-driven—or to institutionalize decision-making processes: “[We have an] improvement cycle in which improvement proposals can be requested and initiated by all employees” (management member, #11). Setting up, adhering to, and institutionalizing formal processes makes everybody to commit not only to the process itself, but to the outcome of these processes as well: “We have in our annual targets—there is a field that is called innovation targets. In this field, innovative goals are formulated for each year and then monitored. They run for several years at most if they are long-term goals. And because it is so institutionalized, you cannot just negate it” (owner-manager, #9).

Furthermore, formal processes of collaboration can be installed by insisting on the regularity of certain meetings (owner-manager, #13), by allowing delegates to propose points of agenda (owner-manager, #1), by defining and communicating a meeting agenda (owner-manager, #17), or by making protocols in meetings and doing follow-ups on agreed issues (owner-manager, #20). Hence, by transparently and properly structuring processes of collaboration it makes it binding for all employees.

Assignment of autonomy. Besides restructuring organizational hierarchies and formalizing processes, assigning autonomy to employees presents the third option of professionalizing collaboration. The balanced triangle of tasks, responsibilities, and competencies represents an individual's autonomy in an organizational context. Changes to the latter must be accompanied by adaptations on all three levels. As data show, autonomy is perceived not only as the demarcation lines of one's tasks, responsibilities, and competencies, but also as the degree of autonomy within these demarcation lines.

A first step of assigning autonomy to individuals—such as employees—or institutions—such as committees—might be to become aware of the status quo of autonomy distribution by clarifying and precisely defining individual tasks, responsibilities and competencies within an organization: “I would like to hand over more responsibility to the divisional managers in timber construction, carpentry and architecture. For this reason, I must certainly define the competencies and responsibilities—in short: what the divisional managers are allowed to do and what not” (owner-manager, #20). Only after becoming aware of each one's accumulation of tasks, responsibilities and competencies, changes to the distribution and composition can be made. For example, some owner-managers liberated their job profiles from highly operational tasks which were transferred to designated subordinates—extending and enriching their job profiles: “Later, [delegates] should hire employees on their own. That contains conducting job interviews, holding yearly evaluation meetings, checking probationary periods, holding exit interviews, or handling layoffs and wages of staff—this should all be managed by the divisional managers and I would take care only of the management members” (owner-manager, #20). Similarly, all companies implemented deputy mechanisms to restrict tasks from spilling over to the job profile of the owner-managers during delegates' absences. Furthermore, an owner-manager reported that clarifying job profiles prevents him from skipping hierarchy levels and intervening in tasks ultimately given to subordinates: “I do not want to tell the apprentice on the lowest level that he must work faster. [It would mean that] I would jump down the hierarchy. I must put the right people in the right positions so that they will look for me” (owner-manager, #13). However, individual autonomy is not boundless, and many firms only grant extensive autonomy for their employees when it comes to smaller, or replacement investment. In turn, large investments such as developing new departments, buying land, buying and selling shares, or investments which affect the whole company, such as

choosing an IT-system, were to be decided collectively on the group level by management or board.

In some instances, where demarcation lines remained blurry and the degree of individual autonomy unclear, employees were repeatedly left uncertain whether to involve the owner-manager: “[Responsibilities and competencies are] not really defined. Sometimes you must decide a little bit according to your situational gut feeling” (management member, #21). Freeing employees from these uncertainties and assigning them autonomy reduces the need for owner-manager involvement and thus reduces the issue of a bottleneck at the top. Hence, clearly communicating individual autonomy sets the base for employees to thrive. Accordingly, it was reported that tasks, responsibilities, and competencies were explicitly documented in organizational manuals, documents of competence rules, or respective job descriptions.

Proposition 2b: *Employee empowerment can be achieved through the mechanisms of professionalization of collaboration. Professionalization of collaboration includes restructuring hierarchies, formalizing processes, and assigning autonomy to employees.*

3.5.2.3 Ownership Dispersion

Lastly, another way of employee empowerment is to disperse ownership of an organization (French & Rosenstein, 1984). In case ownership dispersion was attempted owner-managers can either let other shareholders participate as a minority or a majority. All owner-managers agreed that they would only give up their majority of shares in case of being forced to consider exit options—forced for example by their age (transfer of shares as part of a succession process) or by their health condition. Accordingly, one owner-manager stated that his own career perspectives would influence the timing of transferring the majority of shares: “Our age indicates that we do not have 7’000 other options for employment” (owner-manager, #1).

However, when it comes to giving up minority shares to employees, owner-managers disagreed on the usefulness. One part (companies: C, D) argues that minority shares, which must be sold back in case of retirement or leaving, could incentivize employees to perform better and to be more loyal to the company: “[I wanted] to somehow create an incentive to bind employees so that they cannot say tomorrow: I am leaving now. Yes, even with [shares] you can leave immediately, but the inhibition threshold is of course bigger. So, I decided to allow [one designated employee] to buy a 20% stake” (owner-manager, #13). The remaining owner-managers (A, B, E, F) argued that

involving additional minority shareholders only lets outsiders to profit from their work, forces owner-managers to share information, but ultimately leaves them alone again, when it comes to tough decisions. Therefore, to incentivize employees bonus systems would be more efficient.

In addition, many owner-managers are reluctant to disperse ownership because of past experiences of sharing ownership (owner-manager, #20), a fear of losing control over the business (owner-manager, #13), or because it feels good to be the boss (owner-manager, #17): “When a company does well, many people stand in line to profit. But in the beginning, when belief, work and risk was required, no one offered help” (owner-manager, #20). Finally, most owner-manager aim to prevent ownership dilution to allow the next generation to lead the company with a stable shareholder base.

Proposition 2c: *Employee empowerment can be achieved through the mechanism of ownership dispersion by letting employees participate as minority or majority shareholders.*

3.5.3 Effects of Employee Empowerment

After establishing that growth ambitions compel owner-managers to empower their employees, I elaborated on three mechanisms to achieve employee empowerment in owner-managed companies: participative leadership, professionalization of collaboration, and ownership dispersion. As Figure 4 shows, applying these mechanisms has various effects—benefits and downsides—on the owner-manager, the company, or its employees as dependence from the owner-manager decreases and agency costs emerge.

3.5.3.1 Reduced Owner-Manager Dependence

As a first positive effect, empowering employees leads to the decentralization of processes (Gedajlovic et al., 2004)—resulting from attaching process to positions and not individuals—and increases the number of processes in which owner-managers are not involved: “The business units already work very independently. As an example, the whole planning runs smoothly over into production. I am just there to make sure that the resources, the work, the necessary tools, and the money is there” (owner-manager, #20). Detaching processes from owner-manager involvement weakens the relation between corporate growth and owner-manager capacities: “When I walk out of my firm everything works. Everything is organized. All deputies are set. (...) I believe that continued growth must be accompanied by such structures. [For example,] everyone

has one or two deputies. These processes are very well described. We are ready to grow” (owner-manager, #13).

Further, decentralized processes increase firm efficiency—especially in cases where owner-manager capacity limits are reached: “There have been phases when we had to realize that we were currently doing too much at the same time. At some point there comes the time when you notice that it no longer works. The fatal thing is that these situations always build up very gently until at some point you look at your calendar and notice that you are no longer [able to fulfill] your to-dos. I had to make a full stop eventually” (owner-manager, #1).

A second positive effect of employee empowerment refers to decentralized processes mitigating a particular risk shared by owner-managed firms—the dependence from the owner-manager. For example, empowering employees helps reducing the risks tied to the owner-manager’s emotional stability: “The biggest risk [of a firm] is [an owner-manager who] gets lost in moods. This is actually the big danger” (owner-manager, #9). And similarly: “You do not have the same good mood every day. [I realized that in those moments] I would not go into discussions even or I would simply not listen to arguments. Then it was just the wrong time for me [to discuss a topic]” (owner-manager, #20).

Further, employee empowerment reduces the risks of being dependent on the quality of judgement, and thus also risk propensity, provided by the owner-manager. Hence, employee empowerment ultimately raises the quality of decisions which now emerge from a multitude of opinions and perspectives instead of just one: “For example, in the case of digitization [it is already an implicit truth that] it does not work with our people because they tick completely different. There is a risk that we will miss opportunities. (...) Therefore, we installed an additional board member who is very energetic (...) and who can build up pressure to get us out of our comfort zone” (owner-manager, #1).

Furthermore, employee empowerment detaches the firm from the owner-manager to a certain degree as, for example, customer focus would shift from being attached to the owner-manager to being attached to the company—allowing for employees to build up their own professional networks: “I ‘devote my head’ for advertising our company, but my goal is not to say that I, myself, am [company D]. (...) Our firm is made up of our employees. (...) This is why I can go on vacation and [tell a customer:] Well, my subordinate can take care of your meeting. A business is not just about the boss, it should have a wide support” (owner-manager, #13).

Finally, employee empowerment prevents the company, to a certain degree, from possible spillover effects of an owner-manager's conduct: "An owner-managed company has ruined its reputation faster than a non-owner-managed company because everything is focused on the [owner-manager]. [An owner-manager's conduct] can have a reputation-damaging effect on the company. I should have said that when I was talking about the risks. (...) We are more likely to sit in a glass house. You have to be aware of that" (owner-manager, #9).

The last positive effect of employee empowerment is that it erupts and changes roles in organizations that were previously carved in stone—ultimately leading to job enrichment. For example, when empowering employees by assigning additional tasks, responsibilities, and competence—and therefore increasing their relative importance—it enriches the jobs of those delegates. Such job enrichment leads to several upsides such as increased work attractivity, better job performance, or higher delegate loyalty resulting from being allowed to self-actualize oneself. The former is especially true for employees who already reached the ceiling—set by the owner-manager being the leader—career- and hierarchy-wise. Furthermore, employee empowerment increases employee commitment: "[We] always discuss everything together in the management team. Sometimes people do not share opinions, but they went through the whole [decision] process which makes them aware that one could do it one way or the other and that in this case they simply would have decided differently" (owner-manager, #7).

Finally, a major effect of transforming roles is the cascading movement of tasks, responsibilities, and competencies down the hierarchy. As the owner-manager pushes down responsibilities to the first management level, delegates are similarly forced by their capacities to push down some of their previous responsibilities to the second management level: "In some instances you can destroy your employees by giving them too much work. Perhaps I should accompany better these employees so that [they themselves] can in turn give more work down [the hierarchy] again" (owner-manager, #20). This cascading movement then replicates until the lowest hierarchical level enriching jobs on all levels by giving them more responsibilities and freedom within their work environment.

Further, the redistribution of roles similarly affects owner-managers as it reduces the amount of tasks and thus increases work capacities available for other obligations. Left to decide how to invest these capacities, one can decide to use it for his private life by sharing more time with the family, by engaging in hobbies, or by simply reducing stress levels and therefore taking care of one's health: "[A clear disadvantage of being owner-

manager is] that you cannot dedicate yourself to certain private, social aspects as it would be necessary—especially with regards to family and friends. I can see it—whether it is in politics, in the community, or in sports clubs—people like me are not to be found in those roles because we do not have time for it. I think that is almost an entrepreneurial disease” (owner-manager, #17). Another option is to use these emerging capacities for entrepreneurial purposes, for example by taking on new projects or by investing more time in previously neglected tasks where owner-manager involvement might be more beneficial or needed: “The goal is that we handle [HR-matters] ourselves in the future (...) so that [the owner-manager] does not have to take care of the staff anymore. He has almost no time for such tasks (...) which is what prevents him from moving forward, from spinning and implementing new ideas, or from making investments” (management member, #22).

***Proposition 3a:** Employee empowerment reduces dependence from the owner-manager as it leads to decentralized processes, mitigates risks tied to owner-manager dependence, and enriches jobs of employees and owner-managers likewise.*

3.5.3.2 Increased Agency Costs

While employee empowerment leads to assigning additional responsibilities and competencies to employees, in many cases employee risk exposure remains untouched as employees do not own shares. In principal-agent theory it is assumed that such employees not necessarily share the interests and goals of the owner-manager. Avoiding well-known agency-effects such as any kind of opportunistic short-term optimization or taking disproportionately high risks requires the installment of costly governance mechanisms. While I received conflicting statements in some firms about their governance mechanisms (e.g., companies D, E, F), other companies implemented sophisticated, but also costly measurement instruments and reporting tools: “For example, we have control over all projects that are larger than CHF 100’000. Every project manager must report about the status and expected outcome of these projects. It is a hassle. (...) For almost everything we have a form, a process organization or [another kind of regulation]. Sometimes it slows down efficiency. From time to time, we suffer from this fact because of smaller competitors in the construction industry [which do not suffer from this equally] (management member, #4). Thus, overreacting to principal-agent issues can ultimately lead to control mechanism which are not only costly, but also confining and time-intensive: “I mean you can keep subordinates very busy with reporting, [and other unnecessary jobs]. That is something [the owner-

manager] calls annual, systematic garbage disposal. We sit down in January and ask ourselves why we are doing this and that meeting, why do we want minutes or a report from there. These are great instruments that are underestimated” (management & board member, #2).

Apart from costs tied to monitoring agents, a second negative effect of employee empowerment is that collaboration among employees becomes more complex and thus costlier because processes run increasingly decentralized. Emerging decentralized interfaces make necessary the development of and ensuring compliance with regulations such as, for example, process and task descriptions or competence documents. Hence, beneficial characteristics that are shared among owner-managed firms—e.g., fast, unbureaucratic, and centralized decision-making—could potentially be endangered: “With only [the owner-manager] at the top it is very easy to manage. When (...) my people need something, they come to me and I go straight to the boss. The paths are still relatively short, and decisions are made relatively quickly [compared to] other firms where several people are involved” (management member, #22). Yet, if owner-manager capacities are exhausted, restricting him from being involved extensively, these downsides become void: “[The owner-manager] has to make the important decisions. That is just the way it is. [But] if it is that way, then you cannot decide if he is unavailable” (management member, #21). Hence, the bureaucracy costs caused by decentralized processes could be the lesser evil compared to a lag in decision-making because of lacking owner-manager capacities.

Finally, employee empowerment leads to emotional costs for the owner-manager which are caused by the installment of regulations. These regulations apply to employees and owner-managers equally and thus restrict the latter’s professional autonomy and freedom—at least in most cases—to ignore or overrule delegates’ competencies (see discussion in: Baker et al., 1999; Foss, Foss, & Vázquez, 2006): “You must have everyone on board and try to convince them. You cannot just decide how you want it and then that is it. If you lead like this—you can do it in an individual case where it really matters, but in general you cannot. (...) Especially when you are aware that the ultimate responsibility always lies with you, you must try to ensure that you have as many people around you as possible who will help you to cope with this responsibility and to live up to it. And you can only do that if you operate in a team. (...) Otherwise, the responsibility of the red button is impossible to handle for an entrepreneur in the long run and in such changing and demanding markets” (owner-manager, #9).

As the last negative effect, employee empowerment diminishes advantages that are tied to the long tenures of owner-managers. Privately-held firms often benefit from long tenures of their owner-managers as it allows to accumulate extensive experience with regards to the firm, the industry or the customers, to have a long-term focus, and to build trustful relationships with employees (Lubatkin, Simsek, Ling, & Veiga, 2006; Simsek, 2007): “You understand the company and the market well. (...) The quality of your relationships with employees is built not only from three years of cooperation, but on 10, 15, 20 years of such. This results in high quality relationships and reliability (...) as you know how the others tick” (owner-manager, #1). And adding to the experience argument: “If the experiences are not only used to think—you have always done it that way and this is how it worked—but if you take experiences as they can be—namely to be able to recognize and analyze situations appropriately—[it can prevent you from] becoming hyper-nervous and provide you with a certain serenity. This can be an advantage of being there for a long time” (owner-manager, #9).

By empowering employees, one detaches owner-managers from being involved in certain tasks which again prevents firms from thriving of benefits tied to long tenures of their owner-managers. Thus, one could question if benefits derived from owner-manager tenures can be similarly replaced by employees as, for example, they might have the incentive to prioritize short-term over long-term goals simply because their tenures are usually shorter. However, several owner-managers stated that some of these tenure factors—namely owner-manager experience and relationships—should not be overstated: “There are disadvantages of being with the company for a long time. It could be that one becomes operationally blind” (owner-manager, #7). And on relationships: “There is a risk that you slowly become the last of the Mohicans while representatives of your customers become younger. I really do not have connections there” (owner-manager, #9).

Proposition 3b: *Employee empowerment increases agency costs as costly monitoring mechanisms become necessary, as bureaucracy costs arise because collaboration among employees becomes more complex, and, to a certain degree, as the positive impact of owner-manager tenure diminishes.*

3.6 Discussion

With my paper I sought to explain the process of employee empowerment in owner-managed firms by analyzing its drivers, mechanisms, and effects. Although two theoretical perspectives—resource dependence theory and principal-agent theory—partially touch upon this issue, we lack integrative theorizing on procedural aspects of

employee empowerment in privately-held companies. Therefore, I aimed for bridging the two theoretical perspectives to connect drivers, mechanisms, and effects of employee empowerment in owner-managed companies. My analysis relies on data from 22 interviews with representatives from six owner-managed firms in the main- and ancillary construction industry in Switzerland, field notes, and internal documents.

Data show that corporate growth ambitions come at the cost of increasing firm complexity which asks for the empowerment of employees. However, such employee empowerment requires additional resources which lie in the hands of the owner-manager and employees. These additional resources are the costs of corporate growth. As one succeeded to dissolve this entrepreneurial goal conflict, employee empowerment can be achieved through mechanisms of participative leadership, professionalization of collaboration, and ownership dispersion. Applied, these employee empowerment mechanisms reduce owner-manager dependence but come at various downsides of increased agency costs.

3.6.1 Contributions

My paper makes four main contributions. Contributing to private firm literature (e.g., Durand & Vargas, 2003; Schulze & Zellweger, 2021; Wasserman, 2017) the integrative process model links corporate growth ambitions to stakeholder empowerment and shows the effects of sharing authority with employees. By illustrating considerations about balancing corporate growth ambitions, the use of resource, and agency-related issues, I suggest that agency costs are the currency to enable corporate growth.

Second, by outlining mechanisms on how to effectively make use of acquired resources and pointing out the related costs I contribute to resource dependence theory (e.g., Emerson, 1962; Pfeffer & Salancik, 1978). The discussed mechanisms of employee empowerment such as participative leadership, professionalization of collaboration, or ownership dispersion provide instruments to effectively empower employees.

Furthermore, with this paper I contribute to principal-agent theory (Alchian & Demsetz, 1972; Jensen & Meckling, 1976)—my third contribution—by proposing that the costs tied to a principal-agent constellation can be outweighed by the realized growth opportunities. Thus, besides singularly focusing on the impact of agency issues on firm effectiveness (e.g., Gómez-Mejía, Núñez-Nickel, & Gutierrez, 2001), this paper additionally involves the upsides one has bought at these costs—gained growth opportunities through resource access. In addition, I challenge the assumption that abundance and competence of agents is a given by arguing that employee empowerment

requires both willingness and competence of employees. Lastly, I shed new light on the effects of employee empowerment by analyzing impacts of sharing authority for the agents and the principal likewise.

My last contribution refers to linking resource dependence theory and principal-agent theory. In reaction to recent calls to combine both theories (e.g., Hillman & Dalziel, 2003; Zona et al., 2018) I provide an integrative process model including the drivers, mechanisms, and effects of employee empowerment—helping to extend both theories.

3.6.2 Limitations and Future Research

My study comes with certain limitations. First, only one industry with a narrow geographical focus was analyzed: the Swiss main- and ancillary construction industry. While the main- and ancillary construction industry of Switzerland might be representative for similar countries in Western Europe, one could legitimately question the generalizability, applicability, and transferability of this study's findings for countries in other parts of the world such as for example Africa, the Middle East, or Asia. And further, it remains unclear if the chosen industry focus allows to generalize across industries. Thus, future work may extend the focus to other industries and regions to strengthen generalizability of the results.

Second, as generating novel theory was aimed with this paper, propositions in this paper have not yet been quantitatively tested. Thus, future research could quantitatively test the propositions in this paper across industries and countries to reach further validity of the process model of employee empowerment.

And finally, following the findings of this paper future research could focus on the relation between firm size and the application of employee empowerment mechanisms. Such focus would provide additional guidance for owner-managers on how to empower employees considering the size of their companies.

3.6.3 Conclusion

Integrating resource dependence theory and principal agent theory, this study explored the process of employee empowerment in owner-managed firms. Analyzing drivers, mechanisms, and effects of employee empowerment in six owner-managed companies which are active in the Swiss main- and ancillary construction industry provides novel insights on balancing corporate growth ambitions, the use of resource, and agency-related issues. Despite the prominence of owner-managed firms across the globe, our understanding with regards to procedural aspects of empowering employees remains limited. With my paper, I hope to make a humble step in this direction.

4 Transition of Owner-Manager Faith into the Professional Environment

Matthias Ch. Würsten

4.1 Abstract

I develop a model explaining the process of owner-managers transitioning their Christian faith into the professional environment. Based on 20 interviews with representatives from eleven Christian-led, owner-managed firms, I find that the belief in accountability towards God, the belief in fate, and the urge to apply a moral code of conduct serve as the basis for owner-manager purpose. I find that Christian owner-managers understand their purpose in serving God and, in the context of their professional environment, in bringing God closer to stakeholders. Furthermore, my study sheds light on how Christian owner-managers enact their faith on the individual and organizational level. Thus, the developed model offers an understanding about the transition of Christian faith of owner-managers into their professional environment.

Keywords: owner-manager, Christian faith, entrepreneurial identity, case study research

4.2 Introduction

Despite the seemingly antithetic nature of faith and business, numerous companies are owned and managed by believing individuals who embed their Christian faith in the professional environment (Astrachan et al., 2020; Kellermanns, 2013; Paterson et al., 2013; Sitzmann & Campbell, 2021; Tabor et al., 2020). For example, the owner of In-N-Out Burger, Lynsi Snyder, has her fast-food company printing Bible verses on some of its packages (Gant, 2019). Similarly, the majority owner and executive chairman of Marriott International, Bill Marriott, has his hotel company place a copy of the Bible and the Book of Mormon in every of its hotel rooms (Siegel, 2018). Backed by their position of authority, Christian owner-managers do not shy away from expressing their faith-based identities (Fauchart & Gruber, 2011) by imposing morally binding manners, standards, and beliefs in the professional environment (Carradus et al., 2019; Iannaccone, 1998).

While management research has not completely ignored the connection between faith and business in the past (for an overview see: Block, Fisch, & Rehan, 2020), academics tended to focus merely on how faith affects the professional environment. Apart from focusing on various effects that faith has on the business world, another central aspect

revolves around the nature of the transition of owner-manager faith into the professional environment. Therefore, in this paper I aim to develop integrative theory based on the following research question: *How do Christian owner-managers transition their faith into the professional environment?*

I identified two theoretical perspectives which contribute to our understanding about the enactment of faith-derived identities by believing owner-managers in their firms—and thus discussing the transition of owner-manager faith into their professional environment: social identity theory (SIDT) and role identity theory (RIDT). Research from these theoretical perspectives explores the nature of the society-shaped concept of self and how it builds the basis for human choice and behavior (Stets & Burke, 2000). Despite the valuable insights and individual contribution of both theoretical perspectives, we still lack understanding and integrative theorizing on procedural aspects of the transition of owner-manager faith into the professional environment. By merging and extending the two concepts of social identity theory and role identity theory, this study attempts to unearth the fundamental tenets of Christianity, the faith-derived purpose of Christian owner-managers, and their enactment of faith-derived purpose in the professional environment.

