

THE ROLE OF SOCIAL CAPITAL IN INTRA-FAMILY SUCCESSION - ENSURING THE TRANSITION OF NETWORKS TO THE SECOND GENERATION

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ABSTRACT

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<p>Abstract</p> <p>Given the era of the new economy the role of social capital is even more important and the preservation and transfer of it in a situation of intra-family succession should be one of the major considerations when conducting succession planning. Relationships as form of assets are often neglected and this study emphasizes the role of social capital in the future success of a company. The aim of this study is to shed light on the role of social capital during succession and focus on the competitive advantage it is able to bring to the company.</p> <p>This study uses qualitative and interpretive analysis approach in order to determine the role of social capital, the creation and management of social networks, and the processes for transferring it to the next generation. The study focuses around a case company, where the succession process is ongoing and the founders' will is to step aside during the next five to ten years. With the help of formal planning and considerations for transferring social capital to the successors, the age and experience gap between generations could be reduced.</p> <p>The results point towards the perspective of family business: social capital is seen as automatically transferred to the second generation due to the family aspect. The common process of natural immersion in family businesses was highlighted, however, the better utilization of networks as a creator of competitive advantage needs to be acknowledged. This utilization can be done more extensively after deliberate transfer of social capital in the phases of gradual succession. The effectiveness of the transfer of social networks and tacit knowledge are key ingredients to future success of the company.</p>	
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1 INTRODUCTION

Succession of management is one of the most interesting challenges facing family firms in their desire to proceed and prosper. It also has big economic importance, since successful owner changes can guarantee the permanence of workplaces (Varamäki, Tall, Joensuu, & Katajavirta, 2015). The purpose of this research is to find out how deeply social capital is tied into the founder generation and how to ensure the durability of these important networks in the process of succession in order to guarantee the most positive end result for the company and for the second generation successors. Relationships and connectivity play an enhanced role in today's high-tech world and therefore the building and retention on existing networks is increasingly valuable (Steier, 2001).

In family business succession there has been a lot of concentration on the incumbent's and the successor's point of view and not so extensive notice has been given out to the importance of external stakeholders. I argue, that these organizations and people play a significant role in the future existence and survival of the company. Without the support and approval from these partners an otherwise successful succession can turn into a failure. Therefore, I will research the thoughts and presumptions of these influential stakeholders and look into the role they play or would like to play in the phases of succession and in the management of social capital during and after it.

According to Sharma, Chrisman, Pablo, & Chua (2001) the satisfaction of the succession process is uniquely relevant for various stakeholders of the company. The stakeholder theory (Mitroff, 1983) suggests that the influence of a particular stakeholder in the future direction and actions of the company depends among others on that stakeholder's power, influence, and legitimacy. It is also advisable for managers to consider the financial and nonfinancial needs and objectives of all important stakeholders when making big business decisions such as the succession process (Freeman, 1984). Groups and individual stakeholders may affect the initial satisfaction of the succession, based on how their stakes in the firm will be affected in the present and future state of the firm. Factors such as the propensity of the incumbent to step aside, succession planning and acceptance of individual roles play a significant role in this satisfaction of various internal and external stakeholders. (Sharma, Chrisman, Pablo, & Chua, 2001)

The topic of succession is relevant due to the retirement age of the baby boomers (born 1945-1950). In Finland there are more than 78 000 entrepreneurs between the ages of 55-74 and the figure is growing rapidly (Varamäki et al., 2015). This combined with the years on ongoing economic downturn and rapid technological development, should arise attention and emphasis on the positive outcome of family succession. Due to the ever growing rate of internationalization and thus rapid and extreme competition, the economic efficiency has increased in importance and for various reasons led to selling of businesses and enlisting to stock exchanges. However, there is also a growing interest of prod-

ucts and services produced locally, much due to the trend of responsible consumption and environmental issues (UNA Finland). The public opinion has proven to value family businesses as they are considered trustworthy, local, and often domestic.

Many small traditional businesses are struggling with finding a successor as the interest from handcraft and manufacturing businesses has shifted towards service and technology companies. Alone in Finland, over 3 000 companies are coming for sale yearly and intra-family succession is happening in approximately 1 000 companies. Thus, each year more than 2 000 firms are shut down. (Varamäki et al., 2015) It is in the best interests of the economy that many companies will nevertheless undergo the process of succession and moreover succeed in it. The succession is said to be one of the toughest moves among business activities as it has financial, juridical and taxation issues but besides also moral, ethical, social and cultural viewpoints (Tourunen, 2009). A number of studies related to succession failure rates have been conducted, and these studies highlight that the possibility of something going wrong in the process is very high (Filser, Kraus, & Märk, 2013). Only approximately one-third of family firms make it into the second generation (Varamäki et al., 2015). This information clearly states the importance for this topic for the business world, and as the external stakeholder and social capital aspects of succession are rather understudied, here could lie some new information on this subject.

Even though family firms are distinctive in nature in many ways, they are nevertheless businesses and work as business entities. Sharma (2004) points out a research gap in the linkages between family businesses and other disciplines or theories developed in other fields. Family business research has concentrated on building its own theories and has thus neglected for example the importance of the external stakeholders on the long-term survival and prosperity of the firm (Sharma, 2004). Along with Sharma effort should be directed into the understanding of the contextual factors that either delay or enhance the transfer of knowledge across generations (2004).

The initial interest in this topic stems from the researcher's family business background and this particular company is taken into the research as a case company. The founders have been entrepreneurs their whole lives and the researcher has had the privilege to be raised in an entrepreneurial environment. The family's current business was founded in 1994 and the founders would like to retire in the upcoming 5-10 years so the topic of succession is very relevant. The parents, researcher, and her two siblings are all co-owners in the company and they all currently work for it, alongside with 29 non-family employees. As there are many sides to succession besides financials, it is interesting to hear what the company's business partners value and point out about the succession and about the importance of networks and relationships. This information will be used to help to take direction for future succession plans in the case company.

The concept of social capital provides a useful perspective for this research and the exploratory study of modes and means of managing social capital (Steier, 2001) looks especially into the next-generation entrepreneurs and their post-succession experiences of transferring and managing social capital within family

firms. Considering firm survival and success the management and transfer of social capital can be an important aspect in succession process. Steier proposes that succession process in a family-firm is marked by a) increased activity on the social capital and relationships front, b) increased activity in revisiting relationships and c) the establishment of new relationships. It is stated that more research is needed for the clarification of the conditions for optimal transfer of these relational assets (Sharma, 2004).

To gain focus around the role of social capital in intra-family succession situation three research questions were formulated during the literature review. The first question of *what is the role of social capital in the future of the company*, introduces the whole topic together with competitive advantages gained from it. The second question of *how social capital can be created and managed* focuses on the building of one's social capital and the attributes required in order to successfully manage it. Finally the third research question *how to transfer social capital and social networks to the next generation*, brings the family business succession into the picture of social capital in form of knowledge dissemination, gradual succession and ensuring customer relationships.

The data analyzed in this research was gathered through 12 face-to-face interviews with selected important partnerships of the case company. Interviews yielded approximately 80 pages of transcribed data which was analyzed with the help of interpretive approach. The results were divided into four subcategories starting from depicting the role of social capital and the creation and management of social networks and then taking into consideration the family-firm aspect and succession and finally concentrating on the transfer of social capital to the next generation. In the discussion section the results are combined together with the existing theories, looking for similarities and deviations, and more interpretations of the data are constructed. The research questions are considered separately in the end of the discussion and the results for these pointed out for clarity. This sections also depicts potential avenues for future research. Finally the results of this study are concluded, managerial, educational, and political implications pointed out and references listed.

2 THEORETICAL FRAMEWORK

2.1 Definition of family business

As generally agreed, the fact of family involvement in business makes it unique. This involvement is comprised of management, ownership, governance and succession aspects. It can be argued that every business has a certain amount of family aspect in them, since all the employees have their own families and sometimes decisions and opinions are at least partly affected by the spouse and children. Nevertheless, some businesses call themselves family business with half of the owners actually outside of the family, while others strictly feel that a family business cannot have a single non-family worker for it to be a family business. (Chua, Chrisman, & Sharma, 1999).

The word family has two meanings in English language and also its Finnish translation *perhe* can be understood in various different ways. In statistics family (*perhe*) in Finland describes the people living together under one roof. In English the word family has this meaning similarly, but it is also used to describe the relatives of the family, in Finnish *suku*. In this project the word family is used to describe the relevant people from entrepreneur's point of view and usually these are the spouse and children of the entrepreneur, whether or not they are living together. To describe the relatives of a family the word kin (*suku*) is used in order to avoid misunderstandings.

The definitions of family businesses are various. However, there seems to be an agreement that a business owned *and* managed by a nuclear family is a family business. Deviations from this particular combination, however, seem to create differing opinions (Chua et al., 1999). According to Koiranen (2000) the definition of family or kin businesses has three aspects. The first is that the business is owned by one family or kin and that they have authority in the business. Neubauer and Lank (1998) describe family business as a business entity where majority of the shares is controlled by one family. This can also be referred to as the retention of voting control (Astrachan & Shanker, 2003). Secondly, family business combines interactively the social family systems and the systems of the business. According to Astrachan & Schanker (2003) there should be a direct family involvement in day-to-day operations of the business. Especially, if part of the stock of the company is publicly owned, the family should additionally operate the business (Alcorn, 1982). The third aspect in family business definition, agreed by many, is that there has been, is coming in the future or is an ongoing process of intra-family succession (Koiranen, 2000). There is an assumption that a younger family member has a will to control the business in the future (Churchill & Hatten, 1987). It is also said that because of the variation in the types of family businesses it can also be the decision or the opinion of the entrepreneur that determines whether one's business is a family business or not.

Besides these formal definitions, what is said to distinguish family business from a non-family one, is the essence. The uniqueness of a family business is not restricted to ownership, management, governance, and succession, but more over in the way these aspects affect the company's goals, strategies, and values (Chua et al., 1999). Researchers believe that this family component affects and shapes the business uniquely, when comparing to non-family businesses (Lansberg, 1983) and that this behaviour should be a determining factor to defining family business.

The definition by Chua et al. (1999) is wide and all-inclusive, in a way that it includes the three aspects named by Koiranen (2000); ownership, family involvement, and continuity in a form of a succession, but adds the essence of family business: the vision developed by the dominant coalition, the powerful actors of an organization, and the sustainability of this vision across generations: *"The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families."*

As stated by the research by Finnish ministry of employment and the economy the family business's share (both family and kin businesses counted) of the whole business base in Finland was estimated to be at least 80% in 2005-2006. This figure truly depicts the importance of families to the Finnish economy. Across the sizes of the companies family businesses also proved out to be slightly more profitable than the non-family owned competitors. It was also estimated that the family businesses account for approximately 42% of the total employment in Finland. (Tourunen, 2009.)

2.2 Family business succession

An inevitable fact of family owned businesses (FOBs) is the aging of the founders and that in some point the leadership role has to change in order for the company to continue its operations. Succession process defined by Sharma et al. (2001) refers to *"actions and events that lead to the transition of leadership from one family member to another in family firms. The two family members may be part of the nuclear or extended family, and may or may not belong to the same generation"*. There are naturally various alternatives for the business besides succession and these include for example business closure, selling of business, enlisting to stock exchange, merger, or moving to payroll leadership (Koiranen, 2000). These options can happen planned or unplanned and be executed well or poorly. Despite these options, usually the sincere hope of the entrepreneur is to conclude the succession within the family. As stated by the national Finnish barometer on owner change in 2015, 23% of the entrepreneurs believe in finding a successor within the family (Varamäki et al., 2015).