I adopt a multiple case study approach: eleven cases were selected from Christian-led, owner-managed firms in Switzerland. Through an in-depth analysis of 20 semi-structured interviews and field notes, I show distinct processes explaining the transition of Christian faith of owner-managers into their professional environment. For example, the Christian belief in accountability towards God and the belief in fate affect the individual perception of morally appropriate conduct. These three central tenets of Christianity are fundamental in understanding servanthip towards God as central purpose of life for Christian owner-managers—building the grounds for deducing the subordinate professional purpose. Accordingly, as Christian owner-managers perceive their professional purpose as bringing God closer to stakeholders, they enact their faith in the professional environment mainly through (1) building and nurturing transformational relationships, (2) demonstrating leadership as a role model of Christian faith, (3) establishing faith-derived fundamentals for stakeholder relationships of the firm, and (4) aligning the business conduct of the firm with Christian ethics.

With this study I aim to make three main contributions. First, I contribute to social identity theory (e.g., Tajfel, 1972; Tajfel et al., 1979) and role identity theory (e.g., Stryker, 1968, 1980; Stryker & Serpe, 1982) by proposing a model linking the religious identity of Christian owner-managers with their conduct in the professional

environment. Further, by outlining the process of owner-managers transitioning their Christian faith into the professional environment I contribute to private firm literature (e.g., Astrachan et al., 2020; Carradus et al., 2019; Paterson et al., 2013)—accounting for my second contribution. Finally, I contribute to the concept of socio-emotional wealth (SEW) (e.g., Gómez-Mejía et al., 2011; Gómez-Mejía et al., 2007) by proposing to add religious believe as another SEW-dimension to explain the nature of non-financial goals in owner-managed firms.

4.3 Theoretical Background

Religious belief and the professional environment represent two seemingly incompatible, if not clashing worlds (Smith, McMullen, & Cardon, 2021). While the business world is commonly thought of being shaped by competition, rationality, transaction, and formality, faith in contrast relates more to the collective, the irrational, the unconditional, and affection (Audretsch, Boente, & Tamvada, 2007; Dodd & Gotsis, 2007; Dodd & Seaman, 1998). Despite this dichotomy, many well-known, international companies such as Marriott, In-N-Out Burger, Dilmah, or Chick-fil-A openly and expressively build their legacies on the faith of their founders and owner-managers¹⁶ (Carradus et al., 2019; Fernando, Beale, & Geroy, 2009; Paterson et al., 2013; Vasconcelos, 2010).

Management research has not completely ignored the linkage between faith and business in the past (for an overview see: Block et al., 2020). Numerous academics previously looked at the effects of faith on aspects such as ethical decision-making and behavior (Bhatnagar, Sharma, & Ramachandran, 2019; Cater, Collins, & Beal, 2017), firm culture (Fry & Slocum, 2008; Graafland, Kaptein, & Mazereeuw-van der Duijn Schouten, 2006; Milliman, Ferguson, Trickett, & Condemi, 1999), risk aversion (Cai, Li, & Tang, 2020; Noussair, Trautmann, Van de Kuilen, & Vellekoop, 2013), workplace (Jurkiewicz & Giacalone, 2004; Zhang, 2020), health (Dilmaghani, 2018; Koenig, King, & Carson, 2012), firm performance (Baharun & Kamarudin, 2001; Cheung & King, 2004; Hilary & Hui, 2009; Jiang, Jiang, Kim, & Zhang, 2015), networks (Dana, 2009; Dodd & Seaman, 1998), or leadership (Low & Ayoko, 2018; Zigan, Heliot, & Le Grys, 2021).

In particular, privately-held companies are exceedingly prone to faith-derived values exerted by their owner-managers (Jiang et al., 2015; Kotey & Meredith, 1997; Shen &

¹⁶ Mitroff and Denton (1999) call these organizations “religious-based firms”

Su, 2017), as these firms represent a peculiarly value-driven type of organization (Astrachan et al., 2020; Schulze & Zellweger, 2021). Backed by their authority, believing owner-managers are able to express their religious-based identities (Fauchart & Gruber, 2011) by embedding, incorporating, and applying morally binding manners, standards, and beliefs in their professional environment (Carradus et al., 2019; Iannaccone, 1998). In other words, believing owner-managers shape their professional environment by adopting and pursuing faith-derived identities.

Hence, the transitional process of embedding owner-manager faith into the professional environment represents a crucial phenomenon shared among faith-led, owner-managed firms (see for example: Spence & Rutherford, 2001). Two theoretical perspectives are proposed in this paper to analyze the adoption and pursuit of faith-derived identities of believing owner-managers in their firms—and thus discussing the transition of owner-manager faith into the professional environment: social identity theory and role identity theory.

4.3.1 Social Identity Theory (SIDT)

Grounded in psychology (Stets & Burke, 2000) and based on the concept of bounded rationality (Simon, 1972), social identity theory (SIDT) serves as a lens to theorize the nature of one's self-concept in a social context (Tajfel, 1972; Tajfel et al., 1979)—allowing to connect social identity with human behavior (Fauchart & Gruber, 2011). At the core, SIDT proposes that the self-concept of an individual is shaped by the constant social interaction with others (Gioia, 1998) and the tendency of humans “to classify themselves and others into social categories” (Ashforth & Mael, 1989, p. 20). Affiliating oneself with a particular social group shapes the self-concept by providing a reference point for self-evaluation—but also for evaluating individuals outside of that social group (Fauchart & Gruber, 2011). Furthermore, SIDT is thought to be able to make predictions about individual choice and behavior as one's identity serves as a frame to ‘make sense of the world’ (Tajfel et al., 1979). Hence, it is assumed that individuals strive for choices and behavior which are consistent with their individual identity (Hogg, Terry, & White, 1995; Stets & Burke, 2000).

Few recent studies used SIDT to analyze how self-concepts of entrepreneurs affect their professional behavior and their firms (e.g., Fauchart & Gruber, 2011; Powell & Baker, 2014; Sieger, Gruber, Fauchart, & Zellweger, 2016). Fauchart and Gruber (2011), for instance, used SIDT to identify three pure types of founder identities—darwinians, communitarians, and missionaries—shaping key decisions in these companies. Of specific interest for the extant study are the ‘missionaries’ as these founders “believe

that firms can be powerful agents of change in society (...) [and a] platform from which they can pursue their political visions and advance particular causes, generally of a social or environmental nature” (Fauchart & Gruber, 2011, p. 944). Thus, apart from simply offering a product, missionaries understand their own firm “and the way in which business is conducted as a role model for society” (Fauchart & Gruber, 2011, p. 945). Lastly, beyond political, social, or environmental causes, Ysseldyk, Matheson, and Anisman (2010) refer to religious causes accounting for a strong ground for social identities.

4.3.2 Role Identity Theory (RIDT)

Stemming from sociology, role identity theory (RIDT) (McCall & Simmons, 1966; Stryker, 1968, 1980, 1987; Stryker & Serpe, 1982; Turner, 1978) proposes the emergence of individual perception of the self from the reciprocal interaction between the self and society (Hogg et al., 1995). In line with the symbolic interactionist view (Mead, 1934), RIDT understands society to affect social behavior through its influence on one’s self-concept—or as Stets and Burke (2014) summarized: “(...) society shapes self shapes social behavior” (p. 58). It follows that one’s self-concept represents a multifaceted, but hierarchically organized structure (Hogg et al., 1995)—similar to society which is “complexly differentiated but nevertheless organized” (Stryker & Serpe, 1982, p. 206). Hence, RIDT implies that the self is composed of multiple components of societal influences, called role identities (Burke, 1980; Stryker, 1968, 1980; Stryker & Serpe, 1982). In this regard, RIDT agrees with James’ (1890) notion that individuals possess “as many selves as groups of persons with which they interact” (Stryker & Burke, 2000, p. 286). According to RIDT, these role identities build the basis for individual behavior (Burke, 1980; Gruber & MacMillan, 2017). Lastly, RIDT assumes that individuals organize their role identities in salience hierarchies by ordering them according to their relevance (Stets & Burke, 2000). Thus, the behavior of two individuals with identical role identities can differ because of a disparity of identity salience—in other words, individual behavior is based on role identities and the relevance one assigns them (Hogg et al., 1995).

In the past, entrepreneurship research widely used RIDT to analyze identities of entrepreneurs and founders with regards to their professional roles (Dobrev & Barnett, 2005; Farmer, Yao, & Kung-Mcintyre, 2011; Hoang & Gimeno, 2010; Mathias & Williams, 2017; Navis & Glynn, 2011). Specifically, Wimberley (1989) discusses the concept of ‘religious identity salience’ by proposing that religiosity, if relevant enough

in the individuals' salience hierarchy, could affect role identity and thus individual behavior.

4.3.3 The Gap in the Existing Literature

Both these theoretical perspectives—social identity theory (SIDT) and role identity theory (RIDT)—provide valuable insights into the adoption and pursuit of faith-derived identities of believing owner-managers in their firms—and thus discussing the transition of owner-manager faith into their professional environment. However, while SIDT proves useful to analyze how social groups shape identity, it largely avoids explaining how such (religious) identities transition into the professional environment. Similarly, despite its value for conceptualizing the nature and impact of role identities, RIDT comes short regarding the source of faith-derived identities of owner-managers. Thus, even though both theoretical lenses discuss and focus on individual aspects of identity, we still lack understanding and integrative theorizing on fundamental aspects of the transition of owner-manager faith into the professional environment. Through this study I aim to uncover and shed light on the transition of owner-manager faith into the professional environment—discussing the central tenets of Christian faith, assessing how they shape owner-manager purpose, and showing how Christian owner-managers enact their faith on the individual and organizational level.

4.4 Methods

To accommodate similarities and variation regarding the transition of owner-manager faith into the professional environment and to achieve theoretical replication I adopt a multiple case approach (Eisenhardt et al., 2016; Gehman et al., 2018; Stutz & Sachs, 2018). Based on data with rich insights about processes (Eisenhardt, 1989b; Eisenhardt et al., 2016; Langley & Abdallah, 2011; Rynes & Gephart Jr, 2004), multiple-case approaches allow to generalize theory across different contexts (Yin, 2009). Accordingly, this paper relies on qualitative data gathered from 20 semi-structured interviews and field notes.

4.4.1 Case Profiles

Supported by two trained assistants—both former Master's students at the University of St.Gallen—who helped selecting the cases as well as conducting and transcribing the interviews I followed the principles of theoretical sampling (Eisenhardt et al., 2016). Accordingly, I selected eleven owner-managed companies in Switzerland with the owner-managers being publicly known Christians. Specifically, this study focuses on Christian faith of owner-managers as it is the most dominant and prevalent religious

affiliation in Switzerland. This is of importance as owner-managers who affiliate with a religious minority might be reluctant to live their faith within their firms—for example, out of respect for or pressure from individuals of the dominant religious affiliation.

Secondly, owner-managed companies were identified useful for the purpose of analyzing the phenomenon of Christian faith in firms. The distinct power position and authority allows owner-managers to effectively enact faith within their firms. Further, to not violate comparability among cases I excluded micro- and small-sized companies from the sample because management- and board-levels might be inexistant. Table 7 summarizes the key characteristics of the eleven Christian-led owner-managed companies.

Table 7: Sample and data summary

Firm	Industry	Foundation	Employees	Christian Denomination	Interviews	Interviewee	Position
A	Food industry	1962	1'000	Protestant church affiliation; engaging in activities of evangelical free church	1 (Ø 100min)	1	Owner-manager
B	Ancillary construction industry; kitchen / interior	1956	150	Protestant church affiliation	2 (Ø 68min)	2	Owner-Manager
						3	Management Member
C	Ancillary construction industry; windows	1932	120	Evangelical free church affiliation	2 (Ø 91min)	4	Owner-Manager
						5	Board Member
D	Logistics industry	1969	1'000	Protestant church affiliation	2 (Ø 96min)	6	Owner-Manager
						7	Management Member
E	Health industry; shoes	2007	120	No specific church affiliation; affiliating with Christian faith	2 (Ø 93min)	8	Owner-Manager
						9	Management Member

Table 7: Sample and data summary (continued)

Firm	Industry	Foundation	Employees	Christian Denomination	Interviews	Interviewee	Position
F	Ancillary construction industry; kitchen	1966	120	Protestant church affiliation	3 (Ø 58min)	10	Owner-Manager
						11	Board Member
						12	Management Member
G	Ancillary construction industry; electricity	1923	200	Protestant church affiliation	1 (Ø 77min)	13	Owner-Manager
H	Marketing industry; digital	1999	22	Evangelical free church affiliation	2 (Ø 73min)	14	Owner-Manager
						15	Management Member
I	Medical industry; eye / skin	1990	90	Protestant church affiliation; engaging in activities of catholic church	1 (Ø 72min)	16	Owner-Manager
J	Shoe industry	1947	100	Evangelical free church affiliation	2 (Ø 68min)	17	Owner-Manager
						18	Board Member
K	Filtration industry	1938	300	Evangelical free church affiliation	2 (Ø 60min)	19	Owner-Manager
						20	Board Member

Between June and December 2020, the two assistants and I conducted 20 semi-structured interviews with owner-managers, members of the top management, and members of the board of directors of Christian-led companies. Within each company (A-K), representing one case in the study, between one and three interviews were conducted. To ensure data quality and to strengthen validity, a triangulation of data collectors and data sources was carried out (Eisenhardt, 1989b). First, possible biases tied to values, experiences, and prejudices of a researcher were minimized as three researchers were involved in gathering data. Secondly, triangulation of data sources (except for cases A, G, and I) was reached by conducting interviews not only with the owner-managers, but also with longtime representatives from the top management and the board of directors. And lastly, these data points were complemented by field notes (if available) that were taken by the researchers before, during, and after the interviews.

For the purpose of this study, a Christian-led owner-managed company is defined as an organization in which the controlling owner serves as the CEO of the firm and enacts Christian faith in the firm. Hence, for this study I selected privately-held firms with owner-managers who are publicly-known Christians and who admitted that their Christian faith affects their professional environment. Most Christian owner-managers affiliated with the protestant church (#2, #6, #10, #13) or the evangelical free church (#4, #14, #17, #19)—both Christian denominations accounting for four owner-managers each. Two owner-managers who affiliate with the protestant church also engage in activities of other Christian denominations such as evangelical free church (#1) or catholic church (#16). Lastly, one owner-manager (#8) identifies himself as a Christian but refuses to affiliate with a certain church. In summary, by using an inductive, comparative multiple-case design with qualitative data from 20 semi-structured interviews with representatives from eleven Swiss, Christian-led owner-managed companies and field notes, the chosen research design enables to generate new theory on the transition of Christian owner-manager faith into the professional environment.

4.4.2 Data Sources

4.4.2.1 Formal Interviews

Before the start of the data collection process, I developed a thematically structured interview guide¹⁷ to ensure the quality and comparability of the interviews across

¹⁷ See: Appendix Paper III: Exemplary Interview Guide

interviewers and to maintain subject focus and time management during the interview sessions. Divided into three sections, the interview guide was crafted based on discussions with Christian owner-managers, phenomenon-related media reports, and the recent spark within academia on faith in the professional environment (e.g., Astrachan et al., 2020; Carradus et al., 2019; Fathallah, Sidani, & Khalil, 2019). Broad, general questions in the first section of the narrative-generating interview allowed for variation of answers of interviewees. Then, the second section covered specific, concrete, and thematically ordered questions which were inspired by extant research. The last part, served to naturally close the interview allowing the interviewees to add to and comment on topics talked about before or to discuss the interview in general.

Together with the two assistants I conducted 20 semi-structured interviews with an average duration of over 75 minutes per interview and with a wide range of informants. The interviews included owner-managers (eleven interviews), members of the top management (five interviews), and members of the board of directors (four interviews). All 20 interviews were digitally tape-recorded and either held face-to-face (ten interviews) at a preferred location of the interviewee (e.g., company location), held online (nine interviews) through platforms such as Zoom, Skype, Microsoft Teams or conducted through a phone call (one interview). Despite the preferable nature of face-to-face interviews, some interviewees preferred conducting the interviews through digital channels or over the phone as a precautionary measure in reaction to the Covid-19-pandemics. All interviews were held in the interviewee's native language (Swiss German) to allow for authentic, precise, and comfortable expression. It was agreed to not use company or interviewee names to ensure anonymity. Instead of company or interviewee names, generic labels (e.g., owner-manager) and respective interviewee numbers (e.g., #1) are used when attributing quotations.

4.4.2.2 *Field Notes*

In addition to the insights from the rich interview data outlined above and to ensure triangulation of data sources, field notes were taken before, during, and after each interview¹⁸. These field notes covered subjective impressions, situational incidents, the interview atmosphere, and other circumstances that were grasped by the interviewer—supporting the understanding of the interview setting and the nuances in the interviews but also reinforcing feedback that was used to improve the next interview session. The

¹⁸ Field notes were taken in 11 of the 20 interviews.

field notes were not coded but provided an additional source of background information facilitating data analysis.

4.4.3 Data Analysis

Before starting the data analysis process, I harmonized the formats of the transcriptions from the three data collectors. In research projects using a comparative multiple case design, the data analysis process is fundamental to building theory from cases as it is the most sophisticated while least predefined process (Eisenhardt, 1989b). I followed the data analysis process proposed by Eisenhardt (1989b) consisting of roughly four parts: within-case analysis, cross-case analysis, shaping hypothesis, and enfolding literature. To unfold the unique patterns of each case (Eisenhardt, 1989b), I conducted a within-case analysis—starting with the respective field notes before turning to the interview data (Glaser & Strauss, 1967; Strauss & Corbin, 1990). I then continued with an in-depth open coding of each interview transcript by assigning one or several codes to sentences in the interview transcripts using the qualitative analysis program ATLAS.ti (Strauss & Corbin, 1998). These first-order codes represented recurring topics that emerged from the interview data (Locke, 2001) and were identified case by case to reach a thorough, in-depth understanding about each case separately.

Based on the identified first-order codes, I transitioned into axial coding to aggregate and develop a set of higher-order codes across cases (Strauss & Corbin, 1998). The process of constantly aggregating and narrowing down these higher-order codes allowed to identify recurring patterns across cases leading to first-order concepts and, later, second-order concepts (see Figure 5). Emerging first- and second-order concepts were then systematically and iteratively compared with the data evidence stemming from each case (Eisenhardt, 1989b). Lastly, the emerging concepts were contrasted with extant literature—both these steps ensuring that the identified concepts match the collected interview data and reflect and extend the academic discussion (Eisenhardt, 1989b). Table 8 provides representative quotes for each first- and second-order concept.

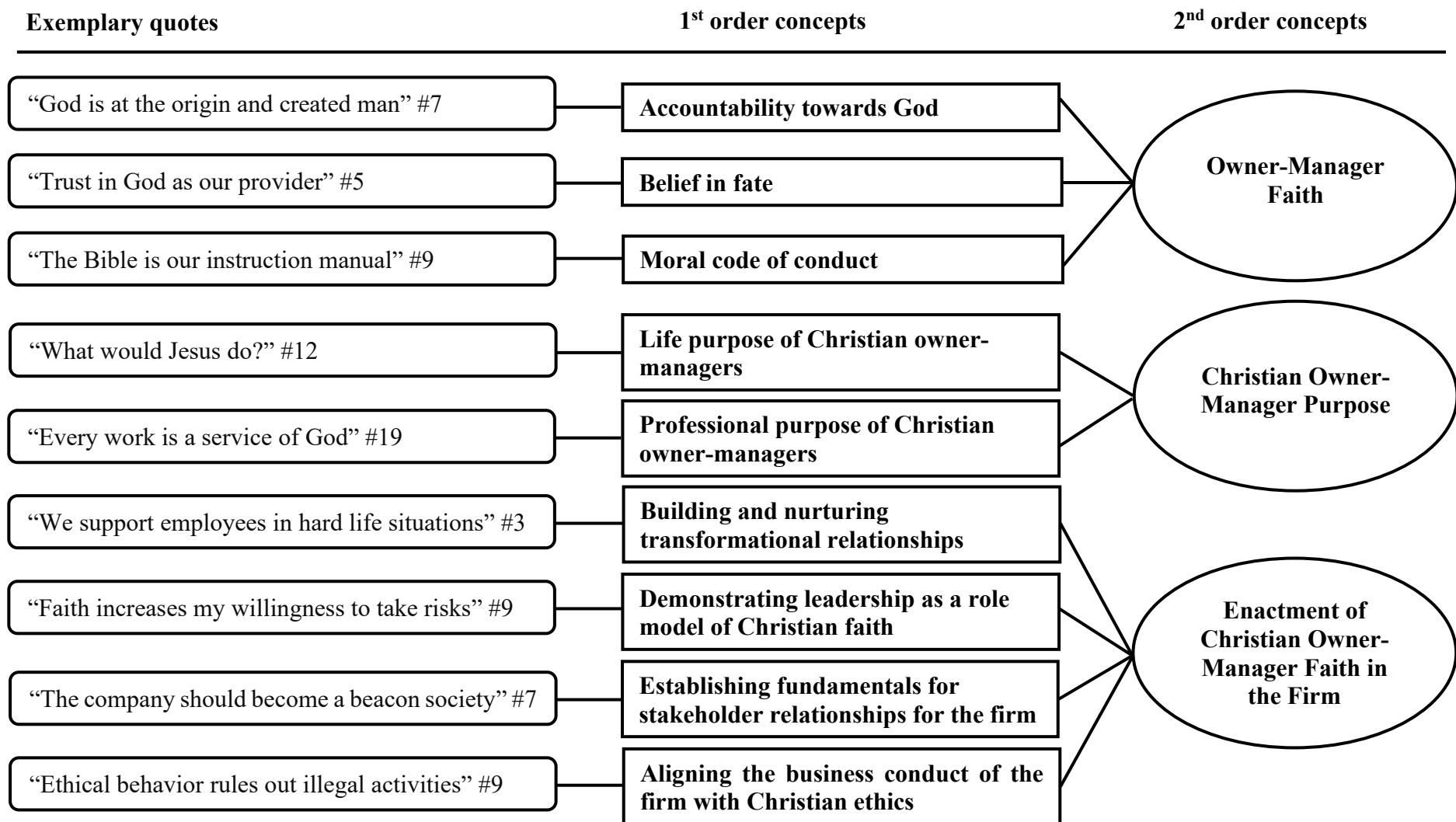
Figure 5: Coding process: From data to concepts