The biggest challenge affecting business continuation is the finding of suitable buyer or successor (Varamäki et al., 2015). Succession isn't something that

happens spontaneously; a process, of at least some sort, is needed, in order to transfer the leadership from one individual to another (Sharma, Chrisman, & Chua, 2003). Koiranen (2000) points out several significant strategic defensive aspects behind intra-family succession. From the current entrepreneur's point of view, probably the most important is the desire to preserve the leadership and ownership inside the family, with people who one knows the best. The reasoning behind intra-family succession usually also includes the strong believe that the business can provide a fair income in the future. It is also often thought that the trust of clientele and other stakeholders is partly constructed on the fact of family business model and entrepreneur wants to hold onto this trust. (Koiranen, 2000)

Because of the often highly idiosyncratic nature of FOBs the knowledge of the business is commonly individual specific rather than firm specific and is often accessible only to family members and highly trusted agents. This type of knowledge and assets include important personal connections and business networks, knowledge about local conditions and internal operations of the business – all of which are important aspects for firm performance (Lee, Lim, & Lim, 2003). It has been identified that the transfer of these key knowledge, networks, and skills are critical factors affecting intra-family succession, along with the level of commitment (Royer, Simons, Boyd, & Rafferty, 2008). A positive family culture is also essential ingredient of succession as it affects the positive successor development and successful succession process, thus, the psychological side of FOBs should not be neglected (Poza, Alfred, & Maheshwari, 1997).

According to the research of Lee et al. (2003) if a family business is complex in nature, it is preferable to appoint family members rather than outside managers to lead the business, even though the offspring would be less qualified or less competent. Sons-in-law or daughters-in-law are usually considered as a continuation of family members and can be considered as successors as well. The researchers argue that this fact is not due to nepotism, which means favouring ones inheritors, but a rational response to appropriation risk. It is however, pointed out that the bigger the company and its operations the more likely it is that outside agents will be appointed to managerial positions. (Lee et al., 2003.)

Naturally there are also counterparts for these defensive aspects towards intra-family succession. Sometimes there is no one in the family to continue the business, whether it is the actual physical lack of inheritors or their want or capabilities to run the business. It can also be the case that in this point of their entrepreneurial carrier the founders want to realize the achievements of their hard work in form of selling the business. The business idea might also be outdated or unprofitable and thus there is no point in continuing the business. (Koiranen, 2000)

The succession process is complex in Finland due to the high level of inheritance and gift tax and other taxation defects. Without careful planning of the taxation issues and the whole succession process the successor might even be unable to pay for all the related costs. (Kangas, 2012.) Liquidity of the company has to be on a solid base as well as the financials of the entrepreneur and the

coming successor. As Koiranen (2000) states, even a successfully executed succession is an expensive process, not to speak of poorly executed one, so the financial side of the succession is highly present no matter what is the case.

The satisfaction of the succession process lies among other reasons in the owners' propensity to step aside, agreement of maintaining family involvement in the company, willingness for the successor to take over the business, mutual agreement of individual roles, and succession planning. The success of a succession is also said to have two interactive dimensions: satisfaction with the process in itself and the effectiveness of the succession, that means the level of performance the company shows after succession. (Sharma et al., 2003.) Dissatisfaction with the succession process can cause conflicts with family members which eventually hamper the effectiveness aspect and vice versa; if the company performs ineffectively after the succession, dissatisfaction towards the process can arise (Sharma et al., 2001).

2.2.1 Succession planning

The lack of succession planning has been proven to be one of the most important reasons why so many family business do not survive past the first generation (Handler, 1992). Succession planning refers to the preparations needed to ensure the harmony of the family and business and the continuity of the enterprise. The future desires and development from both of the business and family needs to be taken into consideration during the planning process (Lansberg, 1988). The strategic planning related to succession should incorporate and recognize the needs and perspectives of the next-generation family members. The planning process should actively involve them, since they are the one leading the company in the future. (Handler, 1992.)

Especially first generation family businesses are dependent on the founders' knowhow, drive, and connections. Succession planning focuses on ensuring the smooth transfer of these crucial intangible assets to the next generation. In a situation of a sudden death of the founder a premade succession plan can help in avoiding the selling of the business and would not leave the heirs in big financial difficulties. Therefore working with the founder, at least getting the founder to accept the need to plan for the succession is a priority. (Lansberg, 1988)

The ambivalence towards the succession and its planning process can create resistance towards the whole process. Succession process means realigning traditional patterns and structures and usually also changes dynamics inside the family (Handler, 1992). These life changing happenings can be anxiety provoking and raise the need to discuss some emotionally loaded issues that most people would prefer to avoid or deny. The tendency among founders to make themselves indispensable can restrict the level of delegation. This centrality makes many founders create an image of disastrous outcome when they retire. (Lansberg, 1988)

A critical aspect in the succession planning process is the differing perspectives of various influential stakeholders which are beside family, owners,

managers, and employees the external people to the firm, such as customers, suppliers, financiers, communities, political groups, trade associations, trade unions etc. (Mitroff, 1983). In succession research the focus is often put into the most important internal stakeholders: incumbents and successors. Another important stakeholder group, given some emphasis on the literature, are the employees of the company. Stakeholders are those *“who can either affect or be affected by the achievement and nature of organizational decisions.”* The extent to which a certain external stakeholder group should be taken into consideration depends on several factors such as importance, power and urgency. It is also pointed out that carefully developed succession plans increase the likelihood of cooperation among various important stakeholder groups and enhance the satisfaction. (Sharma et al., 2003).

Basic tasks involved in planning phases of the succession include formulating new vision for the enterprise, where the founder no longer is in charge of the family firm, selecting and training the successors, and designing a process with which to transfer the power. Educating the family members to clearly understand the responsibilities coming with new roles in the future of the business is also significant. (Lansberg, 1988.) The careful listing of most important stakeholders is a possible next step in succession planning. Tools, such as the stakeholder influence identification model by Pajunen (2006), can be helpful here and all possible partnerships should be revised and thought about, based on their power on resource dependency and network position.

Miller, Steier, & Le Breton-Miller (2003) categorized three succession patterns from their research on intergenerational succession, change and failure in family business. These patterns were named as conservative, wavering and rebellious. As named, conservative succession pattern is characterized with stagnant strategy, traditional organization and culture and inefficient performance. Wavering pattern is best described as indecisive and confused, a mix of old and new. Rebellious approach revolutionizes strategy, creates new units and values and can make a significant turnover in governance. Behind these patterns lies the drivers for them. These drivers are for the most part social and family dynamic dependent. The market in which the business operates can also guide the direction for succession pattern. Stable market often directs to conservative approach whereas turbulent, dynamic and highly competed market can even require rebellious pattern. (Miller et al., 2003)

2.2.2 Succession failures

Past research indicates that only about 30% of family businesses survive past the first generation. Nevertheless, no evidence has been found that the succession affects negatively the profitability of the company hence, it should not be seen as a merely negative process in the life cycle of the family firm. (Molly, Laveren, & Deloof, 2010) However, succession failures are common and should be taken even more seriously. Reasons behind failures are varying and can include unclear succession plans, incompetent or unprepared successors, family rivalries etc. Due

to intergenerational succession, the age and experience gap between old and new CEOs is often large, 25-30 years. This gap can be manifested in extremes from an immature successor, such as overdependence and conservatism, or as rebellion and excessive change in the succession pattern. (Miller et al., 2003)

For the proprietary family succession failure can be a big loss. Often huge amounts of assets are tied up in the firm and the family members might be unaware of the directions of their future without the company. They might lack education for a good career outside of the business. Besides that the employees and surrounding community is affected and their well-being usually heavily depends on the survival of the business. This feeling of responsibility is often felt heavily for the entrepreneur and predecessors. (Lansberg, 1988)

Factors preventing intra-family succession and thus potentially leading to succession failures are various. According to De Massis, Chua & Chrisman (2008) the preliminary factors include successor declining leadership of the business, rejecting all potential family successors, and deciding against family succession, although acceptable and willing, potential family successor exists. These factors stop succession from happening in the first place. Lack of trust for the potential successor or lack of commitment can be crucial facts in deciding against intra-family succession. (De Massis et al., 2008.) Also, as families expand and in-laws are added into the nuclear family, the diversity in opinions and personal goals makes it harder for finding consensus in the decision-making process and building a shared vision. Sibling successor conflicts also ought to be acknowledged, as the relationships among siblings are intense and conflicts in these can result in split-ups. (Ward 1997.)

Contextual factors for deciding against succession is said to be the deterioration in the relationship between potential successor and customers or suppliers. Old partners can even demand incumbent to handle their account and the successor can experience difficulties establishing trusting relationships with these people. Another criticalities are the process factors and for example the sharing of views for key stakeholder groups is essential. If made decisions are not shared or communicated with the stakeholders it can create dissatisfaction among them. This can partly be avoided through early exposure of the potential successor to the business in order for him/her to establish good relationships. (De Massis et al., 2008.)

Even after a successful succession, the business might end in failing and here once again all sort of reasons apply. Growth is said to be difficult for long-established firms, whether family owned or not. The business life cycle by Schumpeter (1939) is a natural development for all companies. Ward (1997) also states that the inherited financial security, might prevent the successors of becoming hungry and risk-taking business leaders, but that they often emphasize leisure time and time together with the family.

2.2.3 Impacts of succession

Various research argues that after the succession process in a family business the enterprise becomes more reluctant risk-taker (e.g. Gallo & Sveen, 1991, Gallo, Tápies & Cappuyns, 2004, Molly et al., 2010, Ward 1997). Second and later generation family businesses are risk-averse by nature and are keener on avoiding risky external sources of capital than their predecessors. Successors tend to have stronger preference for wealth preservation rather than on further wealth creation and family orientation becomes more important. (Molly et al., 2010) There has been proven to exist a negative stock market reaction to large family companies when appointing intra-family successors, but this seems to be more due to a reason of their relatively young age, which can reflect in lack of managerial experience, rather than to their family connection per se (Smith & Amoako-Adu, 1999).

Tendency for risk aversion and lower willingness to debt financing limit the available financial resources and can lead the company to stagnation. Often referred to as “peculiar financial logic” of family businesses, this tendency means that other measures besides profit and company value are in picture. These include passing the tradition, offering job to family members, and staying in power and are often personal characteristics of the entrepreneur. The risk aversion is easily passed to the next generation due to their upbringing and due to continual influence of the founders. (Gallo et al., 2004.) Since succession normally increases the number of family members involved in the business operations, possible conflicts may arise and unanimous decisions are harder and complex to make. Usually this can also be seen as higher dividend amounts and less attention given to reinvesting the profits for company’s future development. Due to these reasons creditors might even be less willing to provide debt for next-generation-managed family firms and this places importance on the careful preservation of trustworthy relationships with for example banks and other external stakeholders. (Molly et al., 2010)

Continuous good performance of a family business after succession is often the result of throughout planning process during the succession. However, a great deal of it is constructed from the successors’ willingness and ability to take risk, increase profit and continue growth. (Gallo et al., 2004.) The so called generational shadow, the continuing influence of the founder generation can hinder the decisions carried out by the second generation (Molly et al., 2010). However, companies lucky enough to have strong family successors content with their investment, can focus more on long-term strategies and thus improve performance (Ward, 1997). The negative effects of succession are most known from first to second generation transitions. There is a lot of organizational learning that takes place during this first succession within the company and usually some focus from best possible company moves is shifted towards handling the succession process and managerial issues accordingly (Molly et al., 2010). This is not merely a negative thing, as keeping with the good relationships can overcome some average business decisions, but bad partnerships and inflamed relationships will destroy even the best business (Ward 1997).