Table 8: Representative quotes

Transition of Christian owner-manager faith into the professional environment	
1st & 2nd order concepts	Representative quotes from the data
<i>Owner-manager faith: Central tenets of Christianity</i>	
Celestial relationship: Accountability towards God	<p>“The long-term relationship and accountability to God the Creator is certainly very important” (owner-manager, #1).</p> <p>“The Bible teaches: ‘Abide the law, treat one another with kindness, and live in awe of God’. (...) Hence, with my actions I am not only responsible to myself, but also to a higher power” (owner-manager, #14).</p> <p>“Studies show that virtually all people pray [although] some do not even know exactly to whom. Humans intuitively know that they are laymen who did not create themselves” (owner-manager, #16).</p>
Driver seat: Belief in fate	<p>“[Our owner-manager] builds his trust in God and not in his own ability” (management member, #7).</p> <p>“[The predetermination discussion] is something that is inherent to Christian faith (...). On the one hand we have free will and on the other hand everything is predetermined” (owner-manager, #17).</p> <p>“Christians have an additional source of inspiration from above (...). If you believe that things are managed—that they belong to a larger plan—then it is impossible (...) to say how much [your actions] really matter” (owner-manager, #4).</p>
Guiding star: Moral code of conduct	<p>“I think you just have to act ethically out of a conviction and a sense of accountability to your Creator and then there may be benefits or a blessing—or maybe not. However, [these benefits] cannot be the motive” (owner-manager, #1).</p> <p>“There is a Christian principle that Jesus teaches us: ‘Treat other people as you would like yourself to be treated’. That is in the Bible, but it is also a leadership principle (...) for any entrepreneur” (owner-manager, #17).</p> <p>“If I could earn 100’000 CHF in exchange for compromising my beliefs, it is my expectation of myself to decline [such an opportunity]” (owner-manager, #17).</p>

Table 8: Representative quotes (continued)

1 st & 2 nd order concepts	Representative quotes from the data
<i>Christian owner-manager purpose: Beacons serving God</i>	
Life purpose of Christian owner-managers: Servant to God	<p>“It is very important to me to make the big decisions in prayers. [Through my prayers] I seek and feel [God’s] will for my life” (owner-manager, #1).</p> <p>“Reading the Bible and looking at the life of Jesus, Christian faith is not a private matter at all. Rather, Christian faith has always affected society from the beginning. (...) A lived Christian faith will never remain private” (management member, #7).</p> <p>“[Christian faith includes] a relationship with God. Usually, I wake up in the night between 2 and 5 o’clock (...) to take an hour to think about business matters and to take my notes (...). Maybe, I read a page of the Bible (...) or I talk to the Lord through prayers. I have a very natural relationship [with God] through which I can discuss my worries, my needs, and my joys” (board member, #11).</p>
Professional purpose of Christian owner-managers: Beacons of faith	<p>“[It says]: ‘Go out into the world and create disciples’. Of course, that only works if you get in contact with these people—[so they] can experience and see what it means to be a Christian” (board member, #5).</p> <p>“I am not asking myself how to combine faith and entrepreneurship, but rather how it is possible to be an entrepreneur without having faith—I imagine that to be much more difficult” (owner-manager, #19).</p> <p>“Religious beliefs are something very deep and inner, which one cannot [change] from the outside. [Faith] is a personal path of a person—you can talk to people, you can give impulses, but in the end, everyone has to find [their path] for themselves” (owner-manager, #19).</p>

Table 8: Representative quotes (continued)

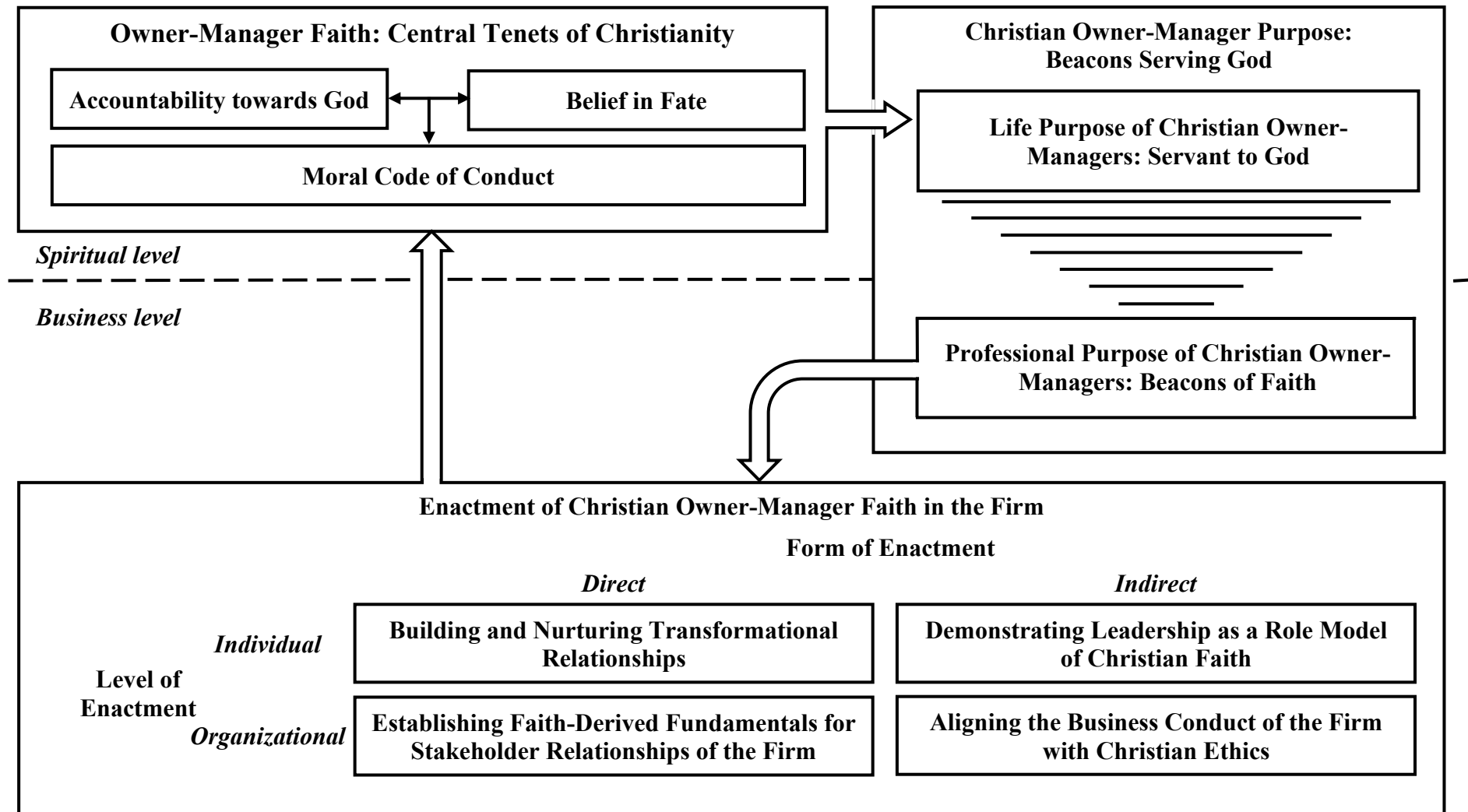
1 st & 2 nd order concepts	Representative quotes from the data
<i>Enactment of Christian owner-manager faith in the firm</i>	
Individual-direct enactment of Christian faith: Building and nurturing transformational relationships	<p>“Our strategy process is relatively simple. We look for strategies with which we can develop our future together with our employees. We do not start with blank paper and look at how we can generate the highest possible EBITDA” (management member, #3).</p> <p>“At Christmas, [as an employee], you would get a Christmas card [marking] our Christian values. Similarly, if I see you hurt and hobbling up here through the corridor, I will ask you if I can pray for you. Or you will receive a handwritten card for your birthday on which I will write a personal wish. More than being Christian, this has to do with values of appreciation, generosity, and credibility” (owner-manager, #13).</p> <p>“In case of doubt, people and their needs in the company are valued higher than any number on the bottom line” (board member, #20).</p>
Individual-indirect enactment of Christian faith: Demonstrating leadership as a role model of Christian faith	<p>“[Our owner-manager communicates with God] through prayers (...) and also through our Christian community (...) in which he receives signs or confirmation that it is the right decision and that he can and should take the risk” (management member, #3).</p> <p>“I consider myself willing to take risks. Faith teaches you to take risks—every single step on the water is a risk” (owner-manager, #8).</p> <p>“There are difficult decisions where you really have to address God. (...) With larger transactions such as important financial matters, large acquisitions, difficult personnel decisions, there is always a presence of God. [Accordingly, I would] pray: ‘I must hand this [decision] over to you because I do not have a clear view now’ (owner-manager, #10).</p>
Organizational-direct enactment of Christian faith: Establishing faith-derived fundamentals for stakeholder relationships of the firm	<p>“We just supported a supplier who is in financial difficulties by engaging in pre-financing activities. (...) We did this out of goodwill because it is a Christian company” (management member, #3).</p> <p>“The primary goal of my wife and me is that our companies are beacons in the business world. A beacon (...) points the way. We want our companies to be perceived by suppliers, customer, authorities and the society as different” (owner-manager, #6).</p>

Table 8: Representative quotes (continued)

1 st & 2 nd order concepts	Representative quotes from the data
Organizational-direct enactment of Christian faith: Establishing faith-derived fundamentals for stakeholder relationships of the firm (continued)	<p>“Someone who cannot relate to God and faith will most likely not work for [our company]. (...) One example: A foreign driver had a new cover on his truck showing a naked woman’s butt and advertising [for an online platform] that promotes affairs. Such a truck will not enter our firm premises” (management member, #7).</p> <p>“I made the commitment [to my faith] by (...) putting the values and norms on our homepage. (...) Customers and suppliers should see under which ethics and values we operate” (owner-manager, #10).</p>
Organizational-indirect enactment of Christian faith: Aligning the business conduct of the firm with Christian ethics	<p>“We burned 60,000 francs last year. [Thus, our accountant] did not understand why we are still donating 30’000 CHF—as it was only voluntary commitment. The conversation went as follows; he said: ‘Do not donate the money’. I said: ‘We committed to donate the money’. He replied: ‘But you should not donate in times of losses’. I answered: ‘I stand by it if we are profitable or not. Of course, ideally we make a profit’. He insisted: ‘But nobody will notice if you do not spend the money’. (...) I replied: ‘I do not just follow my convictions and keep my promises only [when it is visible]’. He could not understand [my opinion]. You could easily tell that different value concepts collided” (owner-manager, #14).</p> <p>“In my private life I put 10% of my income aside for charity—that is called tithing” (owner-manager, #19).</p> <p>“We assume our responsibility as an employer, as a supplier towards customers, (...) towards our suppliers who rely on us being good payers, and towards authorities, who expect us not to cheat. This [understanding of responsibility] runs through all our stakeholder relationships. (...) We really try hard to conduct clean business. It makes me feel good and it limits risks” (management member, #20).</p>

4.5 Transition of Christian Owner-Manager Faith into the Professional Environment

Figure 6 proposes a model explaining the procedural transition of Christian owner-manager faith into the professional environment. It illustrates the effects of three central tenets of Christian faith on the life and professional purpose of Christian owner-managers. Further, the model highlights how Christian owner-managers enact their faith-derived purpose in their professional environment.

Figure 6: Model of transition of Christian owner-manager faith into the professional environment

4.5.1 Owner-Manager Faith: Central Tenets of Christianity

Christianity as the largest among the three Abrahamic religions provides a belief system to its followers which affects their perception about fundamental aspects of the origins of life, its purpose, and the afterlife. In the following paragraphs, I will explain in detail three central tenets of Christianity that are shared by Christian owner-managers and which provide guidance in their life.

4.5.1.1 *Celestial Relationship: Accountability towards God*

The most fundamental tenet of Christianity as a monotheistic faith system is a shared belief about the existence of one omnipotent, omniscient, omnipresent, and omnibenevolent deity called God¹⁹ who preceded and intentionally created all existence initially: “Belief is the unconditional acceptance of God. [We] identify ourselves with God of whom [we] believe is the Creator—it is our belief that [God] made us” (owner-manager, #8). Yet, while all individuals are created equally in their spirit and relationship to God, they differ in appearance, character, and abilities. Thus, Christian owner-managers perceive all—including life and human configuration—as a direct, individual, and deliberate gift from God. Beyond, God’s presence and influence does not cease with the creation of life but persists during one’s lifetime and, according to Christian eschatology, even after death.

Accordingly, Christian owner-managers feel strongly and primarily obliged to God as their personal relationship to God is by far the most extensive and long-lasting—outshining any other connection. An additional layer propping up the perception of ultimate responsibility towards God is rooted in the belief in salvation—the deliverance of sin offered to all Christians: “[God] watches everyone. At some point you will be held accountable by God for what you did. (...) You should [look beyond the short-term] consequences [of your actions] here on earth and [reflect on] what you owe the Creator” (owner-manager, #1). The comprehensive perception of one’s responsibility towards God even involves the duty to make best use of the individual gifts and opportunities offered by God: “[After we die] we are all held accountable for our lives. We will stand before God as described in the Bible [and] we will be asked how we used our skills, our education, and the abundance of opportunities many (...) are presented

¹⁹ Following the Christian doctrine of trinitarianism God is one in substance, but appears in the three hypostases of the Father, the Son, and the Holy Spirit. God is believed to be a supreme, perfect, and transcendent being who is at the same time above and within all humans. Furthermore, Christianity places the life and teaching of its Messiah, Jesus of Nazareth, as the son of God at the center. Despite the variety of denominational creeds among Christians, they all share a belief in the ministry, passion, crucifixion, and resurrection of Jesus for the salvation of humankind. (For a historical overview refer to: Johnson, 1976)

with in Switzerland” (owner-manager, #14). The individual responsibility towards God is so comprehensive that it must be assumed in all roles—as a husband, father, friend, and even as an owner-manager: “You build an illusory world if you are a Christian [in the church] only on Sundays, but not [in the firm] on Mondays. That is nonsense. Either you are [a Christian] or you are not” (owner-manager, #2). Accordingly, Christian owner-managers assume their primary responsibility towards God through their professional roles too: “What is preached and done as private person, should be applied in business too” (owner-manager, #16).

Interestingly, the concept of primary responsibility towards God strongly contradicts the prevalent consensus among practitioners and academics that company executives are ultimately responsible towards their stakeholders, or at least their shareholders: “You will not always receive applause [for your actions]. (...) That is when Christian faith helps, because your ultimate responsibility lies before God and not before the press, the employees, or other stakeholders. (...) Only focusing on what customers, opinion makers, or the public want bears risks. [It might lead to complying with demands] depending on the presumption of whether a conduct becomes public or not. Even if it were to our harm, we would see and accept our responsibility before the Creator. (...) Otherwise, we would look back at our lives knowing that we gave up on our belief in the moment of success—for the fear of losing this success” (owner-manager, #1).

An illustrative example which metaphorically conceptualizes the construct of accountability towards God was provided by an owner-manager: “I once went on a trip to Paris with a colleague during which we talked a lot about values and ethics. We took a taxi into town as we were going to a trade fair. Because we intended to drive out of town later in the evening, we asked the taxi driver whether he could pick us up at a certain time. He agreed under the condition that we really show up. We said ‘of course’, but then forgot during the day. (...) At the time when we had to go back to the airport, we thought about whether we should keep our promise or not. My colleague said: ‘Let us take an other taxi because we will never see this man again in our lives’. I told her: ‘Although this is true, we had given him our word and we should go back because he is waiting for us’. Later, I reflected on this for a long time and noticed that the difference really lies in whether you have this feeling of responsibility towards the taxi driver (...) or primarily towards God, the Creator” (owner-manager, #1).

Proposition 1a: *Christian owner-managers share the perception of ultimate responsibility towards God. One’s responsibility towards God is so comprehensive that it must be assumed in the private and the professional life.*

4.5.1.2 Driver Seat: Belief in Fate

Another fundamental tenet that is central to Christianity circles around the idea that all existence is subject to and follows God's bigger plan: "[I] believe that all is controlled [by God]—there is a bigger plan behind it all" (owner-manager, #4). According to Christian theology, only God's almightiness allows him to envision and understand the perfection of the bigger plan. Hence, no existence is random and all occurrences bear meaning as they can be attributed to the will of God. It follows that God not only creates existence but also its fate—defined as the progression of predetermined occurrences beyond human control: "Humans think, yet God leads" (owner-manager, #19).

Accordingly, Christian owner-managers who believe in a creation and a plan embrace their professional roles to be the result of their vocation by God: "[My profession] is a gift from God, like everything that we receive from God (...) as a starter package when we are born into this world. [My gift] was to become entrepreneur—including the obligations and burdens that come along" (owner-manager, #8). Similarly, Christian owner-managers translate the idea of a calling to their professional reality: "[Being owner-manager] is my calling—I feel called and it is my passion" (owner-manager, #2). More so, they assume their personal and their firm's fate to be closely intertwined: "I have a great deal of trust in God. If companies pull out because of my Christian faith, [God] will replace them twice or three times with other customers. Ultimately it is God's firm. If it is his opinion that a certain company should no longer work with us, then maybe something even better may follow" (owner-manager, #6).

By applying the concept of fate to firms, some Christian owner-managers perceive God as the legit proprietor of their firms: "I am convinced that this is God's company—not mine. I do my best as a manager of this company, but this is not my property. I am allowed to manage it (...) but if it all were gone—the company, the private wealth—I would still have done my best. Then God brings a new assignment for me. (...) [It provides me with a] certain relaxation because I know that (...) I am the manager but not the owner [of this firm]" (owner-manager, #13). Accordingly, their firms are assumed to be subject to fate too—tying any firm-related outcome to the intention of God: "There are numerous examples which made us marvel at God's guidance and blessing regarding the development of [our company]—through opportunities or doors [which appeared and disappeared]" (owner-manager, #1). Finally, opportunities that arise for a firm are backtracked by Christian owner-managers to the will of God.

Yet, the belief in fate, whether on a personal or organizational level, brings up the controversial question about the degree of predetermination and freedom that life offers

to humans. Some Christian owner-managers accept their limitations: “[God] has a plan for me—he is ahead of me. And I believe that the corporate philosophy follows his will too” (owner-manager, #8). Others remain unsure about the degree of predetermination and individual freedom: “I do not know how much [of our success] is influenced by me” (owner-manager, #2). One owner-manager resolved this problem as follows: “There are numerous beautiful sayings by Luther. [One is:] ‘work as if all praying is of no use and pray as if all work is of no use’. (...) I believe that hard work is required, but that the heavenly component plays a crucial role as well” (owner-manager, #17).

An owner-manager provided an illustrative example which conceptualizes the construct of a belief in fate: “During the extant pandemic, I have received the message from God that he will protect me, my company and all my employees [from this virus]. That is why I communicated early on that neither our employees nor our customers had to worry. Everyone would be safe because it was an agreement between me and my boss, God. I received feedback from various people that my statement has helped them a lot. An Italian driver hugged me and thanked me with a ‘grazie mille signore’. Two weeks earlier, I had received a message from him that (...) he suffers from high temperature and is seriously ill. (...) The next morning the message arrived that he was even taken to the hospital. I asked his line manager to send his wife a message reassuring her that it would not be Covid-19—I did not know that for sure at the time, but it was a feeling. After the ambulance brought him to the hospital, he was able to leave the hospital within two hours—without having Covid-19. Thus, when I met him two weeks ago, he opened up about how he and his wife felt reassured after my message—his boss and his superior (God) stood up for him and made sure that it was not Covid-19” (owner-manager, #6).

Proposition 1b: *Christian owner-managers believe that all existence is subject to and follows God’s bigger plan. Therefore, some Christian owner-managers assume God as the legit proprietor of their firms and their professional roles to be the result of their vocation by God. The concept of fate challenges the degree of predetermination and freedom that life offers—a heavily debated issue among Christian owner-managers.*

4.5.1.3 Guiding Star: Moral Code of Conduct

The third central tenet of Christianity comprises of the materialization of faith through personal conduct²⁰. Both the feeling of eternal responsibility towards God and the knowledge of limited control over one’s own fate constitute a fertile soil for guidelines

²⁰ Conduct includes someone’s actions and sayings (or the omission of one or both).

of desired behavior. The belief in *accountability towards God*, for example, raises the question of how to assume such responsibility: “[Because] we are aware of [our] eternal responsibility [towards God], we want to make the right and good decisions” (owner-manager, #1). Notably, the belief in salvation reinforces the orientation of Christian owner-managers towards faith-compliant conduct: “At some point you have to answer for everything you did. If you are aware of that [fact], then you just rule out doing certain things” (owner-manager, #2). Similarly, the *belief in fate* acts as a driving force to please God through desirable behavior and in return receive blessings from God. Yet, such automatism between conduct and blessing remains disputed and controversial: “You should not make this [a strict] causal connection [between doing good and being blessed]. (...) God would not be God if he were not a sovereign being who could decide freely—he is much bigger and more independent than this way of [transactional] thinking” (owner-manager, #1). The debate can be adequately summarized through the following Christian analogy: “If you sow well, there is a harvest. However, there can be shortcomings even if you sow well” (owner-manager, #2). Further, it is incremental to Christian belief that humans, who were created as imperfect creatures, fail to live up to the high standards of their faith: “The spirit is willing, but the flesh is weak” (owner-manager, #6).

It follows that the application of a Christian moral code of conduct requires from a believer a constant, internal, and iterative thought process of benchmarking the standards of Christian faith with one’s actual behavior. In the view of Christian theology, faith-compliant conduct is measured predominantly through its morality—the differentiation between good and evil. Hence, the concept of morality is coined by its eternal view—what is detrimental while on earth could be beneficial in the after-life: “When it comes to what is right or wrong (...) one should not primarily think of consequences here on earth but [focus on the] long-term implications and consider what one owes the Creator” (owner-manager, #1). It follows that Christian owner-managers are willing to deliberately prioritize faith-derived morality over short-term personal gains: “Values must be painful, or they are of no use. [And thus, your faith-derived values] must influence your behavior” (owner-manager, #19).

Beyond providing the rationale for applying Christian standards (the ‘why’), Christianity offers guidance on the conformity of faith and conduct (the ‘how’) through its sacred sources. One way for Christian owner-managers to derive the demarcation between the two, good or evil, lies in their sacred scripture, the Bible: “The Bible clearly shows us how to behave. We do not always live up to it, but it is [a significant]

confession if one wants and attempts to live according to what the Bible says” (owner-manager, #6). The golden rule, for example, is among the most fundamental rules of conduct in the Bible: “It is a Christian principle that Jesus teaches us ‘treat other people as you would like yourself to be treated’” (owner-manager, #17). Another source for believing owner-managers to derive morality of a conduct is prayer²¹.

Further, these moral standards not only apply to the private, but also the professional context: “I found the Bible to be a good management tool. Seldomly, I have stumbled upon something that does not appeal to my intellect or my rationality” (owner-manager, #17). It follows that Christian owner-managers attempt to establish (to a certain degree) the moral standards of Christian faith in their firms: “If we live up to God’s will, he will lead the company to its place—be that a place of great financial success or a place where he no longer needs the company and where he decides that the time has run out for the firm. Then, the time has expired” (owner-manager, #8).

An owner-manager provided an illustrative example which conceptualizes the construct of a moral code of conduct: “We opened our first branch in Toronto, Canada, last November and we had everything ready. Well, we had flown in a few Swiss workers and I had already booked my flight so that I could open this branch. Unfortunately, we noticed that we had forgotten to apply for a ‘food license’ in time. We discussed and evaluated what would happen if we opened the store anyways. We were told that it would not be a bad violation of law and that we would simply have to pay a fine. However, we concluded that we do not want to start our Canadian business like that. We wanted to start the whole thing in a correct way even though no one would ever acknowledge it. These are the moments of decision—sometimes you get weak, make mistakes, and therefore do not always make the right decisions. I believe our orientation as Christians towards the Creator, rather than stakeholders is the greatest difference” (owner-manager, #1).

Proposition 1c: *Christian owner-managers attempt to enact their belief through faith-compliant, moral behavior in the private and professional environment. Oftentimes, such faith-based morality is derived from sacred scriptures or prayers.*

²¹ In one case, an owner-manager revealed that he spends one week a year going on a retreat: “I have come to know the value of retreats or contemplation. [It is] a week of silence or Ignatian retreat—an accompanied, individual time-out” (owner-manager, #16).

4.5.2 Christian Owner-Manager Purpose: Beacons Serving God

The previously discussed tenets of Christian faith are instrumental for Christian owner-managers to approach one of the most ancient and unresolved questions of humankind: what is the purpose of our lives? While other disciplines struggle to give a clear or satisfying answer, Christian theology claims to provide sufficient explanation on the purpose of our being. Unsurprisingly, both the life purpose and, subsequently, the professional purpose of Christian owner-managers are infused by the previously discussed tenets of Christian faith. Following, I will explain in detail how the central tenets of Christianity shape the professional purpose of Christian owner-managers through their direct impact on the perception of life purpose—unearthing the transgression of Christian faith from the spiritual to the professional level.

4.5.2.1 Life Purpose of Christian Owner-Managers: *Servant to God*

Many Christian owner-managers perceive faith as their guiding star accompanying and encompassing all life. At the core of Christian faith lies the believe in cultivating an individual and eternal relationship with God: “Being a Christian [means fostering] a relationship with God. [In my life] it is a very high priority” (owner-manager, #14). This mutual relationship rests upon the comprehensive acceptance of God and his unconditional love: “Faith is the unconditional acceptance of God. (...) The personal relationship with the Creator mentioned in the Bible [is the foundation of life]—for [the] private as well as [the] business life” (owner-manager, #8). This personal relationship with God represents the foundation on which all other areas of life are built on.

Further, the idea of nurturing a relationship with God is closely related to the concept of serving God—a deeply rooted idea in Christianity: “Our high level of willingness to serve has its origins in the Christian faith [and the perspective] we have on humanity. [We feel obliged] to give something back to God who created us” (owner-manager, #17). Accordingly, servanthship towards God is reinforced by the *belief in fate*—the idea that all is a gift from God and ultimately lies in his hands. Beyond, serving God comprises the attempt to accept God’s guidance by enacting his will through life. It follows that the urge to serve God is accompanied by the attempt to search for the will of God. In short, for Christian owner-managers a fundamental purpose of life is to serve God by seeking his guidance—resonating with the Christian tenets of *accountability towards God* and *belief in fate*—and by witnessing and exemplifying God through life—resonating with the Christian tenet of *moral code of conduct*: “Only a lived faith is a sustainable faith. (...) We do not serve a god who gives you a mission, we serve a

god who is a mission. The mission is to witness [God] through life” (owner-manager, #16).

Because faith touches upon all aspects of life, it follows that the mission to serve God is all-embracing: “You always carry your faith with you” (owner-manager, #2). Thus, the responsibility to serve God applies to both the private life—by making a difference for friends and family²²—and the professional life. Accordingly, Christian owner-managers are convinced that Christian faith and business inevitably belong together. Beyond, because Christian owner-managers understand their profession, position, and status to be ordered by God—a consequence of their *belief in fate*—it is part of their natural self-concept to carry out faith through their roles as owner-managers: “I do not want to separate [my faith from business]. If I were a ‘Sunday Christian’, my faith would be limited to [church prayers] on Sunday mornings—[it would be] like taking a shower for example. But I am convinced that my company is my church. I experience what a pastor wishes for on Sundays—a full church every morning. (...) The number one act of faith in my life is to live it in my company” (owner-manager, #6).

Proposition 2a: *Christian owner-managers perceive nurturing a relationship with God by serving him a fundamental purpose of life. Backed by the comprehensive nature of their faith-derived identities, Christian owner-managers seek God’s guidance and aim to witness and exemplify him in both the private and professional life.*

4.5.2.2 Professional Purpose of Christian Owner-Managers: Beacons of Faith

As God’s will is the moral compass for Christian owner-managers guiding their lives, they seek ways to best serve God through their professional roles. The credo of serving God through the professional life led some owner-managers early in their careers to reflect on the usefulness of their professions for achieving their life purpose: “I thought about studying theology and becoming a pastor. But I still believe (...) that Christians are needed in business too—not just in places [full] of pious people. I decided that coming back [to the family business] was my way” (owner-manager, #4). Similarly, another owner-manager concluded that following the calling as an entrepreneur offered him many opportunities to serve God: “Out of my faith, I spent a moment thinking about whether I should become a teacher or get involved in Christianity. But I realized that you could do (...) Christian deeds in business too [and] that my place is within the company. (...) You can engage in Christianity as an entrepreneur too” (owner-manager,

²² Mentioned, for example, by owner-manager (#13).

#1). Accordingly, all interviewees shared the perception that the core of servanthship towards God in the professional environment goes beyond merely striving for financial success as material wealth provides only an inferior and insufficient motive for them.

Apart from a variety of other professional purposes, Christian owner-managers share a distinct professional aspiration resulting from the life purpose to serve God—making God accessible to other individuals: “We [want] other people [to experience] Christianity. (...) Everyone needs Jesus, Christianity, and the Church” (owner-manager, #4). For Christian owner-managers, a core aspect of making God accessible to stakeholders is to become visible role models of faith. It bases on the idea that an attractive, contagious life of faith would lead to others reflecting on their own life concepts: “Life should have an impact somewhere—it should radiate. (...) First and foremost, I want [my life journey] to be fundamentally attractive to people. (...) I want my life to be contagious leading others to reflect on whether such a life concept could be exciting for them too” (owner-manager, #14).

Yet, being a role model of faith is not merely a passive activity, as Christian owner-managers do not shy away to use their professional sphere of influence to make God accessible to stakeholders: “As a successful entrepreneur, you should gather people around you, share your life with them, and let them walk the path with you—like Jesus did. By walking the path together one can exert influence (...) which multiplies by the number of people in your environment. (...) Ultimately, I aim for emanating something that [also] makes a difference for non-believers. My people should experience the ‘fruits’ without us even talking about it. (...) [Accordingly,] the best that can happen to me is if someone says that I am different” (owner-manager, #6). In other words, Christian owner-managers enact faith in their professional sphere of influence to bring God closer to their stakeholders—or as explained through a metaphor from the Sermon of the Mount: “I am a small worm with a limited sphere of influence. (...) [However], if you are ‘salt and light’ for the people you deal with—e.g., family, employees, or customers—then your influence is huge from God’s point of view. All I ever attempted is to become the ‘salt and light’ for the people with whom I get in touch with. (...) It is not unimportant [to employ other- or non-religious employees] (...) [as it creates] a certain potential that these people come into contact with God” (owner-manager, #8). The underlying idea of serving God by making him accessible is to multiply the effects by transforming others into beacons too: “It is important that we shape society. It happens through our employees (...) who absorb and experience the company culture” (owner-manager, #4).

To clarify, it would be a clear misconception to assume that all Christian owner-managers see themselves primarily as strict missionaries—many opposed the terms ‘missionary’ and ‘proselytization’ in the interviews. In an interview with a member of the management, for example, the following statement was made: “We certainly do not need the fundamentalism and the conversion [aspect of faith in our firm]. That would not find support with our employees” (management member, #12).

However, while all Christian owner-managers insisted to avoid active attempts to convert someone to Christianity, the underlying tone in the interviews, implying the concept of a role model of faith, is undeniably prevalent: “I find it highly unchristian to evangelize people. But it is important to me that people who are on this [life] journey with me (...) feel and experience [God]. (...) But I am not a barker of faith principles” (owner-manager, #16). Similarly, this duality of argumentation—opposing active proselytization, but supporting the idea of affecting others by being a role model of faith—appears in the interview with another owner-manager: “[For me, it is unthinkable] to demand that all [my employees] have to be Christians (...) or have to pray together on their knees. (...) We should not harass anyone with Christianity or attempt to actively proselytize. [But] if [my life] had nothing contagious, then something would be wrong [and I] would have to think about [my] beliefs” (owner-manager, #6). To provide further evidence of the duality of argumentation—the same owner-manager acknowledged later in the interview a connection between his vision outside of the company and his role as missionary: “My goal is to create 100’000 jobs in countries where there are hardly any jobs. (...) I believe that (...) if you want to convert a hungry person, do not give them Bible verses to read, but give them something to eat” (owner-manager, #6).

To summarize, Christian owner-managers agree on their aversion to obvious, aggressive proselytization, however they share the fundamental believe of serving God by becoming a beacon of faith for others—representing, in the eyes of the author, a more subtle form of proselytization.

Proposition 2b: *Christian owner-managers assume their service to God in the professional environment by becoming beacons of faith and thereby making God accessible for stakeholders. While all Christian owner-managers dismiss their role as missionary in the professional environment, the mission to become a role model of faith substantiates, at least, a subtle form of proselytization.*

4.5.3 Enactment of Christian Owner-Manager Faith in the Firm

Based on the premise that Christian owner-managers aspire to make God accessible to their stakeholders, they are left with the question on how to enact their faith in the firm. As shown in Figure 6, Christian owner-manager enact their faith in the professional environment along two dimensions: the *level of enactment* and the *form of enactment*. The former encompasses two levels to materialize the mission to bring God closer to others: (1) in the role as owner-manager—individual level—and (2) through the company—organizational level. The second dimension—the *form of enactment*—comprises two effect directions: (3) through relationships—direct enactment—and (4) as a role model—indirect enactment.

Accordingly, Christian owner-managers serve God in the professional environment by enacting faith through building and nurturing transformational relationships (individual, direct), demonstrating leadership as a role model of Christian faith (individual, indirect), establishing faith-derived fundamentals for stakeholder relationships of the firm (organizational, direct), and aligning the business conduct of the firm with Christian ethics (organizational, indirect).

4.5.3.1 Individual-Direct Enactment of Christian Faith: Building and Nurturing Transformational Relationships

The position as the owner and manager of a company enables to build and maintain numerous professional relationships. Aside from the obvious role of being enablers of business, professional relationships also act as door openers for Christian owner-managers to enact their faith: “[Through my professional position] I have a great influence on a wide variety of people (...) such as customers (...) or employees” (owner-manager, #13). A precondition for using professional relationships for faith-related purposes is a shared understanding between owner-manager and stakeholders that their relation is not merely transactional, but rather transformational in its nature: “[I became entrepreneur] out of love for people—I really enjoy working with people. (...) That makes me an entrepreneur” (owner-manager, #13).

Hence, some Christian owner-managers claimed to set themselves apart from their other- or non-believing peers by their prioritized interest in human-beings rather than financial outlooks: “Christian [owner-managers] are more interested in the human-being and its condition [whereas] non-Christians are more number-oriented and think more in terms of costs and income [that are tied to] people” (owner-manager, #6). A management member supported this claim by stating the following: “(...) We are a

company that is aiming for profitability—we want to make money. But each employee as a person and human-being is of enormous importance for us too. When push comes to shove, we prioritize our employees [over profit]—contrary to classic management literature” (management member, #3). And reduced to its essence: “Instead of being profit-maximizing, [we are a] human-maximizing organization” (management member, #9). In support of the claim to be a ‘human-maximizing’ organization, one Christian owner-manager intentionally passed on part of his legit profit share to his business partner as a sign of Christian generosity: “[Even though] my share in a business deal with a colleague was 70% (...) I proposed to do ‘half-half’. I feel we can make a difference by showing this kind of (...) generosity—especially in times of crises” (owner-manager, #13).

The fact that these owner-manager/stakeholder-relationships are built on empathy rather than strict transactional means makes them reliable—sometimes even as reliable as family ties. Thus, in the eyes of some Christian owner-manager their relational commitment towards their stakeholders and their well-being goes beyond the professional environment extending even to private, firm-unrelated matters: “[My father] always supported—like a Samaritan—employees who suffered, for example, from marital problems or illnesses. (...) He was deeply involved with employees who had difficulties. (...) For example, he flew to Berlin to talk to a couple that was about to divorce to make sure that they stay together” (owner-manager, #10). Similarly, another owner-manager explained how his relationships with stakeholders go beyond simple transactional means: “Asked in an interview about his favorite customer, a director of a large truck company replied that there is one who pays the worst prices (...), bargains exceptionally tough, but at the same time is an exciting negotiator. He was talking about me. (...) I negotiate hard, but at the end I am interested in the person. [Over time,] we also shared conversations about faith, (...) our families, our dreams and wishes, and much more. (...) Ultimately, you notice that the [professional relationship] is not about money, but about us as individuals—he looks after me as a person. I think that is where we make the difference as Christians” (owner-manager, #6).

Building on the familiarity of professional, yet transformational relationships allows Christian owner-managers to touch upon topics with their stakeholders even as delicate, intimate and private as faith. In other words, the human-centered nature of the relationships between owner-manager and stakeholders allows mingling of professional and faith-related topics—and thus to make God accessible for stakeholders: “[For example] my assistant is a believer [and occasionally] we go jogging together. During

these sporting activities, we discuss not only company-related issues but also topics of faith and prayer” (owner-manager, #17). In another case, the simple act of testifying faith towards their stakeholders can serve the professional purpose of Christian owner-managers: “I had experienced that atheist customers with whom I [have shared a relationship] for many years suddenly started to talk about Christian faith. [Throughout the years] I did nothing but to testify my faith [and therefore allowed others] to get in touch with God (...) and to experience what I experienced. Suddenly, hardcore atheists started to believe too” (owner-manager, #16).

However, the mingling of professional relationships with faith-related topics bears relevant dangers. For example, other- or non-religious employees could find themselves in a position where they are pressured into faith-related topics because of the authority constellation stemming from the different hierarchical positions of owner-manager and employee: “It is central to me that the hierarchical constellation [between me and my employees] does not lead to them feeling pressured to adopt the Christian faith. (...) It would be quite awkward, not my intention, and counterproductive if one were to abuse a position of power to impose any beliefs on others” (owner-manager, #1). As a reaction, some owner-managers discuss faith-related topics in the professional environment only on the individual interest and demand of stakeholders.

***Proposition 3a:** Christian owner-managers enact their faith by building and nurturing relationships with stakeholders that go beyond transactional means. The nature of such transformational relationships in the professional environment manifests in its human-centricity. However, mingling professional relationships with faith bears dangers, for example, stemming from the authority gradient between owner-manager and employees.*

4.5.3.2 Individual-Indirect Enactment of Christian Faith: Demonstrating Leadership as a Role Model of Christian Faith

Beside their transformational relationships with stakeholders, Christian owner-managers use their visibility as company leaders to enact faith: “As an entrepreneur you are in the spotlight [and people] ask about personal matters. (...) Employees can be touched when they see how their boss lives” (owner-manager, #8). It bases on the idea that faith becomes tangible for stakeholders when exemplified through the conduct of Christian owner-managers—the ultimate authority in the firm: “A saying goes ‘the fish stinks from the head’. [We] underestimate that what [we] exemplify reaches the bottom (...) and is felt [by our stakeholders]” (owner-manager, #16). In other words, Christian owner-managers enact faith in the professional environment through behavior that

testifies the existence of God in the hope of being perceived by stakeholders as role models and, thus, inching them closer to God.

Despite the many opportunities of Christian owner-managers to enact faith through role model behavior, the most far-reaching and impactful instrument is decisions: “What is certainly of value is to exemplify your convictions (...) because people will spread it. Courageous decisions always become known—the good and the bad. Lived decisions are extremely powerful” (owner-manager, #1). For many Christian owner-managers faith affects their decisions in the firm by shaping the perception of risks one is willing to accept (see for example: Hogg, Adelman, & Blagg, 2010). Because Christian owner-managers understand their decisions to be guided by God who is in control of their fate, they perceive the risks tied to these decisions to be low: “I am willing to take insane risks, but only when I have God’s approval. Thus, in the end the risks are very controlled. (...) I bought land for 23 million CHF even though our bank rejected [the financing] and I had no idea how to pay for it. These are decisions that stem from faith. (...) Because God shows us the direction in which we should march, we can march extremely calmly—even without funding” (owner-manager, #6). In support, a management member provided another example regarding bold decisions: “We built halls in the past with the costs being in the millions for which we had no rational justification, no rational business case—but we were convinced that (...) we should go into this direction. (...) If we needed money [for these projects] from a bank, without any doubts they would have not given it to us” (management member, #3).

Such enhanced owner-manager risk-propensity stems from the confidence of having God on their side: “I am often more willing to take risks than (...) people around me. [As a Christian] you are a little less afraid to lose everything. Fear ultimately hinders risk taking” (owner-manager, #4). As decision-related risks are mitigated by God, it affects the nature of how fundamental decisions in Christian-led firms are taken. Many Christian owner-managers ask for God’s guidance before taking significant business decisions: “I reflect upon what the calling of [a project] might be. Instead of asking what would be most attractive financially, in the short term, I ask myself what the will of God could be” (management member, #5). Thus, prayers serve as a communication channel to ask for God’s guidance: “I get clear visions of what God wants with my company through prayers (...). [Ultimately,] it is God’s company which is why he must guide us. (...) If God was to tell me to invest 215 million CHF in real estate, then I will do it. (...) I do not have to take care a lot about the ‘how’, but I better take care that I do the right thing” (owner-manager, #6).

In some cases, these prayer sessions are not restricted to the Christian owner-manager himself but are extended to the active participation of members of the management or board of directors: “[The leadership team] on the level of the holding (...) meets on Monday mornings to pray before starting [the week]. (...) If there is a problem, big or small, we pray together and ask God for help” (owner-manager, #13). And similarly on the board level: “Major decisions on the board of directors must be approved by God. (...) [For these decisions] we hold a prayer session that we call listening prayer. Each member of the board of directors can ask their specific questions for half an hour and receive the corresponding answers [from God]. (...) We have huge projects in the pipeline which cannot be financed by us, but I am completely calm. There is a simple sentence: ‘God pays for what he orders’” (owner-manager, #6).

***Proposition 3b:** Christian owner-managers enact faith by using their visibility as company leaders to exemplify Christian believe. Decisions are the most far-reaching and impactful instrument of such role model behavior. For many Christian owner-managers their faith affects decisions in their firms by shaping the perception of the risks one is willing to accept. Christian owner-managers mitigate risks tied to decisions by asking for God’s guidance through prayers.*

4.5.3.3 Organizational-Direct Enactment of Christian Faith: Establishing Faith-Derived Fundamentals for Stakeholder Relationships of the Firm

However, Christian faith does not only manifest through transformational relationships and role model conduct of owner-managers, but also through their companies: “God gave me the mission [to serve him] in this world. (...) And, if I understood it correctly, [my company] is part of that” (owner-manager, #8). Hence, Christian owner-managers perceive their own companies as an instrumental extension to their service to God: “The most important purpose is (...) to create eternal values. (...) Our companies are scaffoldings for building and ensuring eternal values—encouraging people to reflect on where they come from, where they are heading for, and what their mission is. (...) [Regarding these questions,] we can accompany people and provide them with food for thought—not by talking, but through our actions” (owner-manager, #8). As such, these owner-managed companies are subject to the faith-derived purpose of their proprietors: “[Our owners] are not only Christians by name, but they live their faith actively. They aim the company to be more than simply a money machine. They want the company to be a beacon for society (...)” (management member, #7).

It follows that Christian faith does not only manifest through the individual level, but also through the organizational level in the form of relationships that Christian-led

companies foster with their stakeholders. Given their position of authority, owner-managers possess the decisive power to shape their firm's stakeholder relationships in accordance with their faith—by setting (1) *selection criteria* and (2) *standards* regarding the stakeholder relationships of their firms and the (3) *termination* of them.

Selection criteria. Derived from their faith, Christian owner-managers set mental guidelines to select (or exclude) internal and external stakeholders which the company would feel comfortable entering a relationship with. Oftentimes, these mental guidelines manifest through corporate mission- or value-statements which are made available to the wider public: “We are transparent about our guiding principles on our homepage—we are committed to [do business] according to Christian standards” (management member, #3). These signals ultimately lead to stakeholders, who oppose Christian values, voluntarily excluding themselves from collaborating with the company—as such they are a subtle, intended instrument of stakeholder (self-)selection: “It is important for me to place the company on a Christian foundation because it ensures that if someone consciously does not want to live these values, they will not work with us” (owner-manager, #2).

Beyond passive stakeholder (self-)selection mechanisms, some firms actively regulate their stakeholders by restricting selected stakeholders from doing business with them. Such exclusion of stakeholders crystallizes as Christian owner-managers, for example, refuse to collaborate with companies from certain industries: “There are two areas that we do not engage with. (...) Although we have had several inquiries, we do not want to [work with companies] from the sex industry. And second, we had inquiries from gurus (...) who worship a golden elephant or whatever. We decided that it does not fit our portfolio” (owner-manager, #14). However, the same owner-manager stated that the exclusion of stakeholders follows narrow confines: “Only [these two industries we refuse to work with]—otherwise you could not work for a bank that invests in unethical investments (...) or for a winemaker” (owner-manager, #14).

While certain stakeholders are being ruled out, others receive preferential treatments because of their Christian faith: “If we have a special job, then I take the [Christian company guide] and check if there is a Christian company that offers this. (...) There is a desire to take Christians into account (...) because you know that such a person is true to his word” (owner-manager, #4). In some cases, such preferential treatment of Christian stakeholders also manifests when deciding between two similar offers: “If we receive two offers that are roughly similar in price and I know what kind of background an entrepreneur has, then there is a high probability that I would give the task to the

Christian entrepreneur” (owner-manager, #17). In one case, the owner-manager even admitted giving discounts to Christian companies: “In some cases, we also grant additional discounts to Christian companies—but I am a bit an exotic on the market in this regard” (owner-manager, #6).

Beyond, effects of stakeholder selection in Christian-led firms further extend to employees—resulting, for example, in potential candidates not applying for positions in the firm: “[By being transparent about our faith] through the mission statement, people who [refuse to work with] Christians are not applying [for jobs in our firm]” (owner-manager, #2). However, all owner-managers agreed that there is no guaranteed employment for job applicants of Christian faith: “Claiming to be a Christian as an applicant does not pay half the rent with regards to getting a job. I would even be a little more cautious because I would have higher expectations of someone who claims to be a Christian. (...) It is not a free ticket to get a job with us” (owner-manager, #14).

Yet, while Christian denomination represents no positive selection criterion, the absence of such can constitute a reason for exclusion—especially for leadership positions: “Christian beliefs play no role in the recruiting process—except at the top level” (owner-manager, #6). And further, the same owner-manager admitted that candidates who strictly oppose Christian values would not be hired: “I employ around 300 people of Arab origin—by Arab I mean Muslims. (...) Yet, if someone tends to be completely on the other axis, for example a Satanist, I will refuse [to hire that person]” (owner-manager, #6). Accordingly, all owner-managers shared the understanding that employees, independent of their religious affiliation, must accept the values of the firm and the owner-manager: “All you have to do [if you want to work for us] is to accept that we think the way we think” (owner-manager, #8). And in support: “Sharing our ethical values is fundamental. [We have no use for someone] who is half corrupt. Such a person would not survive in our management. [The management constitutes of] individuals who share a similar mindset” (board member, #18).