A possible impact on performance is naturally the successors' lack of competences and skills, the so called managerial resources at hand. The next generation can simple be less hard working and even less able, and this is seen in decreasing performance. (Molly et al., 2010.) The interpersonal skills learnt at home as youngsters play an important role (Ward, 1997). However, some authors point out the desire for strategic renewal and proving of competence that stems from the successors, which can result in wealth increase, innovations and renewals in strategy. Nevertheless, no negative correlation with the profitability of the firm and succession was found. The importance of taking into consideration other measures of performance rather than traditional financial metric in determining the impact of succession of company performance were also pointed out. (Molly et al., 2010.)

2.3 Competitive advantage in family businesses

Competitive advantages are factors that provide a company with a better equipped situation compared to their competitors. Competitive advantage can arise for example due to knowledge and know-how or it can be something very product specific, for example in a form of a new innovation. With the help of this knowledge the company can gain, create and seize business opportunities faster and better than its rivals and thus succeed. (Porter 1985.) As stated above, family companies have been said to possess qualities over non-family firms that are potential in creating competitive advantage and that these attributes are possibly lost during the succession across generations (Poza et al., 1997).

As big proportion of competitive advantage is embodied as knowledge, the preservation of it in a family business and in a situation of succession is crucial. It has been suggested that intra-family succession is a better choice in situations where the business-specific experiential knowledge is of high importance in order to achieve competitive advantage (Royer et al., 2008). Thus, where experiential knowledge is not so relevant, arguable in newer high-tech industries for example, intra-family succession necessarily does not provide big competitive advantages.

2.3.1 Resource and knowledge-based views

Family businesses are often said to possess qualities that help in creating competitive advantage over nonfamily businesses. According to Cabrera-Suárez, Saá-Perez, & García-Almeida (2001) understanding the nature and transfer of knowledge in a family business is a cornerstone to these advantages.

The resource-based view (RBV) is a framework in which it is possible to explore the competitive advantage of a company and the resources behind superior performance. A firm needs to be analysed as a unique combination of resources that are complex, dynamic, and often intangible rather than merely from

the perspective of product and market (Barney, 1991). Because family firms in general are usually categorized as complex, rich in intangible resources, and dynamic (Habbershon & Williams, 1999), this view gives a good tool in analysing them. The important aspect here is the deploying of resources with the help of capabilities firms possess, actions that a firm can do particularly well compared to competition. In a family business one such feature is the high commitment and dedication rate. Also customer's trust and perceptions of high quality are characteristics of a traditional family business. (Cabrera-Suárez et al., 2001)

There are many positive characteristics associated with family businesses, family ownership, and management. These include but are not restricted to high concern for quality, long-term perspective in strategies and investments, effective informal decision-making channels, lower monitoring costs, and strong community relations. In addition, family businesses are often appreciated due to their reputation of hard workers, productivity and dedication. (Daily & Dollinger, 1992; Lansberg, 1988). These attributes and various combinations of resources are often grouped together and referred to as the "familiness" of the business. These are bundles of resources distinctive especially for family businesses. Familiness refers to the interaction of family, its individual members, and business, and to thereby created unique bundles of resources which can act as a source of competitive advantage. (Habbershon & Williams, 1999.) It can be argued, however, if the familiness aspects, knowing the entrepreneurs personally and having a feeling of ownership, are true when considering large, possibly publicly listed FOBs or if they are displayed and also utilized in greater detail in smaller family businesses (Savolainen & Kansikas, 2013).

The knowledge-based view to a company focuses on the importance of knowledge which means relevant information based at least partially on experience. This approach analyses how companies create, acquire, apply, protect, and transfer knowledge. (Cabrera-Suárez et al., 2001.) Knowledge is often derived to two types: explicit and tacit. Explicit knowledge can be codified and easily transferred. Tacit knowledge, however, relates to information that is difficult to explain or teach, also called as silent information. Tacit knowledge exists and develops through individuals and their interactions with each other and it is very often content specific. (Teece, 2008.) The transmission of tacit knowledge is difficult and time-consuming but it contains a lot of valuable information regarding the company and its management (Cabrera-Suárez et al., 2001). Especially tacit knowledge is often called "sticky" which refers to the difficulty and hindering aspect in transferring this information to the next generation (Royer et al., 2008). In family business succession the transfer of tacit knowledge is one of the most important aspects of successful future.

2.3.2 Stewardship vs. stagnation

The stewardship perspective of organizations refers to the assumption of higher level of commitment in FOBs due to economic dependence in business, family involvement, and other critical factors included in family businesses (Miller, Le

Breton - Miller, & Scholnick, 2008). Stewardship in family businesses can be manifested through three different forms: continuity, community, and connections. Especially the founders of family businesses are usually extremely keen on assuring the perpetuity of the business and thus make long-term and future-oriented business decisions and investments and they also want to invest in reputation development through marketing efforts. Community form refers to the building of a loyal and motivated staff who wants to contribute to the organization, in a way like a big family. The employees are offered training and a lot of responsibilities if they are willing and capable. The third priority or a form of stewardship are the connections to outside stakeholders, especially to customers who can help the business to grow and continue. Building customer-loyalty, strong relationships and enduring networks is essential. (Miller et al., 2008.)

The opposing argument to stewardship in family business leadership is the stagnation perspective. Family owned businesses are said to represent conservative, outdated and dysfunctional form of organizations that are risk-averse and stagnant in their strategies (Miller et al., 2008) and do not grow. Once successful entrepreneur can be inflexible in changing strategies that have worked during the past and in the fast-paced environment today are thus left behind (Ward, 1997). Moreover, issues such as succession and family conflicts raise new problems that can hinder the growth of the business. It has also been argued that intra family successors are lacking in financial, labor, technological, and managerial resources due to nepotism and altruism (concern for the welfare of others) deployed by the predecessors. Thus, by merely being the offspring of the founders they are selected to continue the business and thus may or may not have actual skills and competences to run a business (Miller et al., 2008). The effective work of boards or family councils can, however, make a major contribution to a positive succession process and business endurance (Poza et al., 1997). According to Miller et al. research's (2008) what comes to resource restrictions and poor growth orientation; the stagnation perspective, the study did not find support for hypotheses, whereas for the stewardship view it did.

The study by Miller et al. (2008) suggests that especially among small family owned businesses the form of ownership gives advantages and positive perspectives on stewardship. The high level of stewardship in a form of business continuity, fostering of talent, and emphasis on relationships can actually make the FOBs better contributors to community and its technological and economic development (Miller et al., 2008). However, important notions here include the seeking of fresh strategic insights, attracting excellent non-family managers, creating flexible and innovative organization, creating and conserving capital, and exploiting the unique strategic advantages of family ownership (Ward 1997).

2.3.3 Social capital

Social capital, also known as relational wealth "*includes assets embedded in relationships with other players and organizations*" (Steier, 2001). This capital includes resources everyone obtains from simply knowing others and being part of social

networks with them. Social capital is said to belong to intellectual capital and consists of emotional and spiritual resources creating competitive advantage (Mbigi, 2000). Behind social capital lies the outlook that the goodwill (e.g. sympathy, trust) others have towards us can be seen as a valuable resource (Adler & Kwon, 2002). Social capital gives an individual a sort of credential, a favourable social identity, which if managed properly can be converted into significant tangible benefits. These networks are meaningful and important when one has good reputation in them (Baron & Markman, 2000) and social competence to benefit from them (Baron & Markman, 2003). Especially in the era of the new economy, significant proportion of value resides not in physical capital, such as plants and equipment but in the relationships, intellectual capital and business networks (Steier, 2001). In addition, the majority of jobs nowadays are relying at least partly to social interaction (Hogan & Shelton, 1998). The management of social capital in organizations has been rather understudied, and as such a distinctive form of resource it requires quite a different knowledge base and thus more research (Mbigi, 2000).

Social capital has been traditionally divided into external relations (bridging social capital) often outside of a company, and internal ties within collectivities and communities (bonding social capital) (Adler & Kwon, 2002). According to Putnam (2000) bridging social capital is the most important of the two and helps companies and individuals to get ahead of competition. It has been stated that positive experiences with dissimilar individuals are stronger than those experienced with similar people, so the development of trust is greater in these bridging affairs (Marschall & Stolle, 2004). As bridging focuses on the external connections and ties it can bring new knowledge, whereas the bonding social capital only further stagnates the perceptions of ourselves (Putnam, 2000). Here lies also the negative outlook to social capital: bonding social capital can lead to homogenous, rigid decisions approved by all, when a better atmosphere would be to have an open debate and various opinions toward a certain subject.

Capital in itself is accumulated labour and this definition in this context works perfectly, since social capital can be convertible into economic capital. It can provide its owner with benefits, energy or insight often achieved only through hard work. (Bourdieu, 1986.) In essence, social competence represents the ability of people to work together; form alliances and be able to network (Baron & Markman, 2003). These strategical networks significantly influence the relative profitability of firms (Steier, 2001). The social capital volume depends on the size of the network and on the volumes of other modes of capital residing in them. Thus, social capital is never really independent from these other modes of capital (economic, cultural or symbolic) (Bourdieu, 1986).

Where human capital describes the skill set of an individual (e.g. language skills, leadership skills), social capital relates to networks, knowledge, and relationships. However, human capital and social capital may act as complements to each other (Glaeser, Laibson, & Sacerdote, 2002) and their connections are intertwined and often mixed. For example communication skills can be a manifestation of human capital, and with the help of it an individual is able to create social

capital. Or for example knowledge, which can be based on expertise and thus accumulated social capital, but also a skill as human capital.

The organizational theory and entrepreneurship literature present that the entrepreneur's ability to establish a network of supportive relationships correlates to firm survival and success (Steier, 2001). Entrepreneurs ranking high on social capital dimensions (status, personal ties, networks, referrals) are more likely to receive funds from venture capitalist than those ranking lower (Baron & Markman, 2000). The memberships in these various networks can provide massive advantages such as direct access to economic resources (subsidized loans, investment tips), increase in cultural capital through expert contacts (Portes, 1998), help entrepreneurs get through the door, gain access to more information, receive venture capitalists, and attract potential customers (Baron & Markman, 2000).

According to Nahapiet and Ghoshal (1998) social capital assists the efficiency of information diffusion, and as usually being complemented with high levels of trust, social capital can reduce transaction costs. Social interaction ties, a manifestation of social capital, may increase trust and perceived trustworthiness. As seller and buyer for example interact with one another frequently and over longer periods of time, their trusting relationship will become more concrete (Tsai & Ghoshal, 1998).

The strength of social networks or ties can determine the access to critical resources (Adler & Kwon, 2002), even though it is argued that weak ties can also provide significant advantage because of the much greater number and variety of resources lying in them (Steier, 2001). However, social capital cannot be profitable or conceivable unless one invests to it as well. Social bonds have to be taken care of or they will depreciate. Nevertheless, social capital does not depreciate with use but rather develops and grows. (Adler & Kwon, 2002.) An investment can be for example a specific competence, simply put you have to give something in order to gain something (Bourdieu, 1986). It is also important to understand that one individual does not have to personally know everyone in a network to be able to benefit from it, but even by knowing some particular person, is gotten an access to a big pool of knowledge and resources (Steier, 2001).

Social capital accrues over time, for example from generation to generation in family business context. When a company leader and its business is well-known and appreciated widely, it is not common that the leader personally knows everyone who knows him/her but rather has a stable reputation. Inherited social capital can be in a form of a good company name or known-to-be loyal family surname for example. These type of people can be sought after for their wide connections and because they are this well-known they are worthy of being known. (Bourdieu, 1986.)

Despite all these positive sides of social capital, there are some risks related to it as well. No matter how trusting relationships, information in them can at times be false. Investing heavily into social capital is naturally not costless. Other resources, besides time, might be needed in its careful establishment and management. Some networks, where a lot of emphasis has been placed, can actually

turn out to be a constraint or a liability. (Adler & Kwon, 2012.) According to Hansen (1998), the so called strong ties need a lot of time and effort to prosper and he argues, that weak ties are sometimes better given their easiness in preserving and lack of redundant information.

2.3.4 Social skills

According to Baron and Markman (2000) beyond social capital, lies the importance of social skills, which contribute to the amount, size and strength of one's social capital assets. Social skills are embedded into the broader concept of social competence (Baron & Markman, 2003). Excellent social skills are the prerequisite for extensive social capital. Once next generation successors are embedded into the social capital networks, it is their personal skills that play a key role in their subsequent success (Baron & Markman, 2000).

A person can possess admirable resume of social capital and be thus looked upon, but without certain skills permitting them to interact effectively with others, these networks cannot be utilized. It can be said that possessing social capital is highly dependent on personality as well, but social skills are up for modification and enhancement and can in part be learned (Ferris, Witt, & Hochwarter, 2001) and providing entrepreneurs with training in this area can help in their financial success (Baron & Markman, 2003). Personal skills used in leveraging social capital are for example persuasion, influencing and ability to read other persons accurately. The skills in interacting with others are a factor that influence the level of social capital as an asset. (Baron & Markman, 2000.)

Social skills of the successors eventually determine what they are able to do with the social capital hopefully transferred to them during succession. One can have good reputation and be embedded to the right networks, but eventually, what manners are the words said or left unsaid, tone, temper, and manners. When acting wrong in a stressful or tense situation the effects can be long-lasting and vice versa (Baron & Markman, 2000).

Baron and Markman (2000) identified four specific social skills from their extensive literature review that are beneficial for managers and business leaders. These skills were (1) social perception, (2) impression management, (3) persuasion and influence, and (4) social adaptability. Individuals working in roles where social skills are important naturally accumulate more social capital (Glaeser et al., 2002) and this is very much true and significant in the managing roles of a company.

When perceiving others' motives, traits, and intentions accurately a person has good social perception or perceptiveness. Sensing the mood and emotion of others is a valuable asset in personal and in business life situations, and moreover is the capacity to adjust one's behaviour to various situational demand (Ferris et al., 2001). Managers can benefit from this skills by being able to read and understand their employees correctly, given in a situation of lack of motivation for example. When conducting a business negotiation a person proficient in social perception is able to determine whether their opponents are being honest

(Baron & Markman, 2000). It also helps in being aware of reactions and creates understanding to why people react the way they do (Morgeson, Reider, & Campion, 2005).

Impression management refers to the art of making good impressions and getting positive reactions and it involves various techniques (Baron & Markman, 2000). These efforts are done to enhance one's own image and appearance, for example by giving little gifts, saying compliments and flattering but they are also abilities to further tell and clarify own personal abilities for example (Morgeson et al., 2005). Not all impressions formed by others can be managed consciously but can be affected by past experience, attitude, or physical appearance for instance (Baron & Markman, 2000).

Persuasion and influence are skills for affecting people's attitudes and beliefs to a desired direction. Many people don't share our views or behave in a matter we would prefer and we try to influence these actions with different tactics (Baron & Markman, 2000). Different persuasion strategies suitable for business life context are for example promises, expertise, convincing, and esteem (Marwell & Schmitt, 1967). Especially start-up companies trying to attract new investors need the skills of persuasion, trying to convince people to put money in their idea (Baron & Markman, 2000).

Being comfortable and adjusting to a wide range of social situations is due to our level of social adaptability. People high in adaptability can talk with literally anyone about almost anything and also spark on a conversation with strangers, thus this skill is often referred to as communicative adaptability (Duran, 1983). Adapting and adjusting to different social situations is very easy for these type of persons. This is once again very important skill for entrepreneurs making for example so called cold calls to possible partners or buyers (Baron & Markman, 2000) when it is essential to adapt the interaction goals and behaviours according to the counter-arguments (Duran, 1983).

Majority of new business ventures are, according to various research, actually started with a team of entrepreneurs rather than by an individual. Given the situation of succession, it is also unlikely that the entrepreneurs solely will be leading the company. Social skills are needed not only in managing the business and the employees but working together with other external stakeholder groups; advisors, lenders, partners etc. (Ferris et al., 2001.) Great teams are also something often described as the key component of success and persons with high levels of social skills are definitely better off in forming these well-functioning teams and new business alliances (Baron & Markman, 2000).

It is quite evident that training of these social skills can help entrepreneurs succeed. Negative outcomes on business negotiations even if the idea or product is solid can be an indication that something needs to be done in the social front. Schooling plays a central role in developing these social skills. (Bowles, Gintis, & Osborne, 2001.) These trainings of various sorts are highly effective and often involve straightforward procedures, guided practices, and improved techniques. These enhanced social skills can then positively contribute to entrepreneur's social capital. (Baron & Markman, 2000.)

2.3.5 Transfer of social capital

It has been advocated that the performance of the next generation in family business succession is likely to be built on the effectiveness with which knowledge and social networks are transferred across generations (Cabrera-Suárez et al., 2001; Steier, 2001). For a lot of companies competitive or strategic advantage lies in the social capital they are able to nourish and maintain throughout the years. This capital is generally accumulated as time passes. Since this largely intangible asset is not easily transferred, the management and transfer of it in a situation such as succession should be a central task. (Steier, 2001.)

It is arguable whether social capital as an intangible asset is something that can be transferred from one individual to another. However, transfer as a verb was widely found in use in the academic research around the topic and is often used in other rather intangible context, such as transfer of information or transfer of ownership. Transfer thus describes accurately the passing on and relocation of social capital in the succession process.

According to the study of Steier (2001) there are four different modes of transferring social capital in intra-family succession. These four means are (1) unplanned, sudden succession, (2) rushed succession, (3) natural immersion, and (4) planned succession and deliberate transfer of social capital. Over half of the respondents of Steier's research reported having unplanned or rushed succession experiences, such as in an event of accidents or health issues, and successors where in a way "forced" to quickly be absorbed into the networks.

Unplanned, sudden succession happens usually due to an illness or death of the predecessor. It is an unanticipated event of some sort, something that could not been foreseen. Due to this, another family member is forced to assume a management role on a very short notice. (Steier, 2001.) In a situation of unplanned succession the entire planning phase of a succession cannot be conducted together with all the preparations to ensure harmony within family and inside the company (Lansberg, 1988). However, in rushed succession the situation is at least a little bit better, since even though rushed, there is at least some time at hand to pass the critical information and assets to the next generation. Rushed succession happens when circumstances are forcing to make rapid decision and changes in management. This can also be the case of a serious illness of the predecessor. (Steier, 2001.)

When next generation gradually assimilates the nuances of network structure and relationships, taking over key customers, key contacts and other, is the situation called natural immersion. This way the successor slowly starts to do the jobs of the predecessor, the jobs start to expand across various functions over time. Decision making power is slowly spreading to the next generation and eventually shifting even more to their direction. This type of transfer is also known as mentored or gradual immersion across different functions in the business. (Steier, 2001.) The only type of succession where careful actions and plans are made towards the succession process is planned succession and deliberate transfer of social capital. Here the founder generation actually recognizes the

value and significance of social capital, and makes deliberate, long-term efforts to pass it on to the next generation. (Steier, 2001.)

During the phases of more planned and timely transfers it is possible that the founder generation gradually introduces the children to partners and other stakeholders, and also to the values of the business. It could be advisable to bring the future inheritors to be part of your social capital at first, and then later on let them make their own decisions about relationships they want to nurture (Steier, 2001). It has been advocated, that the similarities between incumbent and successor in skills and managerial styles will result in a successful succession. However, these similarities often don't embark a big leap towards better performance, since no dramatic changes in leadership or management can be awaited. (Dyck, Starke, Mischke, & Mauws, 2002.) Therefore it is important to constantly recruit new mentors and coaches who are able to provide new information and ideas and this group of mentors will and should change. At first, the groups of mentors can also be the ones given from the predecessor (Steier, 2001).

2.3.6 Managing social capital

Especially in family firms, the next generation usually inherits or becomes embedded in a vast number of preexisting relationships and network structures (Steier, 2001), which are often extremely important for the company. However, as social capital is considered as an asset such as other forms of capital, it must be managed carefully so that it can bring value also in the future (Leana & Van Buren, 1999). There are several means to managing social capital which can be used as a pathway also when transferring the social capital to the next generation. Hitt & Ireland (2002) argue that for a company's manager to continue the success of the business, this type of strategic leadership needed in managing social capital is critical.

Deciphering existing network structures means that something complex and ambiguous needs to be unraveled or decoded and in this context it means the identification of the players in the networks (Hitt & Ireland 2002). Especially the so called weak ties should be acknowledged because otherwise they are impossible to tap into. However, records of these relationships are rarely kept and the knowledge in them is oftentimes tacit and not easily communicated. Especially in a case of sudden or rushed succession, where there is very little or no time to discuss this tacitly held knowledge, these ties might be lost. (Steier, 2001)

When managing social capital constant evaluation of networks should be made and this can mean adding new networks or deleting ones that no longer bring benefit (Hitt & Ireland, 2002). Deciphering the transactional content of network relationships refers to the knowing of what a particular relationship is able to provide, whether it is financial resources, support, advice etc. (Steier, 2001). Here the vital consideration is also the mutual benefit of these relationships which is the key behind creating and managing trustful social capital; ties must bring value to both parties to exist (Hitt & Ireland, 2002). Because of the embed-

dedness of resources, which refers to mixing of personal and business ties, relationships often provide resources other than initially intended or officially stated (Steier, 2001). Oftentimes it is only the incumbent who knows the true meaning of these relationships and their value.

When determining criticalities, the most crucial relationships for firm survival and success are acknowledged (Hitt & Ireland, 2002). These relationships are the most important, and actions need to be taken towards ensuring their sustenance. The entrepreneur's job is to maintain these channels through succession. (Steier, 2001.) As stability is one of the key factors behind strong and meaningful relationships, what can be done to ensure the existence of the important ones, is significant (Leana & Van Buren, 1999).