Unsurprisingly, most employees—and in particular top executives—are uncritical of the Christian faith in the company or at least they passively accept the values of the company and the owner-manager: “[On corporate management level] no one sees our faith critically. Not on these levels” (owner-manager, #1). More so, many firms consciously establish a high percentage of Christians in operational and strategic leadership positions: “Around 80% of our executive board and board of directors [would describe themselves as Christians]” (owner-manager, #4). Yet, the same owner-manager pointed to the dangers of predominantly hiring Christians: “If we were only

believers on the executive board—I could live with that. But if all employees were believers, it would not correspond to reality—we would be an isolated company. It is important to me that there are not much more than 5% believers in the company—just like in society” (owner-manager, #4).

Standards. Apart from carefully selecting stakeholders, the Christian faith of owner-managers manifests through the standards their firms adhere to when nurturing their stakeholder relationships. Beyond purely financial considerations, these firms understand stakeholder relationships to involve a mutual relational responsibility: “On the one hand, we are a commercial company that has to generate sales and should be efficiently run. On the other hand, it is important for us to serve people” (management member, #9). To a certain degree, Christian-led firms are willing to forgo profit for the preservation of a stakeholder relationship: “We are known for not being the most profitable company and for pursuing other goals as well. (...) We have always kept jobs (...) which could have been automated long ago (...) to create or keep low-skilled jobs” (owner-manager, #4). Often, the effects of this relational responsibility appear to be in favor of the weak: “I think we tend to be more cordial to one another and we tend to decide in favor of the weak rather than in favor of the income statement when making decisions” (owner-manager, #6). Such social, human-centered appreciation of stakeholder relationships manifests, for example, in a firm’s tolerance and patience towards employees dealing with difficult life situations: “We kept an alcoholic employee in the company for 15 years—despite all the ups and downs with withdrawals and relapses. When he retired, he gave me credit that I had never cursed him. (...) One could say that this is a question of character, but ultimately character is shaped by faith” (owner-manager, #6).

Beyond, Christian faith manifests in stakeholder relationships through a human-centered corporate culture: “[Employees feel our faith in] the corporate culture, in social decisions, in a certain honesty. (...) The kingdom of God should be visible and tangible here in our company” (owner-manager, #13). And similar: “When you start with us (...) you would quickly feel that there is a certain interest in [you as a person] (...) and not just your performance [because] our company culture is shaped by [Christian] values” (owner-manager, #4). Certain individuals even accept to forgo some of their salary expectations in exchange for such human-centered corporate culture: “Christian faith creates a culture in which people like to work with you (...) because they feel comfortable. (...) [Some of these people] you would not be able to pay as a family business otherwise” (owner-manager, #1).

Apart from these rather intangible manifestations, some firms nurture their stakeholder relationships by displaying religious symbols, organizing prayers, providing prayer rooms, or even hiring pastors: “[In my firm] you may stumble across the tracts. Similarly, early prayer can take place in here. But that is not something that I am aggressively promoting. (...) [And] I have a cross in my office” (owner-manager, #17). Another owner-manager stated in support: “For six months we have been employing a company chaplain who is well-trained and who comes once a week for a day and talks to employees about topics such as debts, illness, beliefs or deaths. (...) [Additionally, we provide] a small prayer group (...) and a room of silence [for prayers]” (owner-manager, #6).

However, all these manifestations bear the constant danger that other- or non-believing employees feel restricted in their own faith or even pressured and bothered. Yet, most owner-managers dismissed the danger: “We receive more positive than negative responses when we talk about Christianity. (...) Interestingly, our Muslim franchise partners appreciate the fact that we stand by our values and beliefs. (...) [In addition,] we once had the question whether wearing a burqa [at the workplace should be allowed]. Regarding concealment in our subsidiaries, I decided that this should be allowed” (owner-manager, #1). In addition, many owner-managers highlighted that they would respect and tolerate stakeholders of different faith and not force them into their own faith.

Termination. Lastly, Christian faith manifests through the conditions that define the endurance of the relationships that these firms nurture with stakeholders. Some Christian owner-managers reported that faith-based relationships with stakeholders can put the firm and its leaders in a strange dilemma at times. For some owner-managers, for example, the question arose whether parting ways with stakeholders is a Christian act or not: “Sometimes my faith gets in the way (...). We work too long with certain suppliers because they have the same [faith] background. (...) We have some shoe factories in Germany that share our Christian background. From a purely financial point of view, I would have to reduce our collaboration, (...) but I also appreciate the relationship I have with these suppliers. There I notice that sometimes our belief stands in the way” (owner-manager, #17).

Furthermore, grounding stakeholder relationships on faith leaves Christian owner-managers and their firms in a vulnerable position when it comes to difficult decisions such as layoffs—resulting in accusations of being a hypocrite: “A year ago, we had to close a German location—130 employees were affected. Now the big question: ‘How

is this in line with Christian faith?' (...) Some people said (...) that this is not Christian after all. (...) However, to employ people on a sinking boat—e.g., risking the company—is [also not Christian]" (owner-manager, #1). And similarly: "If we fire someone many say: '[This is a] typical Christian—they are only believers up to their wallets'. (...) [Yet,] if I fire someone because of poor performance or because there is simply not enough work available then that has nothing to do with my faith. However, it is also clear that we will not fire a 63-year-old person but (...) let them work for another two years until they retire. It is more a matter of attitude" (owner-manager, #6).

Terminating stakeholder relationships is far easier when Christian values were disregarded or even broken. An owner-manager described such an episode as follows: "I once had an employee who was with us for 20 years. [He was] one of our best salespeople [as he generated] three million euros in sales. It turned out that he received brokerage money from some of our suppliers. I confronted him with the [accusations]. After lying and dodging umpteen times he had to admit it because I had black on white evidence. He could not take the path of apology anymore so that we could forgive him (...). He knew that it would never be the same again as it had been for 20 years because he had no longer a clean image. We had to part ways because there was no chance for a new beginning. If you cannot take the path of forgiveness, you will never have a clear conscience again. [Firing him] cost the company a huge amount of money—from one to another day I lost 3 million in sales. Parting ways with one of the best salespeople meant (...) three other employees lost their jobs too [because of the missing turnover]" (owner-manager, #10).

Proposition 3c: *Christian owner-managers enact faith by establishing faith-derived fundamentals for stakeholder relationships of the firm. As such they set selection criteria and standards regarding the stakeholder relationships of their firms and the termination of them. However, basing stakeholder relationships on faith involves the risk of being perceived as a 'hypocrite' in case of an alleged violation of faith principles.*

4.5.3.4 Organizational-Indirect Enactment of Christian Faith: Aligning the Business Conduct of the Firm with Christian Ethics

Beyond stakeholder relationships, Christian owner-managers enact their faith by aligning the business conduct of their companies with Christian faith—following the credo of 'walk the talk'. Based on their unique position of authority, it is ultimately the owner-managers who set guidance regarding the business conduct of their companies: "I have a high degree of influence as leader (...) because I determine the mission

statement, the guidelines, and the business practices” (owner-manager, #2). In many cases, the business conduct of these firms ground in what Christian owner-managers call ‘Christian ethics’: “[Our ethical principles] are identical to our [Christian beliefs]—otherwise it does not make any sense” (owner-manager, #8). At its heart, corporate application of Christian ethics aims for positive contribution of the firm to society in which its embedded. As such, Christian owner-managers are willing to forgo profits in the short term to comply with Christian ethics. Apart from other aspects, Christian ethics of firms include (1) the strict and sincere *abidance of written and unwritten law*, (2) the *service to the wider community and environment*, and (3) the financial and knowledge-based *contribution to philanthropic, social institutions*.

Abidance of law. A cornerstone of Christian ethics relates to the strict compliance with existing legal standards. Hence, firms that ground their business conduct in Christian ethics rule out any illegal activities: “Because we want to act 100% legally at all times it is no question whether I should bribe someone to do a business. It is just not an option, and such a thought never occurs to me” (owner-manager, #6). It follows, that these ethical guidelines oblige not only the owner-manager, but also the employees to follow and apply them: “[These ethical principles] give the company more peace and order. (...) If a customer attempts to pay in cash to get rid of black money (...) no sales representative must ask me whether this is allowed or not. Our values have become clear [to them] since their hiring process that we do not work (...) in these grey areas” (owner-manager, #10).

While acting within legal terms is not particular to Christian ethics alone, faith-derived ethical standards go even further by calling to refuse any engagements in (semi-)legal, but shady business conduct in grey areas: “For example, during the Covid-19 pandemics—how [honest] are companies on disclosing short-time work versus actual working hours? (...) I know some [entrepreneurs] who told me: ‘my people are busy, but I disclosed that half of my employees are on short-time work because it has never been so easy to make money’. In principle, you instigate your employees and a third party to cheat the state. Such [behavior] is impossible for us” (owner-manager, #10). In a similar way: “Sometimes there are customer requests that we must refuse. One example is postdating year-end invoices, basically writing proforma invoices [for customers so that they can] use up their budget. (...) We strictly refuse [to engage in] such activities (...)” (management member, #12).

However, Christian ethics do not prevent totally from any missteps. One owner-manager provided an example where Christian ethics in his firm were disregarded by

no one else but himself: “I was annoyed and sorry for not complying with my own values. We heard that a delivery of [raw material] had too high a pesticide value. At that time, we had already processed this into liquid [product]. We received a pragmatic suggestion from the project team (...) to simply mix the liquid [product] with ‘normal’ liquid [product] so that the average pesticide value would be completely harmless again. It would work, but it is illegal too. It must be destroyed if you discover [raw material with too high a pesticide value] but we did not do it. I am sorry for it although no press or anyone else knows about it. Nowadays I talk about this incident internally. However, the next time this project team reads about Christian values or ethical and legal compliance in our mission statement, they might think it is [only a facade]” (owner-manager, #1).

To strengthen the credibility of Christian ethics, one owner-manager has his employees sign a code of conduct to make sure that it is applied in the company: “The ‘code of business conduct’ is basically an anti-corruption code provided by our association. We have all employees sign [it to make sure] that they will adhere to it. That means no agreements that somehow promise favors are allowed. It is an anti-corruption code” (owner-manager, #16). Another owner-manager translated the ten commandments to his company environment: “When I became entrepreneur, it was important for me that the ten commandments are applied and adhered to—adapted to the company [environment]. For this purpose, my wife and I wrote a value statement—(...) inspired by the Rothschild statutes—which contain our values. For example, our value statement states that we aim to always act 100% legally” (owner-manager, #6).

Service to the community and environment. Another aspect of Christian ethics is firms aiming to contribute to their respective regional or national community by offering meaningful work—especially for the middle class and the less privileged: “[Usually] success is measured by customer satisfaction. However, (...) as a company we are already successful if we can offer work, create, and keep jobs in production and industry, (...) strengthen Switzerland as a business location, and maintain and promote ethical and meaningful work” (owner-manager, #14). Another owner-manager stated in support: “It is about creating not only top-qualified jobs, but jobs [in production and industry] where the middle class and the less well-off people find a place. This is where it really affects many people. (...) [Another] important value is that we manufacture in Switzerland. That does not seem to be Christian particularly. (...) However, this Swissness—that we invest locally, that we aim to contribute to our environment, the villages, the region, and Switzerland—stems from our faith” (owner-manager, #4).

Resulting from their eternal responsibility towards God, these firms feel the urge to conduct business in a sustainable manner applying a long-term orientation. Hence, one owner-manager drew a connection between Christian ethics and his firm's attempt to support sustainable solutions: "We placed geothermal probes in the earth and put solar panels on the roof for a lot of money. (...) We are a sustainable and climate neutral [company]. [As such,] we do a modern form of indulgence trade for our debts" (owner-manager, #16).

Contribution to philanthropic, social institutions. A last aspect of Christian ethics is contributing to society, especially for its weakest, by sharing financial wealth through donations. Thus, some firms donate a certain percentage of their profit (or sales figures) to aid organizations—oftentimes with a Christian background: "We donate around 10% to social-diaconal works. There is a blessing on these actions and whoever gives will receive more" (owner-manager, #6). One owner-manager set up foundations which he supports financially through his company to reduce suffering around the world: "We set up two foundations for which we donate around 8-10% of our annual profit for justice in the world. One foundation is for the prevention of poverty blindness, especially in Africa, and the other is for the fight against poverty in India (...)" (owner-manager, #16).

Oftentimes, it is difficult to differentiate whether a donation is made by the company or the owner-manager as the boundaries between the two are very fluid: "Whether the company donates the profit [as an organization] or the shareholder donates the dividend [as a private person]—the boundaries [for an owner-managed firm] are fluid" (owner-manager, #1). In some cases, firms do not simply donate their money to Christian aid organizations but offer their employees to engage themselves in these activities: "We put 10% of our profit aside for good institutions or projects. (...) We send our own employees to Tanzania, for example, to bring electricity to a hospital. (...) We can broaden the horizons of our employees who can make a commitment, grow personally, and notice the money that is being invested in them" (owner-manager, #13).

And lastly, stakeholders assess the congruence of a company's faith-based business conduct with the owner-manager's behavior outside the company. Thus, most Christian owner-managers use their resources stemming from their professional roles to engage in voluntary projects for the good of the society: "I feel I should contribute to society during the time that [I] have in this world. (...) It is important that we as Christians invest in and work for society for the good of others" (owner-manager, #4). Thus, some Christian owner-managers are committed to voluntary roles and social projects with

local, but also international impact: “I invest around 20% of my time (...) in projects that are not directly related to the business. (...) That includes for example [my roles as] president of an aid organization, president of the education commission in the school’s political community, (...) or board member of a church association. I also helped founding a company in Benin to set up moringa plantations. (...) It is exciting and (...) meaningful to me. Just to have a company that makes a lot of money [would be not enough]” (owner-manager, #14). Christian owner-manager invest not only time, but also money to serve God—some referred to the concept of the ‘tithe’—by donating a certain amount of their private wealth: “Why do we invest 1% of our sales in humanitarian projects instead of buying me a new car every year? It has a lot to do with my Christian motivation and view on humanity” (owner-manager, #14).

Proposition 3d: *Christian owner-managers enact faith by aligning their firms’ business conduct with principles of Christian ethics. These include the abidance of law, the service to the community and environment, and the contribution to philanthropic, social institutions.*

4.6 Discussion

With my paper I sought to explain the procedural transition of Christian faith of owner-managers into the professional environment by analyzing the central tenets of Christianity, the purpose of Christian owner-managers, and the enactment of faith-derived purpose in the professional environment. Despite the valuable insights provided by the perspectives of social identity theory and role identity theory, we still lack an in-depth understanding of procedural aspects of Christian owner-managers transitioning their faith into the professional environment. Hence, I aimed to extend the two theoretical perspectives through this research paper. This study builds on data from 20 semi-structured interviews with representatives from eleven owner-managed firms with Christian owner-managers in Switzerland and field notes.

Data show that the three central tenets of Christianity—*accountability towards God*, *belief in fate*, and *moral code of conduct*—serve as the basis for Christian owner-manager purpose. Further, these owner-managers understand their faith-derived purpose in serving God and, in the context of their professional environment, in bringing God closer to stakeholders. Lastly, Christian owner-managers enact their faith in the professional environment by *building and nurturing transformational relationships* (individual-direct enactment), *demonstrating leadership as a role model of Christian faith* (individual-indirect enactment), *establishing faith-derived fundamentals for*

stakeholder relationships (organizational-direct enactment), and *aligning the business conduct of the firm with Christian ethics* (organizational-indirect enactment).

4.6.1 Contributions

With my paper I aim to make three main contributions. Contributing to social identity theory (e.g., Tajfel, 1972; Tajfel et al., 1979) and role identity theory (e.g., Stryker, 1968, 1980; Stryker & Serpe, 1982) the integrative process model links the religious identity of Christian owner-managers with their enactment in the professional environment. While Fauchart and Gruber (2011) refer to political, social, and environmental aspects fueling the cause for missionary type entrepreneurs, this paper extends the discussion by adding religious believe as another important layer. I argue that Christian owner-managers, like missionary type entrepreneurs (Fauchart & Gruber, 2011; Sieger et al., 2016), aim to influence society according to their convictions by enacting their faith in the professional environment. Furthermore, by unearthing how Christian owner-managers enact their faith in the professional environment, I propose that the religious identity of Christian owner-managers noticeably affects their behavior (see discussion in: Wimberley, 1989).

Second, by outlining the transition of owner-manager faith into the professional environment through the proposed model I contribute to private firm literature (e.g., Astrachan et al., 2020; Carradus et al., 2019; Paterson et al., 2013). With my paper I generate understanding about the tenets of Christian faith that affect owner-manager purpose. These central tenets of Christianity represent, ultimately, the origins of the enactment of Christian faith by owner-managers in their professional environment. As such, I extend the discussion circling around the effects of religion on private firms by analyzing how Christian believe transitions into the firm via its effect on owner-manager purpose.

Finally, I contribute to the concept of socio-emotional wealth (SEW) (Gómez-Mejía et al., 2011; Gómez-Mejía et al., 2007) in owner-managed firms (Schulze, 2016). According to SEW, firm owners “make decisions in such a way that they preserve accumulated endowment in the firm” (Berrone, Cruz, & Gómez-Mejía, 2012, p. 259). As SEW serves as a reference point for business owners, it consists of four distinct dimensions²³—transgenerational control, benevolent social ties, identity and reputation,

²³ According to Berrone et al. (2012) there are five SEW-dimensions: family control and influence, family identification with the firm, binding social ties, emotional attachment, and transgenerational intentions (also discussed in: Kellermanns, Eddleston, & Zellweger, 2012).

and emotions and affect (Miller & Le Breton–Miller, 2014; Zellweger, 2017). In this paper, I propose to add religious believe as another dimension of SEW to explain the nature of non-financial goals in privately-held firms. In effect, Christian owner-managers are willing to forgo firm profit in return for receiving God's endorsement.

4.6.2 Limitations and Future Research

As with any research project, this study comes with certain limitations. First, the focus of this research paper lies on owner-managers who follow Christian faith. In order to achieve comparability among cases, I excluded owner-managers with religious believes other than Christianity (e.g., Islam, Hinduism, Buddhism, or Judaism) (Dana, 2009). In a similar spirit, I blended out differences within Christianity stemming from Christian denominations such as protestant, catholic, or orthodox denomination (Nunziata & Rocco, 2016). Hence, future research could analyze the validity of this paper's explanatory model for other religions and strengthen the study's findings by comparing different Christian denominations with the results stemming from this research paper.

Secondly, this paper focuses on publicly-known Christian owner-managers. Thus, one could question the generalizability of the results among Christian owner-managers—some of whom might not even be known as Christians to the wider public (Cadge & Konieczny, 2014). To avoid this possible selection bias, future research could enhance generalizability of the study's findings by testing its propositions on Christian owner-managers who are not publicly known believers.

The last limitation stems from the fact that this paper relies on data gathered with only male interviewees. Hence, future research could test the extant model for female Christian owner-managers and further analyze gender differences with regards to the procedural transition of owner-manager faith into the professional environment.

4.6.3 Conclusion

By extending both social identity theory and role identity theory I uncover the transition of owner-manager faith into the professional environment—discussing the central tenets of Christian faith, assessing how they shape owner-manager purpose, and showing how Christian owner-managers enact their faith in the professional environment on the individual and organizational level. By analyzing eleven Christian-led owner-managed companies in Switzerland I develop a model that offers an understanding about the procedural transition of Christian faith of owner-managers into the professional environment. With my paper I hope to raise understanding for the role of owner-manager faith in the firm.

5 Concluding Chapter

5.1 Contributions

Each of the three papers contributes to the broader field of research of owner control in private firms. Following, the individual theoretical and practical contributions of each paper are discussed in detail.

Paper one makes three major contributions. By addressing the distinct role of family events of the controlling owner for the evolution of business groups and by overcoming its rather static perspective (e.g., Boyd & Solarino, 2016; Chang, 2003; Gu et al., 2019; Kandel et al., 2019), the paper contributes to the business group literature. Further, by applying a long-term perspective the study adds to the entrepreneurship and family business literatures, which typically analyze single succession events (Calabrò et al., 2018; Huang et al., 2020; Nason et al., 2019)—the second contribution. Lastly, by shedding light on how life-cycle events at the level of the controlling owner alter the evolution of firms this paper contributes to scholarship on evolutionary management (Abatecola, 2014; Burgelman, 1991; Hannan & Freeman, 1977; Ruef & Scott, 1998).

The *second paper* makes four major contributions. First, the integrated process model of employee empowerment illustrating considerations of balancing corporate growth ambitions, the use of resource, and agency-related issues contributes to private firm literature (e.g., Durand & Vargas, 2003; Schulze & Zellweger, 2021; Wasserman, 2017). Second, the paper contributes to resource dependence theory (Emerson, 1962; Pfeffer & Salancik, 1978) by discussing mechanisms on how to effectively make use of acquired resources and pointing out the related costs. Further, the paper proposes that costs stemming from a principal-agent constellation can be outweighed by the realized growth opportunities and thus contributes to principal-agent theory (Alchian & Demsetz, 1972; Jensen & Meckling, 1976). The fourth and last contribution stems from linking resource dependence theory and principal-agent theory by providing an integrative process model that investigates the drivers, mechanisms, and effects of employee empowerment.

The *third paper* makes three major contributions. By proposing a model linking religious identity of Christian owner-managers with their enactment in the professional environment the paper contributes to both social identity theory (e.g., Tajfel, 1972; Tajfel et al., 1979) and role identity theory (e.g., Stryker, 1968, 1980; Stryker & Serpe, 1982). The paper further contributes to the literature on private firms (Astrachan et al., 2020; Carradus et al., 2019; Paterson et al., 2013) by unearthing the procedural

transition of Christian owner-manager faith into the professional environment. Lastly, the proposition to add religious believe as a SEW-dimension explaining the origins of non-financial goals in owner-managed firms extends discussions regarding the literature on socio-emotional wealth (Gómez-Mejía et al., 2011; Gómez-Mejía et al., 2007)—accounting for the third contribution of the paper.

5.2 Limitations and Future Research

The *first paper* comes with two major limitations. Regarding the family domain, the study's sampling includes business dynasties with rather traditional, even patriarchal family structures. In reaction to recent socioeconomic trends such as the rise in divorce rates, women entering the workforce and top leadership roles, out-of-wedlock births, single-parent households, and unmarried couples without children (Aldrich et al., 2021; Aldrich & Cliff, 2003), future work may give more attention to a wider array of family structures and their coordination (Han et al., 2017; Mahmood et al., 2017). Secondly, future research could look beyond the family and business domains and extend its focus on further contextual forces such as political-regime change or regulatory change (for an overview refer to Abatecola, 2014).

The *second paper* is accompanied by three relevant limitations. The sampling of the paper adopted a narrow focus with regards to geographical focus (Switzerland) and industry focus (main- and ancillary construction industry). To improve generalizability of the findings, future research could put more attention to other geographical regions as well as other industries. Second, to generate novel theory the paper has adopted an inductive research design relying on qualitative data. Thus, future research could quantitatively test the propositions made in the paper across industries and countries to reach further validity of the process model of employee empowerment. Finally, future research could focus specifically on the relation between firm size and the appropriate use of employee empowerment mechanisms since that would provide valuable guidance for owner-managers on how to empower their employees given a certain size of the company.

Paper three comes with three relevant limitations. To achieve comparability among cases, the paper put its attention on owner-managers following Christian faith (Dana, 2009). In addition, the paper blended out differences within Christian faith stemming from the various Christian denominations (Nunziata & Rocco, 2016). Thus, future research could validate the results proposed by the model with regards to other religions and test for variation within the different Christian denominations. Second, the

sampling of the paper includes owner-managers who openly affiliate with Christian faith. The wider generalizability of the study's findings could be questioned, as Christian owner-managers might have been excluded simply because they are not known as Christians to the wider public (Cadge & Konieczny, 2014). Hence, future research could improve generalizability of the results by including owner-managers of Christian believe who are not publicly known believers. Lastly, the paper heavily relies on interview data stemming from male interviewees. Future research could validate the results of the paper by including female Christian owner-managers and thus analyze gender differences regarding the transition of owner-manager faith into the professional environment.

5.3 Conclusion

This cumulative dissertation shed light on three distinct aspects of owner control in private firms: transgenerational owner control (*paper one*), the distribution of owner control (*paper two*), and the execution of owner control (*paper three*). By focusing on three distinct aspects, this doctoral thesis generates valuable insights into owner control in private firms.

References

- Abatecola, G. (2014). Research in organizational evolution. What comes next? *European Management Journal*, 32(3), 434-443.
- Aghion, P., & Tirole, J. (1997). Formal and real authority in organizations. *Journal of Political Economy*, 105(1), 1-29.
- Alchian, A. A., & Demsetz, H. (1972). Production, information costs, and economic organization. *American Economic Review*, 62(5), 777-795.
- Aldrich, H. E. (1979). *Organizations and environments*. Engelwood Cliffs, NJ: Prentice-Hall.
- Aldrich, H. E., Brumana, M., Campopiano, G., & Minola, T. (2021). Embedded but not asleep: Entrepreneurship and family business research in the 21st century. *Journal of Family Business Strategy*, 12(1), 100390.
- Aldrich, H. E., & Cliff, J. E. (2003). The pervasive effects of family on entrepreneurship: Toward a family embeddedness perspective. *Journal of Business Venturing*, 18(5), 573-596.
- Aldrich, H. E., & Ruef, M. (2006). *Organizations evolving* (2nd ed.). London: Sage Publications Ltd.
- Almeida, H. V., & Wolfenzon, D. (2006). A theory of pyramidal ownership and family business groups. *Journal of Finance*, 61(6), 2637-2680.
- Ang, J. S., Cole, R. A., & Lin, J. W. (2000). Agency costs and ownership structure. *Journal of Finance*, 55(1), 81-106.
- Ashforth, B. E., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review*, 14(1), 20-39.
- Astrachan, J. H., Astrachan, C. B., Campopiano, G., & Baù, M. (2020). Values, spirituality and religion: Family business and the roots of sustainable ethical behavior. *Journal of Business Ethics*, 163(4), 637-645.
- Audretsch, D. B., Boente, W., & Tamvada, J. P. (2007). Religion and entrepreneurship. *Jena Economic Research Papers*, 2007(075).
- Baharun, R., & Kamarudin, S. (2001). The effects of entrepreneurs' personal religious values and business performance in information technology industry. *Journal of Enterprising Culture*, 9(4), 437-448.
- Baker, G., Gibbons, R., & Murphy, K. J. (1999). Informal authority in organizations. *Journal of Law, Economics, and organization*, 15(1), 56-73.
- Barnett, W. P., & Hansen, M. T. (1996). The red queen in organizational evolution. *Strategic Management Journal*, 17(S1), 139-157.
- Becker, G. S. (2009). *A treatise on the family*: Harvard University Press.
- Bennedsen, M., Nielsen, K. M., Perez-Gonzalez, F., & Wolfenzon, D. (2007). Inside the family firm: The role of families in succession decisions and performance. *Quarterly Journal of Economics*, 122(2), 647-691.
- Berrone, P., Cruz, C., & Gómez-Mejía, L. R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, 25(3), 258-279.
- Bertrand, M., Johnson, S., Samphantharak, K., & Schoar, A. (2008). Mixing family with business: A study of Thai business groups and the families behind them. *Journal of Financial Economics*, 88(3), 466-498.
- Bertrand, M., & Schoar, A. (2006). The role of family in family firms. *Journal of Economic Perspectives*, 20(2), 73-96.
- Bhatnagar, N., Sharma, P., & Ramachandran, K. (2019). Spirituality and corporate philanthropy in Indian family firms: An exploratory study. *Journal of Business Ethics*, 163(4), 715-728.

- Bierl, P., & Kammerlander, N. H. (2019). Family equity as a transgenerational mechanism for entrepreneurial families. *Journal of Family Business Management*.
- Bird, B. (1988). Implementing entrepreneurial ideas: The case for intention. *Academy of Management Review*, 13(3), 442-453.
- Block, J., Fisch, C., & Rehan, F. (2020). Religion and entrepreneurship: A map of the field and a bibliometric analysis. *Management Review Quarterly*, 70(4), 591-627.
- Bode, C., Wagner, S. M., Petersen, K. J., & Ellram, L. M. (2011). Understanding responses to supply chain disruptions: Insights from information processing and resource dependence perspectives. *Academy of Management Journal*, 54(4), 833-856.
- Boyd, B. K. (1990). Corporate linkages and organizational environment: A test of the resource dependence model. *Strategic Management Journal*, 11(6), 419-430.
- Boyd, B. K., & Solarino, A. M. (2016). Ownership of corporations: A review, synthesis, and research agenda. *Journal of Management*, 42(5), 1282-1314.
- Burgelman, R. A. (1991). Intraorganizational ecology of strategy making and organizational adaptation: Theory and field research. *Organization Science*, 2(3), 239-262.
- Burke, P. J. (1980). The self: Measurement requirements from an interactionist perspective. *Social psychology quarterly*, 43(1), 18-29.
- Cabrera-Suárez, K., De Saá-Pérez, P., & García-Almeida, D. (2001). The succession process from a resource-and knowledge-based view of the family firm. *Family Business Review*, 14(1), 37-48.
- Cadge, W., & Konieczny, M. E. (2014). "Hidden in plain sight": The significance of religion and spirituality in secular organizations. *Sociology of Religion*, 75(4), 551-563.
- Cai, G., Li, W., & Tang, Z. (2020). Religion and the method of earnings management: Evidence from China. *Journal of Business Ethics*, 161(1), 71-90.
- Calabrò, A., Minichilli, A., Amore, M. D., & Brogi, M. (2018). The courage to choose! Primogeniture and leadership succession in family firms. *Strategic Management Journal*, 39(7), 2014-2035.
- Carney, M., & Gedajlovic, E. (2002). The co-evolution of institutional environments and organizational strategies: The rise of family business groups in the ASEAN region. *Organization Studies*, 23(1), 1-29.
- Carney, M., Gedajlovic, E., Heugens, P. P., Van Essen, M., & Van Oosterhout, J. (2011). Business group affiliation, performance, context, and strategy: A meta-analysis. *Academy of Management Journal*, 54(3), 437-460.
- Carney, M., Gedajlovic, E., & Strike, V. M. (2014). Dead money: Inheritance law and the longevity of family firms. *Entrepreneurship Theory and Practice*, 38(6), 1261-1283.
- Carney, M., & Nason, R. S. (2018). Family business and the 1%. *Business & Society*, 57(6), 1191-1215.
- Carney, M., Van Essen, M., Estrin, S., & Shapiro, D. (2018). Business groups reconsidered: Beyond paragons and parasites. *Academy of Management Perspectives*, 32(4), 493-516.
- Carney, R. W., & Child, T. B. (2013). Changes to the ownership and control of East Asian corporations between 1996 and 2008: The primacy of politics. *Journal of Financial Economics*, 107(2), 494-513.
- Carradus, A., Zozimo, R., & Cruz, A. D. (2019). Exploring a faith-led open-systems perspective of stewardship in family businesses. *Journal of Business Ethics*, 163(4), 701-714.
- Casciaro, T., & Piskorski, M. J. (2005). Power imbalance, mutual dependence, and constraint absorption: A closer look at resource dependence theory. *Administrative Science Quarterly*, 50(2), 167-199.
- Caselli, F., & Gennaioli, N. (2013). Dynastic management. *Economic Inquiry*, 51(1), 971-996.

- Casson, M. (1999). The economics of the family firm. *Scandinavian Economic History Review*, 47(1), 10-23.
- Cater, J. J., Collins, L. A., & Beal, B. D. (2017). Ethics, faith, and profit: Exploring the motives of the US fair trade social entrepreneurs. *Journal of Business Ethics*, 146(1), 185-201.
- Chacar, A., & Vissa, B. (2005). Are emerging economies less efficient? Performance persistence and the impact of business group affiliation. *Strategic Management Journal*, 26(10), 933-946.
- Chang, S. J. (2003). Ownership structure, expropriation, and performance of group-affiliated companies in Korea. *Academy of Management Journal*, 46(2), 238-253.
- Chang, S. J., & Hong, J. (2000). Economic performance of group-affiliated companies in Korea: Intragroup resource sharing and internal business transactions. *Academy of Management Journal*, 43(3), 429-448.
- Chen, Y. F., & Tjosvold, D. (2006). Participative leadership by American and Chinese managers in China: The role of relationships. *Journal of Management Studies*, 43(8), 1727-1752.
- Cheung, T. S., & King, A. (2004). Righteousness and profitability: The moral choices of contemporary Confucian entrepreneurs. *Journal of Business Ethics*, 54(3), 245-260.
- Child, J. (1972). Organizational structure, environment and performance: The role of strategic choice. *Sociology*, 6(1), 1-22.
- Chittoor, R., Kale, P., & Puranam, P. (2015). Business groups in developing capital markets: Towards a complementarity perspective. *Strategic Management Journal*, 36(9), 1277-1296.
- Choi, Y. R., & Shepherd, D. A. (2004). Entrepreneurs' decisions to exploit opportunities. *Journal of Management*, 30(3), 377-395.
- Chrisman, J. J., Chua, J. H., & Litz, R. A. (2004). Comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence. *Entrepreneurship Theory and Practice*, 28(4), 335-354.
- Chua, J. H., Chrisman, J. J., & Sharma, P. (1999). Defining the family business by behavior. *Entrepreneurship Theory and Practice*, 23(4), 19-39.
- Chung, C.-N. (2006). Beyond guanxi: Network contingencies in Taiwanese business groups. *Organization Studies*, 27(4), 461-489.
- Claessens, S., Djankov, S., & Lang, L. H. (2000). The separation of ownership and control in East Asian corporations. *Journal of Financial Economics*, 58(1-2), 81-112.
- Colli, A., Howorth, C., & Rose, M. (2013). Long-term perspectives on family business. *Business History*, 55(6), 841-854.
- Conger, J. A., & Kanungo, R. N. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13(3), 471-482.
- Crayne, M. P., & Hunter, S. T. (2018). Historiometry in organizational science: Renewed attention for an established research method. *Organizational Research Methods*, 21(1), 6-29.
- Dahl, M. S., Dezső, C. L., & Ross, D. G. (2012). Fatherhood and managerial style: How a male CEO's children affect the wages of his employees. *Administrative Science Quarterly*, 57(4), 669-693.
- Dalton, D. R., Daily, C. M., Johnson, J. L., & Ellstrand, A. E. (1999). Number of directors and financial performance: A meta-analysis. *Academy of Management Journal*, 42(6), 674-686.
- Dana, L. P. (2009). Religion as an explanatory variable for entrepreneurship. *The International Journal of Entrepreneurship and Innovation*, 10(2), 87-99.
- Demsetz, H. (1983). The structure of ownership and the theory of the firm. *Journal of Law and Economics*, 26(2), 375-390.

- Diaz-Moriana, V., Clinton, E., Kammerlander, N., Lumpkin, G., & Craig, J. B. (2020). Innovation motives in family firms: A transgenerational view. *Entrepreneurship Theory and Practice*, 44(2), 256-287.
- Dilmaghani, M. (2018). Importance of religion or spirituality and mental health in Canada. *Journal of Religion and Health*, 57(1), 120-135.
- Dobrev, S. D., & Barnett, W. P. (2005). Organizational roles and transition to entrepreneurship. *Academy of Management Journal*, 48(3), 433-449.
- Dodd, S. D., & Gotsis, G. (2007). The interrelationships between entrepreneurship and religion. *The International Journal of Entrepreneurship and Innovation*, 8(2), 93-104.
- Dodd, S. D., & Seaman, P. T. (1998). Religion and enterprise: An introductory exploration. *Entrepreneurship Theory and Practice*, 23(1), 71-86.
- Duran, P., & Ortiz, M. (2020). When more is better: Multifamily firms and firm performance. *Entrepreneurship Theory and Practice*, 44(4), 761-783.
- Durand, R., & Vargas, V. (2003). Ownership, organization, and private firms' efficient use of resources. *Strategic Management Journal*, 24(7), 667-675.
- Dyer, W. G., Nenque, E., & Hill, E. J. (2014). Toward a theory of family capital and entrepreneurship: Antecedents and outcomes. *Journal of Small Business Management*, 52(2), 266-285.
- Economist, T. (2008, May 10). Business: Dynasty calls; Face value. *The Economist*, 387(8579).
- Eddleston, K. A., & Kellermanns, F. W. (2007). Destructive and productive family relationships: A stewardship theory perspective. *Journal of Business Venturing*, 22(4), 545-565.
- Eisenhardt, K. M. (1985). Control: Organizational and economic approaches. *Management Science*, 31(2), 134-149.
- Eisenhardt, K. M. (1989a). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57-74.
- Eisenhardt, K. M. (1989b). Building theories from case-study research. *Academy of Management Review*, 14(4), 532-550.
- Eisenhardt, K. M., Graebner, M. E., & Sonenshein, S. (2016). Grand challenges and inductive methods: Rigor without rigor mortis. *Academy of Management Journal*, 59(4), 1113-1123.
- Ellul, A., Pagano, M., & Panunzi, F. (2010). Inheritance law and investment in family firms. *American Economic Review*, 100(5), 2414-2450.
- Emerson, R. M. (1962). Power-dependence relations. *American Sociological Review*, 27(1), 31-41.
- Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *The Journal of Law and Economics*, 26(2), 301-325.
- Farmer, S. M., Yao, X., & Kung-Mcintyre, K. (2011). The behavioral impact of entrepreneur identity aspiration and prior entrepreneurial experience. *Entrepreneurship Theory and Practice*, 35(2), 245-273.
- Fathallah, R., Sidani, Y., & Khalil, S. (2019). How religion shapes family business ethical behaviors: An institutional logics perspective. *Journal of Business Ethics*, 163(4), 647-659.
- Fauchart, E., & Gruber, M. (2011). Darwinians, communitarians, and missionaries: The role of founder identity in entrepreneurship. *Academy of Management Journal*, 54(5), 935-957.
- Fernando, M., Beale, F., & Geroy, G. D. (2009). The spiritual dimension in leadership at Dilmah Tea. *Leadership & Organization Development Journal*, 30(6), 522-539.
- Finkelstein, S. (1992). Power in top management teams: Dimensions, measurement, and validation. *Academy of Management Journal*, 35(3), 505-538.

- Foss, K., Foss, N. J., & Klein, P. G. (2007). Original and derived judgment: An entrepreneurial theory of economic organization. *Organization Studies*, 28(12), 1893-1912.
- Foss, K., Foss, N. J., & Vázquez, X. H. (2006). 'Tying the manager's hands': constraining opportunistic managerial intervention. *Cambridge Journal of Economics*, 30(5), 797-818.
- Foss, N. J., & Weber, L. (2016). Moving opportunism to the back seat: Bounded rationality, costly conflict, and hierarchical forms. *Academy of Management Review*, 41(1), 61-79.
- Franks, J., Mayer, C., Volpin, P., & Wagner, H. F. (2011). The life cycle of family ownership: International evidence. *The Review of Financial Studies*, 25(6), 1675-1712.
- French, J. L., & Rosenstein, J. (1984). Employee ownership work attitudes, and power relationships. *Academy of Management Journal*, 27(4), 861-869.
- Frooman, J. (1999). Stakeholder influence strategies. *Academy of Management Review*, 24(2), 191-205.
- Fry, L. W., & Slocum, J. W. (2008). Maximizing the triple bottom line through spiritual leadership. *Organizational Dynamics*, 37(1), 86-96.
- Gant, M. (2019, October 9). Why does In-N-Out print Bible verses on its cups and wrappers? *Today*.
- Gedajlovic, E., Lubatkin, M., & Schulze, W., S. (2004). Crossing the threshold from founder management to professional management: A governance perspective. *Journal of Management Studies*, 41(5), 899-912.
- Gehman, J., Glaser, V. L., Eisenhardt, K. M., Gioia, D., Langley, A., & Corley, K. G. (2018). Finding theory-method fit: A comparison of three qualitative approaches to theory building. *Journal of Management Inquiry*, 27(3), 284-300.
- Gersick, C. J. (1994). Pacing strategic change: The case of a new venture. *Academy of Management Journal*, 37(1), 9-45.
- Gilding, M. (2005). Families and fortunes: Accumulation, management succession and inheritance in wealthy families. *Journal of Sociology*, 41(1), 29-45.
- Gioia, D. A. (1998). From individual to organizational identity. In A. D. Whetten & P. C. Godfrey (Eds.), *Identity in organizations: Building theory through conversations* (pp. 17-32). CA: Sage: Thousand Oaks.
- Glaser, B., & Strauss, A. (1967). *The discovery of grounded theory: Strategies of qualitative research*. London: Wiedenfeld and Nicholson.
- Gómez-Mejía, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The bind that ties: Socioemotional wealth preservation in family firms. *Academy of Management Annals*, 5(1), 653-707.
- Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137.
- Gómez-Mejía, L. R., Núñez-Nickel, M., & Gutierrez, I. (2001). The role of family ties in agency contracts. *Academy of Management Journal*, 44(1), 81-95.
- Gould, S. J. (1982). Darwinism and the expansion of evolutionary theory. *Science*, 216(4544), 380-387.
- Graafland, J., Kaptein, M., & Mazereeuw-van der Duijn Schouten, C. (2006). Business dilemmas and religious belief: An explorative study among Dutch executives. *Journal of Business Ethics*, 66(1), 53-70.
- Greiner, L. E. (1972). Evolution and revolution as organizations grow. *Harvard Business Review*, 50(3), 37-46.
- Gruber, M., & MacMillan, I. C. (2017). Entrepreneurial behavior: A reconceptualization and extension based on identity theory. *Strategic Entrepreneurship Journal*, 11(3), 271-286.

- Gu, Q., Lu, J. W., & Chung, C.-N. (2019). Incentive or disincentive? A socioemotional wealth explanation of new industry entry in family business groups. *Journal of Management*, 45(2), 645-672.
- Guillen, M. F. (2000). Business groups in emerging economies: A resource-based view. *Academy of Management Journal*, 43(3), 362-380.
- Gupta, P. D., Guha, S., & Krishnaswami, S. S. (2013). Firm growth and its determinants. *Journal of innovation and entrepreneurship*, 2(1), 15.
- Hammond, N. L., Pearson, A. W., & Holt, D. T. (2016). The quagmire of legacy in family firms: Definition and implications of family and family firm legacy orientations. *Entrepreneurship Theory and Practice*, 40(6), 1209-1231.
- Han, J., Shipilov, A. V., & Greve, H. R. (2017). Unequal bedfellows: Gender role-based deference in multiplex ties between Korean business groups. *Academy of Management Journal*, 60(4), 1531-1553.
- Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American Journal of Sociology*, 82(5), 929-964.
- Harrington, B., & Strike, V. M. (2018). Between kinship and commerce: Fiduciaries and the institutional logics of family firms. *Family Business Review*, 31(4), 417-440.
- Haunschild, P. R. (1993). Interorganizational imitation: The impact of interlocks on corporate acquisition activity. *Administrative Science Quarterly*, 564-592.
- Heller, F. (2003). Participation and power: A critical assessment. *Applied Psychology*, 52(1), 144-163.
- Hilary, G., & Hui, K. W. (2009). Does religion matter in corporate decision making in America? *Journal of Financial Economics*, 93(3), 455-473.
- Hillman, A. J., & Dalziel, T. (2003). Boards of directors and firm performance: Integrating agency and resource dependence perspectives. *Academy of Management Review*, 28(3), 383-396.
- Hillman, A. J., Withers, M. C., & Collins, B. J. (2009). Resource dependence theory: A review. *Journal of Management*, 35(6), 1404-1427.
- Hoang, H., & Gimeno, J. (2010). Becoming a founder: How founder role identity affects entrepreneurial transitions and persistence in founding. *Journal of Business Venturing*, 25(1), 41-53.
- Hodgson, G. M., & Knudsen, T. (2006). Why we need a generalized Darwinism, and why generalized Darwinism is not enough. *Journal of Economic Behavior & Organization*, 61(1), 1-19.
- Hogg, M. A., Adelman, J. R., & Blagg, R. D. (2010). Religion in the face of uncertainty: An uncertainty-identity theory account of religiousness. *Personality and Social Psychology Review*, 14(1), 72-83.
- Hogg, M. A., Terry, D. J., & White, K. M. (1995). A tale of two theories: A critical comparison of identity theory with social identity theory. *Social psychology quarterly*, 58(4), 255-269.
- Huang, X., Chen, L., Xu, E., Lu, F., & Tam, K.-C. (2020). Shadow of the prince: Parent-incumbents' coercive control over child-successors in family organizations. *Administrative Science Quarterly*, 65(3), 710-750.
- Huang, X., Iun, J., Liu, A., & Gong, Y. (2010). Does participative leadership enhance work performance by inducing empowerment or trust? The differential effects on managerial and non-managerial subordinates. *Journal of Organizational Behavior*, 31(1), 122-143.
- Huang, X., Shi, K., Zhang, Z., & Cheung, Y. L. (2006). The impact of participative leadership behavior on psychological empowerment and organizational commitment in Chinese state-owned enterprises: the moderating role of organizational tenure. *Asia Pacific Journal of Management*, 23(3), 345-367.