Next-generation entrepreneurs are embedded into an existing network structure and they need to fill the boots of the predecessor and prove their place. Attaining legitimacy in these relationships can be both conferred and earned. In intra-family successions legitimacy can be attained through the fact of family ties. Steier (2001) reported that second generation entrepreneurs commonly expressed a passing of goodwill to them through previously established relationships. Especially if the previous generation has had good reputation, some of that can be passed on to next generation as well. However, sensitivity in passing on the relationships is needed. It should be acknowledged that this step acquires time and skills to make sure all partners are aboard, and not necessarily even then the cooperation continues. (Hitt & Ireland, 2002.) On the other hand it has been stated that parental relationships can also have a negative impact on the relationships. Sometimes it is hard to take over if the other party is constantly hindering the decision making by stating for example that "this is not something your father would have wanted". Successors have to make their own decisions eventually and build their own credibility in these networks. (Steier, 2001)

When taking over the management of the firm, at least three roles have to be considered: technical, managerial and stewardship. Clarifying the optimal role or the breadth of roles and focusing their energies accordingly is a key task for the successor in question. Due to succession, whether sudden or planned, the complexity of the firm increases, making next generation entrepreneurs face with problems the predecessors probably never had to handle. This situation can require them to manage ties through delegation and division of labor, which can mean for example involving other family members in different management roles or relying more on professional managers. (Steier, 2001)

Even though not immediately apparent, the transit to next-generation brings about changes and increased activity on the relationship front. Striving for optimal network configuration means reconstituting network structure and content, adding new players and excluding old ones, which is perfectly normal and also needed for further development. Old relationships can provide a lot of expertise and knowledge but within the new economy comes new challenges that old business partners might not be equipped to handle. Next generation can feel obliged to take care of relationships their predecessors felt meaningful and important but they might not provide the same value for the new entrepreneur and their significance should be reconsidered. (Steier, 2001.) Social capital is built over

longer periods of time, but can be destroyed in an instance, thus in managing and transferring the social capital to the next generation, long-term orientation and careful planning are the key (Leana & Van Buren, 1999).

Below in table 1 the most relevant articles and their findings relating to this study, and gone through in this literature review are presented to give a clear picture of the theoretical framework.

Theory	Topic	Authors	Year	Findings
Stakeholder theory	Determinants of Initial Satisfaction with the Succession Process in Family Firms; A Conceptual Model	Sharma, Chrisman, & Chua	2003	Carefully developed succession plans increase the likelihood of cooperation among various important stakeholder groups and enhance the satisfaction.
Resource- and knowledge-based view	The Succession Process from a Resource- and Knowledge-Based View of the Family Firm	Cabrera-Suárez, De Saá-Pérez, & García-Almeida	2001	Understanding the nature and transfer of knowledge is a cornerstone to ensuring competitive advantage after succession
Tacit Knowledge	Promoting family: A contingency model of family business succession	Royer, Simons, Boyd, & Rafferty	2008	Transfer of key knowledge and skills are critical factors affecting intra-family succession and competitive advantages
Social Capital, Succession	Next-generation entrepreneurs and succession: An exploratory study of modes and means of managing social capital	Steier	2001	Strategical social networks, form of competitive advantage, significantly influence the relative profitability of firms. The management and transfer of social capital in a situation such as succession should be a central task
Social Capital	Social capital: Prospects for a new concept	Adler & Kwon	2002	Strenght of social networks and ties as a source of access to critical resources
Social Skills	Beyond social capital: The role of entrepreneurs' social competence in their financial success	Baron & Markman	2003	Excellent social skills are the prerequisite for extensive social capital. Once next generation successors are embedded into the social capital networks it is their personal skills that play a key role in their subsequent success

Table 1. Presentation of the findings of the articles included in the theoretical framework

3 DATA AND RESEARCH METHOD

This chapter explains the research design and method selected for conducting this study. First the qualitative case-based research is introduced together with the case company and then data collection and analysis are explained.

3.1 Qualitative case-based research

The two most common empirical research approaches are qualitative and quantitative research. Where qualitative research focuses on phenomenon and gathering explanations, quantitative approach proves facts with numbers and figures. A simplified distinction between the two is that qualitative approach uses words and quantitative uses numbers or that in qualitative research setting open-ended questions are used and in quantitative the questions are closed-ended. (Creswell, 2013)

According to Creswell (2013) qualitative research is based on an inductive process: it proceeds from private to general, and is interested in several simultaneous factors that all contribute to the final result. These factors might vary in the process of the research and the composition may change and it is context specific. Theories and patterns are developed in the hopes of bigger understanding and credibility and precision are accomplished through verification. Given the topic of the research of family business succession and the viewpoint of stakeholders a qualitative research helps in exploring and understanding the different individuals in this social context (Creswell, 2013). According to Glesne and Peshkin (1992) qualitative research assumes that variables are complex, involved with each other and difficult to measure.

The research will be conducted as a single case study for a company working in the furniture industry and facing succession in the coming 5 to 10 years. Case study research is suitable for processual and contextual studies of change (Pettigrew, 1990), and it aims at giving insights through rich details and in-depth information. The research questions of a case study are related into solving of the particular case in question (Eriksson & Kovalainen, 2008) thus helping the company in further planning the succession process.

There are several advantages to case study research. As said by (Feagin, Orum, & Sjoberg, 1991) case studies can provide information from a number of sources and often over an extended period of time. This allows studying complex social processes and meanings. They also highlight the importance of the dimensions of time and history to the study of social life, which is clearly present in this study of succession and social capital. Case studies are also said to inspire and enable theoretical and conceptual development (Pettigrew, 1990).

The research has both intensive and extensive case study attributes. In intensive case study the understanding focuses on a unique case and to a clear contextualized description of it, whereas in extensive case research the aim is to test or generate theoretical constructs that could be generalizable (Eriksson & Kovalainen, 2008). In classic or intensive case study the key interest is in the case itself and in the solution of it, the purpose often is to construct a worth hearing narrative or story. However in this case the 'real-life' case is not the focus per se, but it rather provides the environment in which to study the business-related phenomena (Eriksson & Kovalainen, 2008). In a so called instrumental case study (Stake, 1995) the cases are used as instruments that allow generating knowledge that extends beyond the case itself, and that is also a relevant point of view in this study.

Conducting research within an organization or with people previously familiar to the researcher is called backyard research. This type of research increases the chances to develop precise contextual knowledge, which is a key point in qualitative studies and important also from the case company point of view (Eriksson & Kovalainen, 2008). Case study permits the studying of actors, processes and events thoroughly, closely and longitudinally (Eisenhardt, 1989; Stake, 1995). Since the researcher has been involved in the operations of the business for over 5 years now, the backyard research view is equivalent here.

3.1.1 Case company

The case company was founded in 1994 by spouses in Southern Ostrobothnia, Finland. The business is a manufacturing company in other furniture industry selling custom-made sliding doors and wardrobes through approximately 200 retailers in whole Finland. The main customer groups are kitchen manufacturers, furniture stores, and construction and renovation sector. Currently the company has no exports. In the fiscal year 5/2016-4/2017 the turnover of the company was 3,8 million euros.

The management of the business is in the hands of the family. The founders (husband and wife) currently work as a CEO and COO. The founders' all three children are active participants of the operations, working with financial administration, logistics, marketing and sales. The youngest child, researcher, age 28, has been involved in the operations of the business more extensively since 2012, so approximately 5 years now. The second child, male of age 29, has been working in the company for about 10 years now and the oldest child, female of age 31 has been handling various assignments over the course of at least 7 years in the business. All of the children are furthermore already co-owners in the business, a so called partial succession has been performed. The oldest child's spouse works in the factory as production manager. In addition to these family members there are altogether 29 non-family employees working in manufacturing and office.

The co-founder and CEO of the company has impressed his desire for retirement and is turning 60 in 2017 so the topic of succession is current. In addition,

CEO's wife, the other co-founder is planning on retiring in 5-10 years. Even though partial succession has been operated, no precise decision about the future management of the company has been developed. It seems that the owners will pass on the leadership to two or more of their offspring. The information received from this research will help the case company in its further succession process planning.

Given that the current owner generation has been working and building the company since its foundation, over 22 years thus far, it is obvious that much of the insights and lessons gained is so called experiential knowledge. This information has been gathered throughout the years from the market, economy, customers, and partnerships; from failures and misfortune and successes and luck, making the information highly valuable to the future of the company. The study aims at figuring out ways to hold onto the knowledge tight into the social capital of the founders and first generation.

Besides that, the industry the company operates in, is not very high-tech or dynamic and I would say that the general information needed to actually and only operate the business is not extremely difficult or hard to access. According to Royer (2008) in situations like this, where the family business-specific experiential knowledge is highly relevant, the family members are the preferred choice for succession. When high levels of industry-specific or technology-specific knowledge or certain educational skill, work experience and success from another company in the field is required, the succession tends to point out to the direction of external managers.

3.2 Data

3.2.1 Data collection

The researcher chose qualitative theme interview for primary data collection method, since the information needed for the research could not be found in published form (Eriksson & Kovalainen, 2008). Interviews are very adjustable method for various kind of research, where the interviewer is in direct contact with the informants and is able to steer the information gathering. Also given the topic of the research it was presumable that the answers are multifaceted and pointing to various directions. In the phase of the interview it is easy to ask more precise questions accordingly and justifications for opinions (Hirsjärvi & Hurme, 2008), which was beneficial for this study. This type of theme interview or semi structured interview (including both what and how questions) gives informants a chance to express their opinions and feelings about the topics which are thought through by the interviewer (Creswell, 2013; Eriksson & Kovalainen, 2008).

There are of course potential downfalls and disadvantages when conducting interviews. Firstly, interviews can be quite costly, given the travelling expenses, and conducting interviews is also relatively time-consuming. Likewise,

skills and experience are required from the interviewer, which in this case can only be obtained through mistakes and learning. The analyzing, interpretation and reporting of the data can be problematic since no formal guidelines or models exist and the best methods derive according to the data. (Hirsjärvi & Hurme, 2008)

As a secondary data source the case company's enterprise resource planning software and invoicing program was used, as they contained all existing information about the interviewed retailers, half of the informants. Before each interview the founders were questioned about this particular person, partner or company and thus, an insight was formed in order to be better equipped for the actual interview situation. However, given the fact of the backyard research, the informants; the organizations, customers and partners where previously known to the researcher, some naturally to more extent than others. There were only 2 out of 12 informants that the researcher has not previously been in direct contact with. These two represented the auditor (Partner 1) and one big supplier (Partner 4).

The informants were chosen based on the importance from the case company point of view. Different selection criteria for different type of stakeholders were used. Most important retailers or customers were picked based on their annual purchases in 2016. The level of influence was also considered vital in determining the importance of the stakeholders. The other group of informants, most influential business partners, were chosen based on the frequency of interaction with the co-founders of the business. All of the chosen informants worked in managing roles in their companies, majority of them employed as entrepreneurs, or CEOs, or being the owners of the business. Given the topic of succession, especially the owners of family businesses were seen as important source of information. Some important partners, such as the auditor and the bank were chosen because of their high involvement in the financial and juridical side of the succession. Also the importance of these particular partnerships in the process of the succession was acknowledged.

The interview invitation was sent through email to 22 potential informants from whom 13 expressed their initial interest for the research. Eventually 12 face-to-face interviews were agreed, conducted, recorded and transcribed for the analysis. In the data collection phase of this study the researcher drove to conduct all the interviews face-to-face. All the informants were male. The duration of the interviews varied from 34 minutes to one hour 22 minutes and the total duration of all the interviews was almost 11 hours. The transcription yielded in approximately 79 pages of transcribed data. The conducted interviews and other relevant information are shown and listed below in Table 2.

Group 1: Customers		Company	Role	Age	Duration
Group 1: Customers	Company 1	2nd generation FOB	Entrepreneur	27	51 min
	Company 2	2nd generation FOB	Entrepreneur	38	51 min
	Company 3	2nd generation FOB	CEO	26	44 min
	Company 4	1st generation FOB	Co-owner, CEO	41	35 min
	Company 5	2nd generation FOB	Founder & Owner	62	45 min
	Company 6	Non-family business	Ex-entrepreneur	66	34 min
Group 2: Partnerships					
Group 2.1		Mentors			
Group 2.1	Partner 1 (Auditor)	Non-family business	Sole proprietorship	60	76 min
	Partner 2	3rd generation FOB	Ex-entrepreneur	63	44 min
	Partner 3	2nd generation FOB	Entrepreneur	60	78 min
Group 2.2		Suppliers			
Group 2.2	Partner 4	Non-family business	CEO	61	82 min
	Partner 5	2nd generation FOB	Ex-entrepreneur	74	65 min
Group 2.3		Other partnerships			
Group 2.3	Partner 6 (Bank)	Non-family business	Head of Financing	55	45 min

Table 2. Conducted interviews

As seen from the table the informants were divided into two groups: customers, to whom the case company works as a supplier, and partnerships comprising of mentors, suppliers and others. Both groups had similar set of questions developed but with a focus on their status from the case company point of view. The interview questions were developed simultaneously when processing the literature review. The questions were mostly open ended, in order to encourage more speech (Eriksson & Kovalainen, 2008), but also yes or no questions were used. The focus was on personal perspectives, conceptions, experiences, and interactions of the informants with regards of the case company. The answers naturally reflected also other experiences from the field of successions and that was considered furthermore as valuable information for the future direction and planning for the case company's succession.

From the total 12 informants 8 worked in family owned businesses (FOBs). One company was a first generation FOB, 6 were second generation and one partner was in the phase of a third generation. The experiences of their own succession process were greatly contributing to their answers and insights about knowledge and lessons learned were gained. The 4 informants without FOB background nevertheless have had previous experiences working with FOBs and succession cases and thus gave another type of perspective to the studied phenomena. Some of the questions were also future oriented, thus intuition and speculative answers also added insights into the manner.

There was a great variation in the ages of the informants, from 26 all the way up to 74 years old. The average age was 53. Given the area of succession it can be argued that older people would have more knowledge and perceptions in the aspect, but the viewpoints of the younger successors and their experiences once again enriched the data. Older and younger generation were looking at the succession from different viewpoints, another as predecessor and the other as successor. The predecessors had long history regarding the business, industry, and the case company in question, whereas successors tended to have fresh mindset and new viewpoints towards the industry and case company.

3.2.2 Data analysis

After conducting, recording, and transcribing the interviews the data gathered was analyzed. According to Kyrö (2004) there does not exist a single correct way to analyze qualitative empirical research data, but that a researcher decides the method for analysis best suitable for the study in question. As an analyzing method the interpretive approach was chosen as most suitable for this research, given the subjective research setting of the study. This method captures meanings through in-depth, detailed and, close data analysis. The interpretative analysis considers multiple interpretations of the same issue as trustworthy and thus is versatile (Laakkonen, 2012). This approach typically focuses on social aspects over the economic view of activities in the organization (Alvesson & Deetz, 2000), and due to the perspective of social capital in this study the analysis method was chosen as most appropriate. According to Nordqvist, Hall, & Melin (2009) case study research is a common way to conduct interpretive analysis in the context of family businesses.

The underlying goal of interpretive research approach is to understand a phenomena, whether it is social, economic, or political. It aims at viewing reality in novel ways that challenge the common, taken-for-granted views (Burrell & Morgan, 1979) and can create new unexpected understanding. Interpretation as a method of analysis exploits the researcher's judgment instead of a specific analytical tool (Hall, 2003). Interpreting what the informants mean behind their answers is strongly affected by the researcher's own subjectivity, which acts as a bridge between two minds, and works well in the situation of a backyard research such as this. There is a focus behind this approach that is concentrated to three concepts; *interpretation*, *meaning* and *understanding* (Nordqvist et al., 2009). Interpretation clarifies meaning and through interpreting understanding can be created (Denzin, 2001). In interpretative approach the researcher seeks understanding through interpretation of meanings concerning factors such as actions, processes, objects and actors (Nordqvist et al., 2009).

Interpretive approach helps in thinking more creatively about the complex and ever-shifting world in which we operate (Thomas, Pettigrew, & Whittington, 2002). From empathy and intuition researcher comes up with scientifically trustworthy interpretations. Interpretation produces understanding of the question at hand, it adds and expands existing information rather than gives objective truths (Laakkonen, 2012). A key result from interpretive approach can, however, be generalized meaning in a form of revised or extended concept for example. This could be utilized as a building block for further research. (Nordqvist et al., 2009.)

It has been advocated that the interpretive approach to qualitative research, especially in the context of family business, is useful. Family businesses tend to be complex, tacit and ambiguous as organizational phenomena and furthermore usually include the family in the research setting. Thus, studying them through interpretive methods, capturing these specific and unique dimensions, is beneficial. (Nordqvist et al., 2009.) The relevance of tacit information and relational aspects of organizational life are not a topic comprising only family owned businesses but interpersonal linkages, emotions and ties exist in all organizations

(Carter & Jones-Evans, 2009), and with the help of interpretive approach deeper knowledge from the field can be obtained.

In inductive analysis different categories and themes are grouped together from the bottom up, and thus the data is structured into more abstract units of information (Creswell, 2013). However, in interpretive analysis it is common that the researcher moves back and forth with the data, between empirical material and existing theory. According to Emerson (2007) the researcher modifies original theoretical statements to fit observations stemming from the data and on the other hand seeks observations relevant to the emerging theory. Deductive analysis and reasoning are used when gathering more and more evidence about the interpretations around the vital themes. In interpretive research analysis the ongoing interplay between empirical data and theory is often referred to as iterative analysis rather than inductive or deductive approach (Suddaby, 2006).

Often in practice, interpretive research starts with a guiding general focus, some kind of theoretical framework and research questions in mind. When going through the data, different themes may emerge and guide the study to a somewhat different direction. Theory is supplemented often afterwards to support the interpretations and meanings conducted. (Laakkonen, 2012.) Individual experiences form the basis of interpretive study and this typically means that the researchers enters the world of informants under study to see and sense the situation with the eyes of the actor, and observers what the actor seems important (Blumer, 1969).

The whole research process is summarized in the figure 1 below. The research started with extensive literature review, during which the research questions were formulated. After the review, the data collection method was chosen, the interview questions formulated and informants selected in cooperation with the founders of the case company. At the same time, the pre-interview was conducted and some adjustments to the interview questions made based on the feedback. The conducting of interviews happened partly simultaneously with data transcriptions. Each interviews was transcribed directly after conducting it. Interpretive data analysis revealed a need for some theory supplements. After carefully and repeatedly analyzing the data and writing the findings the discussion section was written in a comparative consideration between the existing theory and interpretations made. Finally, conclusions were drawn.

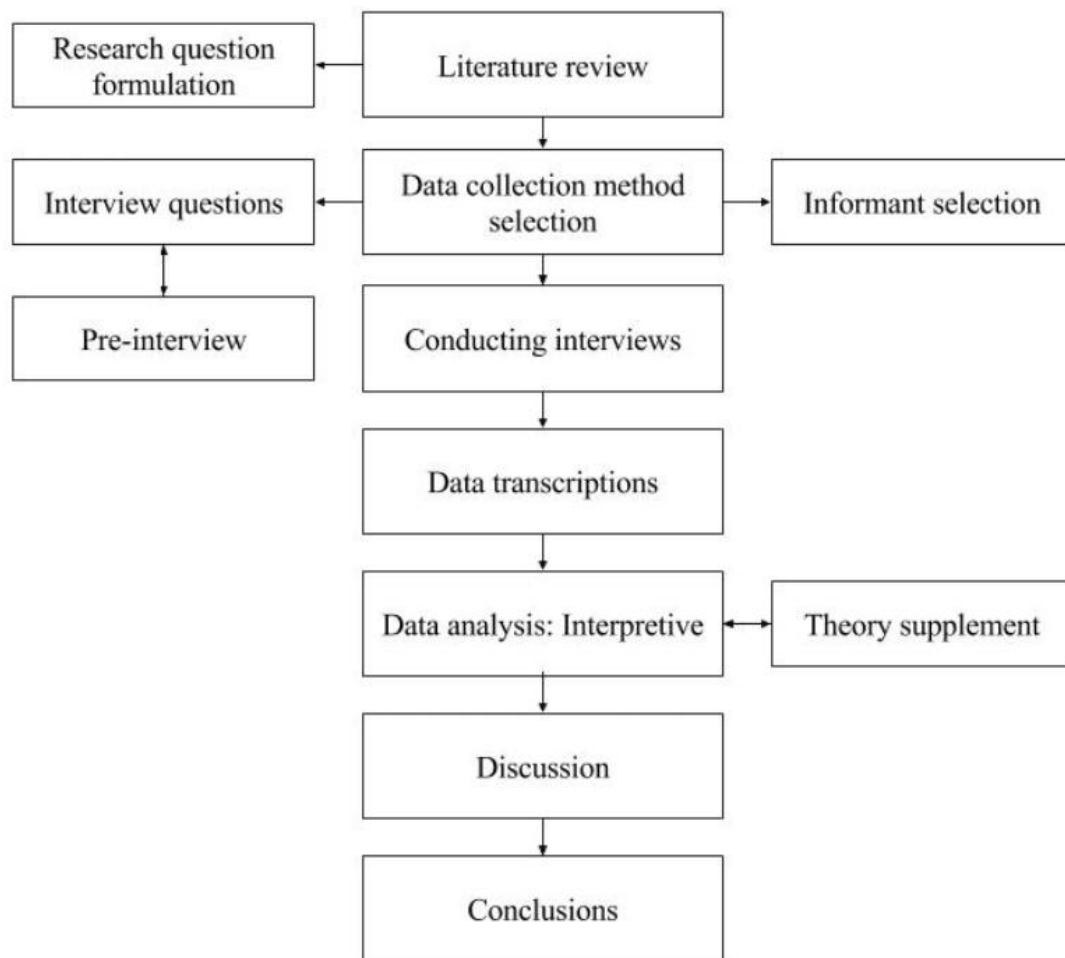


Figure 1. Research process

4 RESEARCH FINDINGS

4.1 General information

The analysis started after the transcribing of the interviews. As common in the interpretive approach the materials were reviewed over and over again and the interplay between data and theory was ongoing. Thus, the data became more familiar and certain themes were arising from it. In this phase some of the theories were revised and complemented with topics stemming from the data. As guided by Alvesson & Skoldberg (2000) the interviews were let to do the talking. Questions regarding arguments and counter-arguments for emerging meanings and interpretations were discussed.

First the interviews were studied carefully individually to conduct some within-case interpretations. Afterwards the information from unique interviews was combined and over-arching themes were connected and cross-checked, and differences and similarities about the themes were looked into. With the guidance of Laakkonen (2012) the next step was to more systematically work through testing and trying out different theoretical notions and perspectives to identify even more general themes through interpretive work. This phase is even more in action in the discussion section of this study.

As all the interviews were held in Finnish, the translation to English added another layer of complexity to the research data and to the interpretation process. As advised by Nikander (2008) the data analysis and interpretations were done in the original language, where meanings behind words and stories can be easily traced. Afterwards the interpretations were translated into English, not primarily trying to include the words used, but to describe the actual meaning. Quotations from the interview materials are input to the paper as evidence of interpretations established.