- Iacobucci, D., & Rosa, P. (2010). The growth of business groups by habitual entrepreneurs: The role of entrepreneurial teams. *Entrepreneurship Theory and Practice*, 34(2), 351-377.
- Iannaccone, L. R. (1998). Introduction to the economics of religion. *Journal of economic literature*, 36(3), 1465-1495.
- Jaffe, D. T., & Lane, S. H. (2004). Sustaining a family dynasty: Key issues facing complex multigenerational business-and investment-owning families. *Family Business Review*, 17(1), 81-98.
- James, W. (1890). *Principles of psychology*. New York: Holt Rinehart and Winston.
- Jaskiewicz, P., Combs, J. G., & Rau, S. B. (2015). Entrepreneurial legacy: Toward a theory of how some family firms nurture transgenerational entrepreneurship. *Journal of Business Venturing*, 30(1), 29-49.
- Jaskiewicz, P., Combs, J. G., Shanine, K. K., & Kacmar, K. M. (2017). Introducing the family: A review of family science with implications for management research. *Academy of Management Annals*, 11(1), 309-341.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Jiang, F., Jiang, Z., Kim, K. A., & Zhang, M. (2015). Family-firm risk-taking: Does religion matter? *Journal of Corporate Finance*, 33, 260-278.
- Johnson, P. (1976). *A history of Christianity*. New York: Harper & Row.
- Johnstone, R. A. (2000). Models of reproductive skew: A review and synthesis (invited article). *Ethology*, 106(1), 5-26.
- Jonsen, K., Fendt, J., & Point, S. (2018). Convincing qualitative research: What constitutes persuasive writing? *Organizational Research Methods*, 21(1), 30-67.
- Jurkiewicz, C. L., & Giacalone, R. A. (2004). A values framework for measuring the impact of workplace spirituality on organizational performance. *Journal of Business Ethics*, 49(2), 129-142.
- Kandel, E., Kosenko, K., Morck, R., & Yafeh, Y. (2019). The great pyramids of America: A revised history of US business groups, corporate ownership, and regulation, 1926–1950. *Strategic Management Journal*, 40(5), 781-808.
- Kanter, R. M. (1979). Power failure in management circuits. *Harvard Business Review*, 57(4), 65-75.
- Kaplan, S. N., & Stromberg, P. (2009). Leveraged buyouts and private equity. *Journal of Economic Perspectives*, 23(1), 121-146.
- Katz, D., & Kahn, R. L. (1978). *The social psychology of organizations* (Vol. 2). New York: Wiley.
- Kellermanns, F. W. (2013). Spirituality and religion in family firms. *Journal of Management, Spirituality & Religion*, 10(2), 112-115.
- Kellermanns, F. W., Eddleston, K. A., & Zellweger, T. (2012). Article commentary: Extending the socioemotional wealth perspective: A look at the dark side. *Entrepreneurship Theory and Practice*, 36(6), 1175-1182.
- Khanna, T. (2000). Business groups and social welfare in emerging markets: Existing evidence and unanswered questions. *European Economic Review*, 44(4-6), 748-761.
- Khanna, T., & Palepu, K. (2000). The future of business groups in emerging markets: Long-run evidence from Chile. *Academy of Management Journal*, 43(3), 268-285.
- Khanna, T., & Rivkin, J. W. (2001). Estimating the performance effects of business groups in emerging markets. *Strategic Management Journal*, 22(1), 45-74.
- Koenig, H. G., King, D. E., & Carson, V. B. (2012). *Handbook of religion and health* (2nd ed.). Oxford: Oxford University Press.

- Kotey, B., & Meredith, G. G. (1997). Relationships among owner/manager personal values, business strategies, and enterprise performance. *Journal of Small Business Management*, 35(2), 37-64.
- Lam, C. K., Huang, X., & Chan, S. C. (2015). The threshold effect of participative leadership and the role of leader information sharing. *Academy of Management Journal*, 58(3), 836-855.
- Lam, S. S., Chen, X.-P., & Schaubroeck, J. (2002). Participative decision making and employee performance in different cultures: The moderating effects of allocentrism/idiocentrism and efficacy. *Academy of Management Journal*, 45(5), 905-914.
- Lambrecht, J. (2005). Multigenerational transition in family businesses: A new explanatory model. *Family Business Review*, 18(4), 267-282.
- Lambrecht, J., & Donckels, R. (2008). Towards a business family dynasty: A lifelong, continuing process. In P. Z. Poutziouris, K. X. Smyrnios, & S. B. Klein (Eds.), *Handbook of research on family business* (pp. 388-401). Northampton, MA.
- Langley, A. (1999). Strategies for theorizing from process data. *Academy of Management Review*, 24(4), 691-710.
- Langley, A., & Abdallah, C. (2011). Templates and turns in qualitative studies of strategy and management. In D. D. Bergh & D. J. Ketchen (Eds.), *Building methodological bridges (Research Methodology in Strategy and Management)* (Vol. 6, pp. 201-235). Bingley: Emerald Group Publishing Limited.
- Langley, A., Smallman, C., Tsoukas, H., & Van de Ven, A. H. (2013). Process studies of change in organization and management: Unveiling temporality, activity, and flow. *Academy of Management Journal*, 56(1), 1-13.
- Le Breton-Miller, I., & Miller, D. (2018). Beyond the firm: Business families as entrepreneurs. *Entrepreneurship Theory and Practice*, 42(4), 527-536.
- Le Breton-Miller, I., & Miller, D. (2013). Socioemotional wealth across the family firm life cycle: A commentary on "Family Business Survival and the Role of Boards". *Entrepreneurship Theory and Practice*, 37(6), 1391-1397.
- Le Breton-Miller, I. L., Miller, D., & Steier, L. P. (2004). Toward an integrative model of effective FOB succession. *Entrepreneurship Theory and Practice*, 28(4), 305-328.
- Lepak, D. P., Smith, K. G., & Taylor, M. S. (2007). Value creation and value capture: A multilevel perspective. *Academy of Management Review*, 32(1), 180-194.
- Ling, Y., Simsek, Z., Lubatkin, M. H., & Veiga, J. F. (2008). Transformational leadership's role in promoting corporate entrepreneurship: Examining the CEO-TMT interface. *Academy of Management Journal*, 51(3), 557-576.
- Locke, K. (2001). *Grounded theory in management research*. London: Sage Publications Inc.
- Low, J. J., & Ayoko, O. B. (2018). The emergence of spiritual leader and leadership in religion-based organizations. *Journal of Business Ethics*, 161(3), 513-530.
- Lubatkin, M. H., Lane, P. J., Collin, S.-O., & Very, P. (2005). Origins of corporate governance in the USA, Sweden and France. *Organization Studies*, 26(6), 867-888.
- Lubatkin, M. H., Ling, Y., & Schulze, W. S. (2007). An organizational justice-based view of self-control and agency costs in family firms. *Journal of Management Studies*, 44(6), 955-971.
- Lubatkin, M. H., Simsek, Z., Ling, Y., & Veiga, J. F. (2006). Ambidexterity and performance in small-to medium-sized firms: The pivotal role of top management team behavioral integration. *Journal of Management*, 32(5), 646-672.
- Luo, X., & Chung, C.-N. (2005). Keeping it all in the family: The role of particularistic relationships in business group performance during institutional transition. *Administrative Science Quarterly*, 50(3), 404-439.

- Mahmood, I. P., Zhu, H., & Zaheer, A. (2017). Centralization of intragroup equity ties and performance of business group affiliates. *Strategic Management Journal*, 38(5), 1082-1100.
- Marcus, G. E., & Hall, P. D. (1992). *Lives in trust: The fortunes of dynastic families in late twentieth-century America*. Boulder: Westview Press.
- Masulis, R. W., Pham, P. K., & Zein, J. (2020). Family business group expansion through IPOs: The role of internal capital markets in financing growth while preserving control. *Management Science*, 66(11), 5191-5215.
- Mathias, B. D., & Williams, D. W. (2017). The impact of role identities on entrepreneurs' evaluation and selection of opportunities. *Journal of Management*, 43(3), 892-918.
- McCall, G. J., & Simmons, J. L. (1966). *Identities and interactions*. New York: The Free Press.
- McCann, B. T., & Vroom, G. (2014). Competitive behavior and nonfinancial objectives: Entry, exit, and pricing decisions in closely held firms. *Organization Science*, 25(4), 969-990.
- Mead, G. H. (1934). *Mind, self, and society from the perspective of a social behaviorist*. Chicago: University of Chicago Press.
- Michael-Tsabari, N., Labaki, R., & Zachary, R. K. (2014). Toward the cluster model: The family firm's entrepreneurial behavior over generations. *Family Business Review*, 27(2), 161-185.
- Miller, D. (1987). The genesis of configuration. *Academy of Management Review*, 12(4), 686-701.
- Miller, D., & Le Breton-Miller, I. (2006). Family governance and firm performance: Agency, stewardship, and capabilities. *Family Business Review*, 19(1), 73-87.
- Miller, D., & Le Breton-Miller, I. (2014). Deconstructing socioemotional wealth. *Entrepreneurship Theory and Practice*, 38(4), 713-720.
- Milliman, J., Ferguson, J., Trickett, D., & Condemi, B. (1999). Spirit and community at Southwest Airlines: An investigation of a spiritual values-based model. *Journal of Organizational Change Management*, 12(3), 221-233.
- Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853-886.
- Mitroff, I. I., & Denton, E. A. (1999). A study of spirituality in the workplace. *MIT Sloan Management Review*, 40(4), 83-92.
- Morck, R., Shleifer, A., & Vishny, R. W. (1988). Management ownership and market valuation: An empirical analysis. *Journal of Financial Economics*, 20, 293-315.
- Morrison, A., Breen, J., & Ali, S. (2003). Small business growth: Intention, ability, and opportunity. *Journal of Small Business Management*, 41(4), 417-425.
- Murmann, J. P., Aldrich, H. E., Levinthal, D., & Winter, S. G. (2003). Evolutionary thought in management and organization theory at the beginning of the new millennium: A symposium on the state of the art and opportunities for future research. *Journal of Management Inquiry*, 12(1), 22-40.
- Nason, R. S., Mazzelli, A., & Carney, M. (2019). The ties that unbind: Socialization and business-owning family reference point shift. *Academy of Management Review*, 44(4), 846-870.
- Navis, C., & Glynn, M. A. (2011). Legitimate distinctiveness and the entrepreneurial identity: Influence on investor judgments of new venture plausibility. *Academy of Management Review*, 36(3), 479-499.
- Nelson, R., & Winter, S. (1982). *An evolutionary theory of economic change*. Cambridge: Harvard University Press.

- Ng, S. H., Teh, B. H., Ong, T. S., & Soh, W. N. (2014). A review on family-controlled business groups with particular reference to corporate governance in Malaysia. *International Business Management*, 8(5), 268-276.
- Nisbet, R. A. (1970). Developmentalism: A critical analysis. In J. McKinney & E. Tiryakin (Eds.), *Theoretical sociology: Perspectives and developments*. New York: Meredith.
- Nordqvist, M., & Zellweger, T. (2010). *Transgenerational entrepreneurship: Exploring growth and performance in family firms across generations*. Cheltenham: Edward Elgar Publishing.
- Noussair, C. N., Trautmann, S. T., Van de Kuilen, G., & Vellekoop, N. (2013). Risk aversion and religion. *Journal of Risk and uncertainty*, 47(2), 165-183.
- Nunziata, L., & Rocco, L. (2016). A tale of minorities: Evidence on religious ethics and entrepreneurship. *Journal of Economic Growth*, 21(2), 189-224.
- Owens, B. P., & Hekman, D. R. (2016). How does leader humility influence team performance? Exploring the mechanisms of contagion and collective promotion focus. *Academy of Management Journal*, 59(3), 1088-1111.
- Parsons, T. (1949). The social structure of the family. In R. N. Anshen (Ed.), *The family: Its function and destiny* (pp. 173-201). New York: Harper.
- Paterson, T. A., Specht, D., & Duchon, D. (2013). Exploring costs and consequences of religious expression in family businesses. *Journal of Management, Spirituality & Religion*, 10(2), 138-158.
- Pérez, P. F., & Raposo, N. P. (2007). Bonsais in a wild forest? A historical interpretation of the longevity of large Spanish family firms. *Revista de Historia Económica-Journal of Iberian and Latin American Economic History*, 25(3), 459-497.
- Pettigrew, A. M. (1990). Longitudinal field research on change: Theory and practice. *Organization Science*, 1(3), 267-292.
- Pfeffer, J., & Salancik, G. (1978). *The external control of organizations: A resource dependence perspective*. New York: Harper Row.
- Powell, E. E., & Baker, T. (2014). It's what you make of it: Founder identity and enacting strategic responses to adversity. *Academy of Management Journal*, 57(5), 1406-1433.
- Queller, D. C., & Strassmann, J. E. (1998). Kin selection and social insects. *Bioscience*, 48(3), 165-175.
- Rau, S. B., Schneider-Siebke, V., & Günther, C. (2019). Family firm values explaining family firm heterogeneity. *Family Business Review*, 32(2), 195-215.
- Ruef, M., & Scott, W. R. (1998). A multidimensional model of organizational legitimacy: Hospital survival in changing institutional environments. *Administrative Science Quarterly*, 43(4), 877-904.
- Rynes, S., & Gephart Jr, R. P. (2004). From the editors: Qualitative research and the "Academy of Management Journal". *Academy of Management Journal*, 47(4), 454-462.
- Salvato, C., Chirico, F., & Sharma, P. (2010). Understanding exit from the founder's business in family firms. In A. S. Steward, G. T. Lumpkin, & J. A. Katz (Eds.), *Entrepreneurship and family business (Advances in Entrepreneurship, Firm Emergence and Growth, Volume 12)* (pp. 31-85). Bingley: Emerald Group Publishing Limited.
- Schulze, W. S. (2016). Socio-emotional wealth and family: Revisiting the connection. *Management Research: The Journal of the Iberoamerican Academy of Management*, 14(3), 288-297.
- Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003). Exploring the agency consequences of ownership dispersion among the directors of private family firms. *Academy of Management Journal*, 46(2), 179-194.
- Schulze, W. S., Lubatkin, M. H., Dino, R. N., & Buchholtz, A. K. (2001). Agency relationships in family firms: Theory and evidence. *Organization Science*, 12(2), 99-116.

- Schulze, W. S., & Zellweger, T. (2021). Property rights, owner-management, and value creation. *Academy of Management Review*, 46(3), 489-511.
- Scott, M., & Bruce, R. (1987). Five stages of growth in small business. *Long range planning*, 20(3), 45-52.
- Shen, N., & Su, J. (2017). Religion and succession intention-Evidence from Chinese family firms. *Journal of Corporate Finance*, 45, 150-161.
- Siegel, R. (2018, August 27). Marriott has room at the inn ... for more Bibles. *The Washington Post*.
- Sieger, P., Gruber, M., Fauchart, E., & Zellweger, T. (2016). Measuring the social identity of entrepreneurs: Scale development and international validation. *Journal of Business Venturing*, 31(5), 542-572.
- Simon, H. A. (1972). Theories of bounded rationality. *Decision and organization*, 1(1), 161-176.
- Simsek, Z. (2007). CEO tenure and organizational performance: An intervening model. *Strategic Management Journal*, 28(6), 635-662.
- Sitzmann, T., & Campbell, E. M. (2021). The Hidden Cost of Prayer: Religiosity and the Gender Wage Gap. *Academy of Management Journal*, 64(4), 1016-1048.
- Smith, B. R., McMullen, J. S., & Cardon, M. S. (2021). Toward a theological turn in entrepreneurship: How religion could enable transformative research in our field. *Journal of Business Venturing*, 36(5), 106139.
- Spence, L. J., & Rutherford, R. (2001). Social responsibility, profit maximisation and the small firm owner-manager. *Journal of Small Business and Enterprise Development*, 8(2), 126-139.
- Stets, J. E., & Burke, P. J. (2000). Identity theory and social identity theory. *Social psychology quarterly*, 63(3), 224-237.
- Stets, J. E., & Burke, P. J. (2014). The development of identity theory. In *Advances in group processes (Vol. 31)* (pp. 57-97). Bingley: Emerald Group Publishing Limited.
- Strauss, A., & Corbin, J. (1990). *Basics of qualitative research: grounded theory procedures and techniques*. Thousand Oaks, CA: Sage Publications Inc.
- Strauss, A., & Corbin, J. (1998). *Basics of qualitative research techniques*. Thousand Oaks, CA: Sage Publications Inc.
- Stryker, S. (1968). Identity salience and role performance: The relevance of symbolic interaction theory for family research. *Journal of Marriage and the Family*, 30, 558-564.
- Stryker, S. (1980). *Symbolic interactionism: A social structural version*: Benjamin-Cummings Publishing Company.
- Stryker, S. (1987). Identity theory: Developments and extensions. In K. Yardley & T. Honess (Eds.), *Self and identity: Psychosocial perspectives* (pp. 89-103): John Wiley & Sons.
- Stryker, S., & Burke, P. J. (2000). The past, present, and future of an identity theory. *Social psychology quarterly*, 63(4), 284-297.
- Stryker, S., & Serpe, R. T. (1982). Commitment, identity salience, and role behavior: Theory and research example. In W. Ickes & E. S. Knowles (Eds.), *Personality, roles, and social behavior. Springer Series in Social Psychology* (pp. 199-218). New York, NY: Springer.
- Stutz, C., & Sachs, S. (2018). Facing the normative challenges: The potential of reflexive historical research. *Business & Society*, 57(1), 98-130.
- Suddaby, R. (2010). Editor's comments: Construct clarity in theories of management and organization. *Academy of Management Review*, 35(3), 346-357.

- Tabor, W., Madison, K., Marler, L. E., & Kellermanns, F. W. (2020). The effects of spiritual leadership in family firms: A conservation of resources perspective. *Journal of Business Ethics*, 163(4), 729-743.
- Tajfel, H. (1972). Social categorization, English manuscript of La catégorization sociale. *Introduction à la psychologie sociale*, 1.
- Tajfel, H., Turner, J. C., Austin, W. G., & Worchel, S. (1979). An integrative theory of intergroup conflict. *Organizational identity: A reader*, 56(65), 33-46.
- Thompson, J. D. (1967). *Organizations in action: Social science bases of administrative theory*. New York: McGraw Hill.
- Tichy, N. (1980). Problem cycles in organizations and the management of change. In J. Kimberly & R. Miles (Eds.), *The organizational life cycle* (pp. 164-183). San Francisco: Jossey-Bass Publishers.
- Turner, R. H. (1978). The role and the person. *American Journal of Sociology*, 84(1), 1-23.
- Tushman, M. L., & Romanelli, E. (1985). Organizational evolution: A metamorphosis model of convergence and reorientation. In B. M. Staw & L. L. Cummings (Eds.), *Research in Organizational Behavior* (Vol. 7, pp. 171-222). Greenwich, CT: JAI Presse.
- Ulrich, D., & Barney, J. B. (1984). Perspectives in organizations: resource dependence, efficiency, and population. *Academy of Management Review*, 9(3), 471-481.
- Van de Ven, A. H., Bechara, J. P., & Sun, K. (2019). How outcome agreement and power balance among parties influence processes of organizational learning and nonlearning. *Journal of Management*, 45(3), 1252-1283.
- Van de Ven, A. H., & Poole, M. S. (1995). Explaining development and change in organizations. *Academy of Management Review*, 20(3), 510-540.
- Van de Ven, A. H., & Sun, K. (2011). Breakdowns in implementing models of organization change. *Academy of Management Perspectives*, 25(3), 58-74.
- Vasconcelos, A. F. (2010). Spiritual development in organizations: A religious-based approach. *Journal of Business Ethics*, 93(4), 607-622.
- Vehrencamp, S. L. (1983). Optimal degree of skew in cooperative societies. *American Zoologist*, 23(2), 327-335.
- Verver, M., & Koning, J. (2018). Toward a kinship perspective on entrepreneurship. *Entrepreneurship Theory and Practice*, 42(4), 631-666.
- Voss, U., & Brettel, M. (2014). The effectiveness of management control in small firms: Perspectives from resource dependence theory. *Journal of Small Business Management*, 52(3), 569-587.
- Wagner III, J. A. (1994). Participation's effects on performance and satisfaction: A reconsideration of research evidence. *Academy of Management Review*, 19(2), 312-330.
- Wagner III, J. A., & Gooding, R. Z. (1987). Shared influence and organizational behavior: A meta-analysis of situational variables expected to moderate participation-outcome relationships. *Academy of Management Journal*, 30(3), 524-541.
- Wang, H. C., He, J., & Mahoney, J. T. (2009). Firm-specific knowledge resources and competitive advantage: The roles of economic- and relationship-based employee governance mechanisms. *Strategic Management Journal*, 30(12), 1265-1285.
- Wang, X. A., Wan, W. P., & Yiu, D. W. (2019). Product diversification strategy, business group affiliation, and IPO underpricing: A study of Chinese firms. *Strategic Entrepreneurship Journal*, 13(2), 179-198.
- Wasserman, N. (2017). The throne vs. the kingdom: Founder control and value creation in startups. *Strategic Management Journal*, 38(2), 255-277.
- West, S. A., Griffin, A. S., Gardner, A., & Diggle, S. P. (2006). Social evolution theory for microorganisms. *Nature reviews microbiology*, 4(8), 597-607.

- Wimberley, D. W. (1989). Religion and role-identity: A structural symbolic interactionist conceptualization of religiosity. *The Sociological Quarterly*, 30(1), 125-142.
- Wry, T., Cobb, J. A., & Aldrich, H. E. (2013). More than a metaphor: Assessing the historical legacy of resource dependence and its contemporary promise as a theory of environmental complexity. *Academy of Management Annals*, 7(1), 441-488.
- Yan, A., & Gray, B. (2001). Antecedents and effects of parent control in international joint ventures. *Journal of Management Studies*, 38(3), 393-416.
- Yang, K. P., & Schwarz, G. M. (2016). A multilevel analysis of the performance implications of excess control in business groups. *Organization Science*, 27(5), 1219-1236.
- Yin, R. K. (2002). *Case study research: Design and methods*. Los Angeles, CA: Sage Publications Inc. .
- Yin, R. K. (2009). *Case study research: Design and methods* (6 ed.). Los Angeles, CA: Sage Publications Inc.
- Yin, X., & Shanley, M. (2008). Industry determinants of the “merger versus alliance” decision. *Academy of Management Review*, 33(2), 473-491.
- Ysseldyk, R., Matheson, K., & Anisman, H. (2010). Religiosity as identity: Toward an understanding of religion from a social identity perspective. *Personality and Social Psychology Review*, 14(1), 60-71.
- Zahra, S., & Filatotchev, I. (2004). Governance of the entrepreneurial threshold firm: A knowledge-based perspective. *Journal of Management Studies*, 41(5), 885-897.
- Zahra, S. A. (2018). Entrepreneurial risk taking in family firms: The wellspring of the regenerative capability. *Family Business Review*, 31(2), 216-226.
- Zellweger, T. (2017). *Managing the family business: Theory and practice*. Cheltenham: Edward Elgar Publishing.
- Zellweger, T., Kellermanns, F. W., Chrisman, J. J., & Chua, J. H. (2012). Family control and family firm valuation by family CEOs: The importance of intentions for transgenerational control. *Organization Science*, 23(3), 851-868.
- Zellweger, T., Nason, R. S., & Nordqvist, M. (2012). From longevity of firms to transgenerational entrepreneurship of families: Introducing family entrepreneurial orientation. *Family Business Review*, 25(2), 136-155.
- Zhang, S. (2020). Workplace spirituality and unethical pro-organizational behavior: the mediating effect of job satisfaction. *Journal of Business Ethics*, 161(3), 687-705.
- Zhang, Y. (2006). The presence of a separate COO/president and its impact on strategic change and CEO dismissal. *Strategic Management Journal*, 27(3), 283-300.
- Zigan, K., Heliot, Y., & Le Grys, A. (2021). Analyzing leadership attributes in faith-based organizations: Idealism versus reality. *Journal of Business Ethics*, 170(4), 743-757.
- Zona, F., Gómez-Mejía, L. R., & Withers, M. C. (2018). Board interlocks and firm performance: Toward a combined agency–resource dependence perspective. *Journal of Management*, 44(2), 589-618.