After even more analytical examining of the data, it was decided to concentrate on a certain range of especially interesting themes. These themes were especially relevant given the research questions of the study and where thus given importance. The aim was not to find patterns and relationships that can be said to be true in all family owned businesses but to look at the question from the case company point of view, give new insights and broaden the understanding of potentially wide set of cases.

4.2 Findings

The findings chapter is divided into four subcategories stemming from the data and in accordance with the research questions. First the role and diversity of social capital in entrepreneur's networks and career is examined together with the

potential competitive advantages gained through strong networks. These results give an introduction to the theme of social capital and partly answer the first research question of: What is the role of social capital in the future of the company? Second part concentrates on the creation of social capital, whether unintentional or deliberate, and introduces attributes of a good networker, which naturally help in the earning and managing of social capital. The third section points out the importance and role of intra-family succession in the natural preservation of social capital. Thus the second and third section focus on the second research question: How social capital can be created and managed? Finally some concrete actions and considerations for transferring the knowledge and networks to the successor generation are discussed. Here the consideration is on the third research question: How to transfer social capital and social networks to the next generation?

4.2.1 Social capital in networks

Importance of social networks

Social capital can be said to be embedded in all relationships, whether we consider it or not (Steier, 2001). During the interviews it was noted that the word social capital and even social network were somewhat unfamiliar to many of the respondents and from the interviews the term stakeholder (sidosryhmä) arose as a more familiar and used synonym to describe these networks. Despite the wording, the meaning and context was identical.

It was clear from the interviews, that social networks have relatively high value in the operations of a company and in the eyes of the entrepreneur. Through networks you can gain access to a vast database of knowledge and information. You can receive concrete business tips and leads:

"You get different contacts and tips or new thoughts."

"Every time I know someone needs something I say, hey call that person! It is okay to guide people. Someone needs and someone knows. Through one person you get all their contacts and then it expands and the amount is infinite."

With the help of these networks you have a channel from where to receive information but also a channel from where to ask for help. Through your own networks you are able to get your hands on to an even wider set of networks, so that when you are not able to obtain help directly from your own contacts, they can guide you further.

Through social capital from different networks, you are able to receive peer support, which is often essential for an entrepreneur battling with various types of problems and decisions, and quite often feeling alone. Even if the other person is not able to give answers or suggestions, the mere fact of talking and sharing increases the wellbeing and thus effectiveness of the entrepreneur. The fact of different opinions stemming from peer networks is a precious resource:

"When the other one understands you and what the problem is, you are able to get mental capital and in our own distress perhaps some relief to your agony. Someone else has experienced this as well"

However, few thought that no matter the networks, first always comes the product or service of the company. Everything else is secondary in the operations and success of business. But even these respondents admitted that it is beneficial to have vast networks:

"More good than bad, definitely."

The counterargument emphasized the role of individuals inside the companies and that all the actions companies make, are actually actions of human beings. Thus, networks are the ground for everything:

"If one only thinks about numbers and business it does not work, at the end, however, this is not only business but interaction."

"Companies don't make the trade, people do."

"If you are unable to build trusting networks, it is hard to operate."

Many of the informants acknowledged the importance of building social capital and vast networks, but claimed that entrepreneur faces difficulties when executing it. Besides potential trust issues, time is another factor in play:

"The only problem is that the poor entrepreneur doesn't have time for everything. Where does all the time go?"

"You gain something, but it also takes something. The time is away from home."

"Everyone has some kind of networks, but in my opinion, if you have time, it is beneficial to try to build them and acquire them more extensively. From various industries perhaps."

Some respondents highlighted the importance of industry-specific knowledge and contacts within their own industry, the so called bonding capital. However, the majority found it better to expand the contacts and social capital to other industries (bridging capital), such as in the quotation above and here:

"Nowadays it is beneficial to discuss with people from other industries. To follow what is going on in the economy in general. To learn to read [the situation] a little, so you can plan accordingly."

"Even though you're not from the same industry, you can get good ideas. In social networks people are usually likeminded and the conversation flows on."

The help and significance of social networks is often not recognized until a problematic situation occurs. The survival of the fittest and strongest is a characteristics of a Finnish mentality and it manifests by trying to cope alone:

"Maybe especially during incidents [networks are important]. Many entrepreneurs just try to break the walls down, lose sleep and in stress make bad decisions. One should ask for help."

A channel where one could speak and relate to others would be a good helper in a situations of a crisis in the entrepreneur's business career or even in life in general, but the fear of shame and the concept of honor sit very tightly in the Finnish mentality. Some of the respondents acknowledged the significance of these networks and the need for them and were hoping that the next generation would utilize them even better:

"Something that I have not utilized, but I would like descendants to utilize. ... To participate and be on track about what is happening."

In the data the importance of social networks, especially in Finnish context, raised in importance. 8 of the informants were working in Finland alone and as it is such a small country, it can be argued that networks play even more enhanced role here:

"It is a bigger risk here if you do something wrong or lose a big customers. In Germany there are hundreds of others waiting in line and here you have maybe 3 big companies. When you lose one, it is a big deal."

Various important networks

The informants were asked about the different important networks that an entrepreneur or a company has; who are the key players and crucial actors. 9 out of 12 informants named other entrepreneurs, peers, as one of the most important social networks for them:

"The sharing and forwarding of knowledge, especially when talking about local issues. This is the most helpful and this type of information is received from other entrepreneurs."

Entrepreneurs from the same industry were highly appreciated, even though the information between competing companies was something not flowing very smoothly. Industries linked closely to each other, such as construction, renovation, and furniture industry, contribute massively to one another and entrepreneurs from these linking industries are a source of important information as well.

It was also mentioned that it is not obligatory for the person to work as an entrepreneur in the industry, but even employees, possibly in managing roles in companies, can be categorized as peer networks.

With colleague entrepreneurs the relationship can expand beyond doing business together. Many of the informants acknowledged these entrepreneurs as being firstly their friends, a great level of trust is built over the years of cooperation. The benefits of being a friend, rather than a business or cooperation partner are naturally existing. The reasons behind business cooperation can lie in the relationship, rather than in tangible benefits:

"You have worked with them and goofed around. In these cases it is not necessarily the price that matters. Even if the price is a little more expensive than that of a neighbour you take it from a friend."

Many of the older informants reported having a peer network consisting of former and current entrepreneurs, who have started grouping together through formal meetings but nowadays continue it with rather unofficial gatherings. These networks can be a source of very important information or work more as a channel for self-expression and opinion exchange:

"We have a group of 8 entrepreneurs or ex-entrepreneurs. We have gathered together for 27 years this year. Once a month with rotating turns. ... You can unload there. ... Many have said that it has helped."

"Peer networks are the best. Some entrepreneurs have friends to whom they can talk confidentially, but unfortunately many is alone."

"A forum where we debated where the world is going."

It was also acknowledged that the peer network works best because of the understanding that entrepreneurs all have when it comes to risks, obligations and responsibility. Entrepreneurs understand each other in these manners, but not everyone does:

"Spouses don't necessarily understand, if they are not in the same industry, they just don't understand. It is so different to have debt for some hundred thousand euros as a burden and have employees, when the spouse works in some charity organization dealing post cards to Africa. They are so far from each other and you just can't relate."

"In best case you have a network of few entrepreneurs with whom you can talk confidentially and know that they won't talk about it."

As stated before, important actors within your industry, even though not necessarily entrepreneurs, are likewise an important source of social capital. In the furniture and kitchen remodelling industry, where the case company and many of

the informants operate, sales agents play a big role. Many suppliers have agents going through the customers, both old and new, in the field. From agents you are able to receive insights and opinions:

"Yes, and he knows. I am always questioning him about the markets. He is in contact with all the customers. He is well networked."

Different organizations organizing trainings and various networking events were pointed out as an important network by 8 of the 12 informants. In Finland we have different entrepreneur's societies such as Federation of Finnish Enterprises (Suomen Yrittäjät, Nuoret Yrittäjät) and Chamber of Commerce (Kaupapakamari, Nuorkauppakamari). A way of networking and gaining social capital through humanitarian work are voluntary organizations such as Rotary and Lions. A somewhat new term and trend in the business circles is the voluntary mentoring of younger entrepreneurs, which was recommended and recognized by three informants.

Even though these different organizations were widely known among the informants, many questioned the actual benefits of being a member. Entrepreneurs could not name many advantages the membership has brought, yet many still belonged to them:

"If I have understood correctly, people don't necessarily know how to utilize them."

"You get a members card and some member benefit to somewhere and that is that. From Suomen Yrittäjät you get a Silja Line discount."

"You pay the membership and then you receive tax consulting or something else."

Other forms of networks and stakeholders were seen far more important than the membership to these organizations and the membership was not needed in establishing these more important ones. However, peer support and thus networking was said to have found through these channels. And as the comment below shows, you should at least try them out:

"Not everything is for everyone, but at least you should go and check them out."

Surprisingly family was mentioned as an important network in only one of the interviews. Even when questioning about ways for support in problematic situations, family was not brought up:

"We go through business matters in our family. We rarely talk about anything other than business. The life inside the family is the business."

The above comment can be interpreted in a way that given the fact of the comprehensive involvement of the family in all business matters and also the business in all the family matters, the family members are thus not seen as an extra,

external form of social capital. If outsiders would be asked about the important networks or support persons of an entrepreneur the results could have been fairly different.

Another obvious network and stakeholder from a company perspective are the suppliers and customers of a company. These were both named by 3 informants. Naturally they are very important when it comes to the operations of the business, and here once again the product aspect was emphasized. It can be argued that given the situation of the business, many of these partners are already listed in the category of other entrepreneurs when thinking about more personal networks.

Contacts to the city or municipality where the company operates were seen as important by two of the respondents:

"Contacts to the city. You always get something when you talk with the town manager or technical manager. Or if they have a meeting and you participate."

"Every week they take orders. If there is a new offer round, if they take new offers, you should be in it."

It is not uncommon for a trusted and successful entrepreneur to participate in the political environment in the municipality of the company's operations. The connections and networks gained through this type of participation can be valuable. At the time of the interviews one respondent was starting as a candidate in the municipal elections. Later on, it was checked that this person, the CEO and co-owner of a company was chosen to the council, together with another owner of the company. However, taking a political stand can possibly create some issues for the company:

"Besides taking a lot of time, it creates tensions that might be harmful for the business."

It was pointed out that the views of a single person should not be mixed with the views of the company and that a company should not stand behind a certain political flag. This can be difficult if the company is small and only operating locally, the owners are usually the faces of the company and opinions are often mixed. The company in question was, however, bigger and operating nationally through online store, so it could be debated that in this case it is easier to keep the company out of the viewpoints of the councilmembers.

Finally banks, investors and accounting company was named in 4 interviews as a form of networks. Here again it can be argued that these are more "paid" relationships and you act solely as a customer to them, so they were not necessarily grouped or thought about as a social network. As financial considerations was not the focus of the study nor the interview questions, it can be argued that the help of these professional networks did not play as big of a role as would often be the case.

Competitive advantage in social networks

In this section, the competitive advantages arising from different social networks are discussed. All the respondents agreed that broad social networks can bring competitive advantage to a company and thus help the company to succeed. Probably the most important aspect you gain from your networks is information. And as said, knowledge is power:

"Social interaction is always a positive thing. The sharing of knowledge, receiving of knowledge, gaining of experiences."