Appendix

A. Appendix Paper II: Exemplary Interview Guide

Open - Advantages / Disadvantages of Owner-Managed Companies

General

Reasons for Management Type

- Could you briefly explain what the ownership, management, and board of directors look like in your company?
- Your company is managed by you as the owner-manager.
 - When and why was this management structure chosen?
 - What reasons speak in favor of owner-management as a management structure?
- Where do you see differences to non-owner-managed companies?

Advantages of Owner-Management

- What are the advantages of owner-management?
 - Please provide examples related to your company.
 - Where are the advantages of the owner-management clearly noticeable?
- If you had to prioritize the advantages: What is the most decisive and important advantage of the owner-management?
 - Why is this advantage the most important?
- Was there a time as an owner-manager when you were glad that your company was owner-managed?
 - When was that and what situation were you and the company in?
 - Why were you glad to be owner-managed?
- How relevant are these benefits stemming from owner-management for your company?
 - Why are the benefits relevant?
- What advantages does owner-management have for you personally?
 - Please provide an example.
 - How important are these personal advantages to you?

Mechanisms Advantages

- How do you use the advantages of the owner-management for your company?
 - Explain this for each advantage by using examples.

Disadvantages of Owner-Management

- What are the disadvantages of owner management?
 - Please provide examples related to your company.
 - Where are the disadvantages of owner management clearly noticeable?
- If you had to prioritize the disadvantages: What is the most decisive and significant disadvantage of the owner-management?
 - Why is the disadvantage mentioned above the most significant for your company?

- Was there a time as the owner-manager when you would have wished that your company was not owner-managed?
 - When was that and what situation were you and the company in?
 - Why did you wish not to be owner-managed?
- How relevant are these disadvantages stemming from owner-management for your company?
 - Why are the disadvantages relevant?
- What disadvantages does the owner-management have for you personally?
 - Please provide an example.
 - How serious are the disadvantages for you?

Mechanisms Disadvantages

- How do you mitigate the disadvantages of owner-management for your company?
 - Explain using examples.

Further Considerations

- With centralized power comes a lot of responsibility and pressure.
 - When did you encounter the limit of your work capacities because of the management structure?
 - How often do you reach the limit of your work capacity?
 - When did your company reach its capacity limits due to the management structure?
 - Where in the company is there potential for decentralizing control?
 - What is stopping you from decentralizing control in these areas?
 - What would have to happen that you would give up the owner-management structure?
- How often is the chosen management structure of the owner-management questioned?
 - In which body and how often are questions about the management structure discussed?
 - Are there voices in (or outside) the company that critically question and evaluate the owner-management?
 - How do you deal with these voices?
 - Is the criticism justified in your opinion?
- What net effect / influence does the management structure of the owner-management have on the success of your company?

Construct - Advantages & Disadvantages of Owner-Managed Companies

Strategic Advantages

Innovation

- How does innovation come about in your company?
 - Who drives (in-/formally) innovation in your company?
 - How do you ensure innovation in your company?
 - Who decides which innovations will be pursued?

- What role do you play in the innovation process in your company?
 - Where and how do you influence the innovation process? Through which bodies?
- What have been noteworthy innovations in your company in recent years?
 - How did these innovations come about?
 - What were the reasons for the success of these innovations?
 - What conclusions did you draw from the success for future innovations (factors)?
 - What conclusions did you draw from failed innovations (factors)?
- Where do you see the differences with regards to innovation in non-owner-managed companies?
 - What are the advantages of owner-managed companies in generating innovation?
 - In which innovation project were you happy that your company is owner-managed? Why?
 - Do you see disadvantages of owner-managed companies generating innovation?
- How do you capitalize on the innovation advantages in your company?
 - Please provide examples.

Strategic Agility

- How do strategic changes arise in the company?
 - Who is driving (formally & informally) strategic changes in your company?
 - Who decides on strategic changes in the company?
 - What role do you play in strategic changes in the company?
 - Where and how do you influence the strategic changes?
- Would you describe your company as agile / flexible?
 - Please justify with supporting examples.
- What have been significant strategic changes in your company in recent years?
 - How did these strategic changes come about?
 - What were the reasons for the success of the strategic changes?
 - What conclusions from this success did you draw for future strategic changes (factors)?
 - How did you deal with critical voices (e.g., by members of management or board of directors)?
 - What conclusions have you drawn from failed attempts for future strategic changes (factors)?
- Have you considered strategic changes that have not been implemented later?
 - How did these considerations come about?
 - What were the reasons for not implementing it?
 - Who decided not to implement it?

- Where do you see differences in strategic changes in your company compared to non-owner-managed companies?
 - What are the advantages of owner-managed companies with regards to strategic changes?
 - In which strategic change were you happy that your company is owner-managed? Why?
 - Do you see disadvantages of owner-managed companies when it comes to strategic changes?
- How do you capitalize on strategic advantages in your company?
 - Please provide examples.

Further Considerations

- Can your company bring about innovations and / or strategic changes more cost-effectively than non-owner-managed companies? Why?
- Overall and with a view to changes: Do owner-managed companies have an advantage or a disadvantage compared to non-owner-managed companies?

Unreliability Risks

Idiosyncratic Strategies

- What are the disadvantages of the fact that you can basically make all decisions on your own - whether a decision makes sense or not from the perspective of the stakeholders?
 - Can you give an example where stakeholders were clearly not satisfied with a decision that you made on your own?
- To whom do you feel obliged when making your company decisions?
 - What are the fundamental principles on which your decisions are based?
- What decisions are you involved in within your company?
- For which decisions that you are involved in, do you decide spontaneously and without consultation?
 - What happens if the management / board of directors disagrees with you on such decisions? Please provide an example.
- What decisions that you are involved in are made in a committee?
 - What happens in cases where you are overruled by management and / or the board of directors? Please provide an example.
 - In which case would you ignore the opinion of the management or board of directors? Please provide an example.
 - Were there or are there cases in which employees were disturbed by the decision-making power that lies with you and have even left the company because of it? Please provide an example.
 - What were the lessons learned from this situation?

Pursuing Non-Financial Goals

- Do you pursue other goals beside the company success, which affect your decision-making process in the company (e.g., political, cultural, personal, religious, social objectives, etc.)?
 - How does this affect your company and its stakeholders?

- How do you deal with the disadvantages that come with it?

Further Considerations

- Are you and your company viewed from outside as a reliable partner? Why?
- What do you do about the risk of unreliability?
 - Please provide an example.

Incentive Benefits***Performance Incentives***

- How deeply are you involved in the daily business of your company?
 - What are the incentives for you as the owner-manager to work hard?
 - How would your workload differ in a similar position at a non-owner-managed company?

Efficiency & Control

- How do you ensure efficiency in the company?
 - Please give examples of efficiency-ensuring mechanisms.
 - What are the efficiency advantages of owner-managed companies?

Further Considerations

- How do you capitalize on incentive advantages in the company?
 - Please provide an example.

Dangers of Egocentrism***Micromanager***

- How closely do you control the business units of the company?
 - How large is the proportion of units in your company that you would like to control and monitor centrally?
 - What effects does this have on your employees?
- Are there units in your company that you absolutely want to control yourself?
 - Why do you want to control these units?
 - Which activities and decisions would you have to give up in order to enable your company to grow further?
 - Are you planning to do this, a decentralization of power, in a timely manner?
- Where does your company reach its limits because of your work capacity as owner-manager? Where are you the bottleneck of the company?
 - Please provide an example.
 - Where are you reaching your work capacity limits?
- What are you doing about the risk that micromanaging the company is preventing you from growing?
 - Please provide an example.

Commitment Benefits***Long-term Activity***

- What are the advantages long owner-manager tenure?
 - How did the stakeholders' view of you and your company change over time/tenure?

- What are the advantages for the company from such changed stakeholder perspective?
- How does your long owner-manager tenure help you personally?
- How important is your long owner-manager tenure for the success of your company (e.g., via relationships)?

Trust and Embedding

- Are there any examples of extremely trusting relationships that you have built up with stakeholders over a long period of time?
 - How do you benefit from such a relationship?
- What advantages do you have in building trust with stakeholders compared to non-owner-managed companies?

Further Considerations

- How do you use the advantages for the company that result from your long owner-manager tenure (relationship, experience) for the company?
 - Please provide an example.

Succession Dangers***Succession Plan***

- How does your succession plan look like?
 - Which aspects are important to you when it comes to the succession?
 - Who should be your successor (if not available: please describe your ideal person)?
 - What dangers do you see regarding your succession?
- Are there reasons why you would carry out the succession earlier than planned?
 - Which reasons would that be?
 - What are reasons why you would carry out the succession later than planned / not at all?
- How badly would the company be affected if you left the company immediately?

Further Considerations

- In the case of a succession, would you decide for the benefit of the company or your individual good?
- What do you do about the disadvantages of your long-term commitment (e.g., success depends on you, difficulties in succession) that arise for your company?
 - Please provide an example.

Construct - Mechanisms for Dealing with Disadvantages of Owner-Managed Companies**General**

- How serious are the disadvantages of owner-management?
- Are there situations in which you consciously withdraw/hold yourself back to mitigate the negative consequences of centered power and authority? (Self-control)

Governance Mechanisms

- Which (governance) mechanisms do you systematically use to mitigate the disadvantages of owner management?
- How could you mitigate the disadvantages of owner management?

Behavioral Control (Social Control)

- How do you limit yourself and your power in the company?
- Is there a higher purpose to which you subject yourself and your decisions as the owner-manager and which you communicate to the outside world (e.g., mission & values, identification as a family company, commitment to higher purposes)?
 - What are the reasons for doing this?
 - How does this affect the management structure?

Delegation of Authority to the Hierarchy

- How many hierarchy levels does your company have?
 - Are you planning to establish more hierarchy levels?
 - What are the reasons?
 - How much autonomy do you grant the respective hierarchy levels?
- Will you delegate more control as your company grows?
 - How difficult is it for you to delegate control?
 - How do you ensure that the delegation of authority and responsibility to the hierarchy is credible?

Board of Directors as the Highest Body

- What do you expect from your board of directors?
 - What role does the board of directors play in the company?
 - Are there any plans to change the role (more responsibility, clearer separation, professionalization? Why / what do you hope for?
- How independent is your board of directors?
 - Are you part of the board of directors yourself?
 - How many external people are on the board of directors? Why?
 - How do you ensure the separation of power between the board of directors and management?
 - What happens if the board of directors contradicts you? Please provide an example.

Distribution of Property Rights

- Are there any considerations in your company to further distribute the company's shares?
 - What are the reasons for this?
- What benefit would the distribution of property rights bring?
- What are the disadvantages of the distribution of property rights?

B. Appendix Paper III: Exemplary Interview Guide

Open – Basic questions

General

Starting Questions

- Please introduce yourself briefly. What is your position in the company?
- Please provide me with some background information about the company: When was it founded, in which business areas is it active, how many employees are employed and how is the management and the board of directors structured?
- How do you define success as a private person and as an entrepreneur?
- What is your religious denomination?

Open - religion in the company and effects on success

General

Faith as an Entrepreneur

- Which values are important to you as a private person?
 - How do these values relate to your Christian faith?
 - How do your values differ as a private person and as an entrepreneur?
- How important is faith in your life?
- How important is faith to you in everyday business life?
 - How present is faith in your company?
 - Looking at the overall trend: How has the influence of faith developed in your company in recent years?
- Where do you see fundamental conflicting goals between entrepreneurial principles and religious principles?
 - In which situations do you give priority to which principles?
 - As an entrepreneur, when have you ever been torn between the two principles ('faith' and 'business')?
 - Where is the limit where you would put corporate success above your religious beliefs? Please provide an example.

Faith in the Company

- Why is faith part of entrepreneurship?
 - How does your understanding of entrepreneurship differ from that of a non-believing entrepreneur?
 - What is Christian entrepreneurship?
- Why is your company run according to Christian principles?
 - Why does it make sense to run your company according to Christian principles?
 - Whose decision was it (originally) to run the company according to Christian principles?
 - Who is the driving force behind the decision to (still) run the company according to Christian principles today?
 - Have you ever thought about giving up the company's Christian principles or about no longer promoting them?

- Suppose you will hire me as an employee tomorrow: In which areas of the company do I see or feel Christian values and principles?
 - How is faith anchored in the company?
 - Christian belief is, in a way, a mindset. Where does this mindset transform into visible practices in the company?
- Which company areas and/or decisions are not affected by Christian beliefs and why?
 - Which Christian practices have no place in your company?
- How important is Christian faith in the life of your employees?
 - How high do you estimate the proportion of employees who share the company's Christian values out of conviction?
 - How central is this aspect for the financial success of the company?
 - How important would Christian principles have to be in my life for you to hire me?
- Which people inside or outside the company are critical of the fact that the company is run according to Christian principles?
 - How do you deal with these people and their opinions?
 - If Christian beliefs are not questioned within your firm: Would you sometimes want more critical voices? Why not?

Effects on Success

- How do the practices in your firm, which are derived from the Christian mindset, affect the financial success of the company?
 - If negatively: Why do you still defend Christian beliefs in the company?
- What role did or do financial considerations play in the decision to run the company according to Christian principles?

Theory - Religion in the Company

Corporate Governance and Religious Values

Affiliation

- How large do you estimate the number of executives (members of management/board of directors) in your company who shares Christian faith?
- Aligning a company according to Christian principles is an extremely central and fundamental decision. Who within the company leadership team (members of management or board of directors) supports the Christian orientation of the company?
 - What are their reasons for supporting the Christian orientation?
- How important is it to you that the Christian values and beliefs of the company are shared by the company leadership team?
 - If important: How do you ensure that the company's Christian beliefs are shared by the leadership team?
 - If important: How important is it for the company's financial success that Christian beliefs are shared by the leadership team?
 - If unimportant: Why is this a subordinate aspect for you?

- How strongly (numerically; weight of opinion) are people represented in the leadership team (members of management/board of directors) who passively accept or even view critically the Christian orientation of the firm?
 - Why could / can a non-religious or other-religious person support the company's Christian orientation?
 - How important is it to you to have non-religious or other-religious people in the company in the leadership team or as ordinary employees?
 - How strong are the Christian beliefs and practices in the company a reflection of your own religious beliefs?
 - What influence do your employees' religious beliefs have on Christian beliefs and practices in the company?

Values

- What are the central Christian beliefs and values in the company?
 - Which of these are mandatory, non-negotiable, and an absolute must to be shared in order to be able to work in your company?
- You could also have decided to only use the values (e.g. honesty, respect, sincerity) that result from Christian convictions in the company. Why is it so important to you that the company's convictions are obviously based on a Christian foundation?
 - What are the opportunities and dangers for the firm of putting the convictions on a Christian foundation?
 - What effect does the company's Christian convictions have on external stakeholders such as suppliers, customers, the media?

Christian Entrepreneurship

- Faith is a very intimate, private matter for many people. Why does faith belong in such a public place like a company?
 - Which aspects of faith only belong in the private sphere and therefore not in a company?
- Where do you see the two red lines of “too little Christianity” or “too much Christianity” in the company?
 - What were examples where you saw your Christian beliefs endangered or even scratched in the corporate context?
 - When did you have to veto because a decision was made in the leadership team or in your absence against the religious beliefs in the company? Please provide an example.
 - How did you react to this at the time and what did this mean for the company's financial success?

Religion as an Internal Code of Conduct for the Management

Entrepreneurship and Christianity

- Why did you become an entrepreneur?
 - What role did your Christian faith play in this decision?

Business Decisions

- What are the fundamental principles or values on which your company decisions are based?

- How do you ensure that these principles and values are respected and applied when making decisions in the leadership team or even in the absence of you?
 - What influence did and do your religious beliefs have on these principles and values?
- How do your Christian beliefs influence the decisions you make in your company? Please provide an example.
 - How do your decisions differ from those of non-religious entrepreneurs? Please provide an example.
 - How does this affect the company's financial success?
- How much do your own Christian beliefs limit you when making decisions in a company context?
 - In which areas do Christian beliefs limit your entrepreneurial activities?
 - Where and when do you completely leave out religious convictions when making decisions in the company and only make decisions based on economic criteria?
 - In the past: When did you make decisions based on your religious beliefs that were negative for the company's financial success?

Risk Appetite

- How 'risk-hungry' do you rate yourself compared to other, non-religious people?
 - What role do your religious beliefs play with regard to your risk appetite?
- How would you rate your company's risk appetite compared to other, non-religiously run companies?
 - What do you base your assessment on? Why is this so?
 - If risk averse / risk-loving: How and in which areas is this risk appetite expressed?
 - What impact does this have on the company's financial success?

Ethical Behavior

- Moral arguments are often part of religion and faith. Morals and ethics are closely linked together. What do ethics and ethical behavior mean to you?
 - How do your ethical convictions affect you as an entrepreneur?
- What does ethical behavior mean in a business context?
 - How important is ethical behavior in your company?
 - How do you ensure ethical behavior in the company?
 - How strongly are the ethical principles of conduct linked to the Christian beliefs in your company?
- What are examples from your company where ethical principles were not applied?
 - What would be unthinkable in your company due to the ethical convictions what might be possible in another company?

- If you hire me as an employee tomorrow: Where do I see ethical behavior specifically in your company?
 - How does the basic attitude towards ethical behavior have a concrete effect on the areas mentioned? Please provide an example.
 - How do you measure the success of the company's ethical behavior?
- How does ethical behavior affect the company's financial success?
 - How does ethical behavior have a positive effect on the company's success?
 - When are ethical convictions lowering or risking on corporate success? Please provide an example.
- To what extent does a company's ethical behavior become more credible if it is argued through religious beliefs?
 - In which situations do you feel that it is beneficial that the company's ethical conduct is based on Christian beliefs?
 - When could it 'backfire' that ethical behavior in the company is linked with Christian convictions? Please provide an example.
- How susceptible is your company to fraudulent activities within your own ranks compared to a non-religiously run company?
 - How much can you rely on the Christian beliefs in the company and where are institutionalized control structures necessary to prevent fraudulent activities?
 - When was faith-based trust abused by stakeholders in the past?

Internal Code of Conduct as the Basis for Dealing with Stakeholders

Corporate Social Responsibility (CSR)

- How broadly do you define your responsibility towards society?
 - How do you perceive your social responsibility?
 - How strongly does your Christian faith influence how you define social responsibility and where you get involved?
- How broadly do you define social responsibility in your company (CSR)?
 - How does your company differ from a non-religiously run company in this regard?
 - How strongly are the CSR activities in your company aligned with your Christian convictions?
 - How important is CSR in your company?
 - Where is CSR located hierarchically in the company?
 - Who is responsible for CSR activities in the company?
- Through which activities does your company exercise social responsibility?
 - How do these (CSR) activities have a positive effect on the company's financial success?
 - What negative consequences do these (CSR) activities of your company have on the financial success?

- What criteria are used to select CSR activities in the company?
 - How strongly are CSR activities in the company based on Christian beliefs? Please provide an example.
 - If strong: How do you ensure that these CSR activities are in line with the company's religious convictions?
- How strongly do you rate the CSR performance in your company compared to non-religiously run companies?

Organizational Citizenship Behavior

- What effects do the company's Christian beliefs have on its employees?
 - Where do you see differences with regard to your employees compared to a non-religiously run company?
- From the literature, we would expect that religiously-led companies perform better in terms of employee satisfaction, employee commitment, employee health, stress level in the workplace, and employee turnover. Which of these aspects apply to your company?
 - To what extent can these positive aspects be explained by Christian beliefs and practices in the company?
 - What negative effects for the company result from the above positive factors for the employees?
- What negative effects can it have for employees when a company is run according to Christian beliefs? Please provide an example.
 - How do non-religious or other-religious employees deal with the company's public Christian beliefs?
- How great is the risk that non-religious or other-religious employees feel disadvantaged or oppressed by the company's Christian beliefs and thus perform poorly, leave the company, or not be hired in the first place?

Workplace Spirituality

- How does your company support faith or faith-related practices in the workplace?
 - How does the working environment in your company differ from that of a non-religiously-led company?
 - Which specific religious practices (prayers, religious counseling, religious leisure activities and events) are actively promoted or offered in/by your company?
- How much open are you about religious practices in the workplace?
 - How well can living out religious practices and business-related work be combined?
 - Where do you draw the line in the company between business / work and individual, religious practices?
- When have employees been bothered by Christian beliefs and practices in the workplace?
 - How did you deal with these employees in the company?
- What impact do Christian beliefs and practices in the workplace have on the company's financial success? Please provide an example.
- How is your company committed to faith or faith-related practices of its employees outside of the workplace?

- How does this affect the company's financial success?
- Excursus: What are the criteria for hiring employees in your company?
 - What role do religious beliefs play in the recruiting process?
 - Under what conditions would you not hire someone?
 - How much influence do you have on who is hired?

Networks

- How large is the proportion of people in your personal network who share your Christian beliefs?
 - What are the advantages of these Christian-based contacts for you as an entrepreneur?
 - How dependent is the company on your networks and relationships?
- How important are the company's Christian beliefs to the company's network?
 - How do the company's Christian beliefs affect its network and relationships?
 - How important is the fact that the company is run according to Christian convictions for the stakeholders?
- Religious affiliation can be a unifying element. In the literature it is described that religiously-led companies treat each other preferentially, more generously and more considerately (e.g., longer terms of payment or delivery). Where do you see such effects in your company?
 - When has your company benefited from such preferential treatment because of Christian beliefs?
 - When did your company give other companies such preferential treatment because of their Christian beliefs?
- How relevant are religiously-based networks to the company's financial success? Please provide an example.
- To what extent are the Christian beliefs of your company a limiting factor for the company network?
 - Which stakeholders do you exclude because of the company's religious affiliation?
 - What examples come to mind where religious affiliation prevented a business relationship?

Final questions

- When would you give up your company's religious beliefs? What would have to happen for that?
- We are now at the end of the interview. I would like to give you space for thoughts or aspects that I have forgotten or overlooked. What else would you like to add?

Curriculum Vitae

Matthias Christian Würsten
Doctoral Candidate; 23.04.1990
Ulmenstrasse 9, CH-9000 St. Gallen
+41 79 253 16 91; matthias.wuersten@bluewin.ch

Educational Experience

University of St. Gallen (HSG), Switzerland

2017 – 2021	Doctoral Program in General Management
2014 – 2016	Master Program in Business Management
2011 – 2014	Bachelor Program in Business Administration

Professional Experience

2017 – 2021	CFB-HSG, Switzerland: Project Manager & PhD Candidate
2016 – 2017	Helvetia Insurance AG, Switzerland: Trainee
2015 – 2016	Dixa AG, Switzerland: Executive Assistant
2012 – 2015	Credit Suisse AG, Switzerland: Short Term Supporter

Extracurricular Experience

2013 – 2014	Exchange Semester, Shuwaikh, Kuwait
2011 – 2011	Exchange Semester, San Diego, USA

Knowledge & Interests

Languages	German (native), English (TOEFL: 111/120), French (good)
-----------	--