Through this knowledge you can acquire business leads: find new customers, open new markets, start exports, think about own investment plans etc. Sometimes the other party does not even recognize that you might benefit from this information in your business, or on the other hand, of course you don't benefit from all of this information:

"Business leads, definitely. Precisely through knowledge. ... Whether they are beneficial, that is another factor."

"We have acquired quite a lot of ideas for example to marketing."

It was also mentioned that through networks and different partnerships you can gain concrete financial benefits as well. Through trusted networks you can get the information about possible financial difficulties of your customers or of a competitor in the field, which can help you in your own business decisions. It is also harder for anyone to try and deceive you with prices for example, since you have channels, other than Google, from where you can check validity. Some bigger and smaller investments could be made in cooperation with your partners, such as the example of group advertising:

"You can do group advertising as well. You book a bigger ad space together and divide it and you get it cheaper. So there can be even financial benefits."

Sales agents play an important role especially in the furniture industry. They have wide access to companies and competitors in the field, and by circulating their existing and potential customers they gain a lot of information and knowledge from the field. If the entrepreneur has a strong network with an agent you can get a lot of information regarding your competition and the market in general. This naturally can benefit your business in multiple ways:

"The better you know your competitor, the easier it is for you."

"Yes of course, he was like a mentor and still is. His goal was to get as much sales as possible and then we discussed openly that how we are going to reach it."

Through these sales agents it is also possible to gain referrals, which was pointed out as highly valuable advantage stemming from your networks. Through referrals you can gain new customers, and agents are also a way to spread the word about your business. Good networks and trusted agents can provide you with cost savings in a form of good reputation in the market:

"If you don't have this built network, then you don't have any references. You would miss them all. You would need to fight every battle on your own"

Sales agents in furniture industry can sometimes be categorized as mentors. Working decades together with the same agent, sharing information and business success together, can create a bond of high value. These bonds can provide competitive advantage because through them you are able to grasp information sooner than for example your competitor. Besides this type of information is normally something you cannot find in published form anywhere, you have to have the right contacts to receive the information:

"Agents could be called advisers. They can investigate. If for example we want to buy from China, through our networks we get agents to investigate and handle it."

Another clear advantage of networking was the focus shifting from your own company, own products and, own thinking to a broader view of the market, thus gaining market orientation and keeping in pace with the development. The disadvantages of focusing too much in your own doing are also clearly shown in the quotation below:

"I have utilized different fairs. You meet operators and agents. You get to talk with them and gain new things. You see where others are going, you see it easier there. When you are by yourself, you don't know what the others are doing. If the industry is going to different direction, maybe you should think whether to go there too."

By networking in different industries, you gain insights to other plans of actions that could help in gaining competitive advantage in your own field. Today the trend seems to be that by doing things a little bit differently, it is possible to succeed. The traditional way of working in another industry could be potentially something that can revolutionize your industry:

"Development of the company's operation modes. You are able to gain information other than inside of your own walls. And you see new things. In different companies and especially in diverse industries affairs are handled little bit differently. You can get something out of them that you could use in your own business operations."

In the processes of succession a company can gain competitive advantage from a well planned and executed transition. Here, the utilization of various experts and professionals, found through own networks or paid, can create financial benefits, but simultaneously transform the business to a more productive and well-functioning organization. Admitting that help is needed and then asking for it are the first steps.

4.2.2 Creation and management of social capital

Evolving social capital

When asked about the creation of social networks, one third of the respondents thought that social capital and networks simply accrue during the years and no actual work is needed for developing them. They are created automatically through experience. Social capital is often created and expanded within years, when people slowly start to be in contact with each other or do business together. They call each other and ask for opinion and advice. They are constantly in contact with colleague entrepreneurs for example. It was pointed out that usually networks are not deliberately sought after, but happen during other activities:

"Some [networks] are born naturally, for example with some customers a very close friendship can be formed. So that you stay in contact outside of business as well."

"Maybe it is better that networks are born rather than consciously created."

An interesting aspect regarding my study was that the networks were considered as automatically transferred in a family business context from generation to another:

"That is a strength of family businesses, networks come naturally with the company."

Deliberate creation of social capital

Even though a lot of the entrepreneurs thought that networks are rather unconsciously evolved rather than created, the benefits for increasing one's social capital and expanding networks were not denied. The number one key ingredient for social capital formation was participation:

"I have been around. With my parents in furniture fairs, learning to know the suppliers and agents and other retailers."

"You listen and go somewhere. You act nice. You participate."

"You participate in events that are organized, partly national, you get acquaintances from different industries and directions."

"Through participation... Knowledge brings broader perspective to solving incidents. You have to stay in pace with the development. It may cost something, but then let it."

Many of the possible participation opportunities stem from the membership of different organizations, introduced above in the various important networks sections, who organize these type of events:

"There are different occasions where you can expand your networks."

The new networking platforms, social media applications etc. driven by technology were named in many interviews as a possible avenue for creating new networks:

"Is there a certain tool for the formation? Maybe social media?"

Given the age of most of the respondents, social media was something not really familiar to them. The older generation does not necessarily know how to utilize social media in their business strategy, let alone for networking purposes. Online networking was nevertheless pointed out as a possible avenue for social capital creation especially emphasized for the successors. In these channels the participation is once again the key for success. However thriving new communication and networking platforms, real life connections were considered more valuable:

"By meeting people. ... Face-to-face meetings are the best method."

Some more concrete methods for creation of networks were joining for example a furniture retailer chain, where you get the network of stores nationwide and through active participation can gain advantage and new knowledge. Often the older generation with their rather conservative thinking might consider that all the other stores inside these chains are their competitors and thus don't want to participate and share their knowledge. Younger generation in general tends to rely more on open communication, sharing of knowledge, and best practices so that everyone can learn and the whole industry sector can develop and serve customers even better. New generation business leaders are not so close-minded wanting to work in secrecy, thinking everyone is a potential stealer of the brilliant business ideas they possess, but openness and transparency lead their development.

One of the younger generation respondents (age 41) has joined a professional networking organization, BNI, which is the world's largest business referral organization. It aims at securing qualified business referrals for the partner companies (BNI, 2017). He saw that as an extremely good opportunity for infor-

mation gathering, learning and referrals but admitted that it acquired commitment since they had weekly meetings, 40 times a year. Still, the only thing he regretted was not starting it sooner.

Another entrepreneur praised his motorcycle club as the best channel for extended information and expertise:

"Through hobbies you can gain very good networks. But you have to choose your club very carefully and from a high level."

Past time activities are definitely a way of expanding social capital and perhaps one of those channels many respondents didn't think about when focusing too much on the company aspects.

Characteristics of a good networker

The attributes of being a good networker and excellent in acquiring social capital, the attributes of a good chief executive officer, and characteristics of a good successor generation are by far similar and interlinked. Of course there are totally different personalities with different attributes that can both be good leaders, yet some principles do apply. These attributes are a key factor when managing social capital networks and thus essential also for the future successor. To excel in all these you need courage and confidence and that can be gained through experiences and education:

"Especially when you're young, you have to create the culture that you go and develop yourself. You know you can and your self-esteem rises so much and you get the confidence that is needed. Then you are able to discuss quite wisely."

Formal education was not the one and only avenue of educating oneself. The broad experience gained from working elsewhere other than your family business, and thus having seen different modes of management for instance, is preferable. The informants put high value also to the lessons learned inside the company and many stated that working in different operational roles inside the company clearly increases the understanding of business and knowledge for future management role:

"Of course, if talking about CEO or CFO then particularly these economical skills are essential, of course. Whether it is through education or by working in the company, it doesn't really matter. As long as it exists."

Another opinion was that formal education in this field of industry is not at all important, since you cannot learn how to do business in school and for example kitchen remodelling is not even taught in schools:

"Not important. You learn them. You have to sit here and go along."

However, an opposing argument states that you need an educational base because business is not only about trading, but it includes a variety of other aspects as well:

"You have to have some kind of educational ground that you know how to plan and budget and measure. You have to know how to read the statement of earnings and balance sheet. It is not only trading."

The attitude towards eternal learning and desire for development is a positive attribute, which can possibly also be gained through education. The experiences and knowledge gained through education can definitely help in creating and managing new social capital:

"Experience is gathered every day, knowledge and know-how. You are never ready."

"The younger generation needs to acknowledge that you don't know everything yet. Even if you are appointed CEO."

The successors own persona and personality was another factor stemming from the data. The socially capable persons tend to succeed better because they are able to gain networks and social capital that benefits them. You have to be able to work with different people, be social, get along with everyone, and create bonds that bring value. The successor's own activity in this case in the social front is extremely important, you can't just wait for networks to develop. Even though there was an argument of social networks passing automatically in the intra-family succession, I argue that a lot can be done in ensuring better networks and gaining advantages through them:

"Relationship skills are the number one. Everything else can be learned."

"You have to be social, get along with people. You have to be active, nobody comes knocking on your door if you want something. You have to be open and active. Have the courage to disembark."

"Tolerant. That will get you far. The consideration of different people and the respect towards everyone."

When being a likable, approachable person that handles business smoothly, consistently and fair, networks can be created and entered easier and also referrals and changes of getting help when needed increase. When you are open and talk openly, even about rather sensitive issues, others tend to share their thoughts easier as well. You have to be honest in everything you do:

"Good thing travels far, but bad thing goes even faster and further."

"Good relationship skills within and outside of the company, and through that you gather yourself a good network. And when you get along with good people, then all other things solve as well."

Besides getting along with people, a good successor and CEO listens to advices and listens to customers and personnel. The high level of transparency is beneficial, and thus the mutual trust can evolve. At the end, it is the successor who should make the decisions but the feeling that the employees are heard is the key. The good fact that we have two ears but only one mouth, states the obvious - you should listen twice as much as you speak:

"...listens to ideas and takes them into consideration. If there is something that the field or retailers say that this would be good. Listening and executing."

"Personnel has to be listened as well. ... Of course decision making is for the managers but that you should listen and create a convergent policy where to go. You cannot think that you are a dictator and hope that everyone stays abroad. You need to listen and observe."

"You have to coexist and be with the people. Towards different stakeholders the person who takes care of them."

"You need to listen and you need to accept. ... You need to be flexible and admit your mistakes."

Even though it might feel like you are the only person responsible and in charge, it is essential to ask for help and let others help you. Many informants acknowledged the fact that sometimes it is hard for a Finnish entrepreneur to ask for help, as it can be seen as a sign of weakness. This mind set should be changed to something like this perhaps:

"Many minds think better, than one mind."

Another aspect of admitting that help is needed and required is modesty. Through humbleness you can admit that you do not know everything in the world, but that someone might be able to help you. You have to be open to criticism and feedback and not see it as an attack against you. Usually this type of humble attitude and appreciation towards different people makes you also look more approachable in the eyes of the customers for example, and naturally helps in achieving new networks.

Of course a leader has to have certain qualities to fit into the role of a leader. Both in networking and in leadership, an outgoing and fearless attitude can bring you a long way.

"Leader has to lead, naturally. You have to be able to lead the group. To have presence, to see who the leader is."

In order to lead people, you have to have certain credentials that make your employees want to listen to you and follow your lead. Some of these credentials are passed automatically in the succession process in a form of for example the reputation, whereas others are something that accrue due getting older for example or through education and experience:

"Age brings credibility."

"I have noticed that when you go somewhere as a new guy, for example to a meeting, and they pick up your young age, it might decrease your credibility. But when you get to talking it ends quite fast. When they notice that there is knowledge and skills behind."

The younger generation needs to acquire their own credibility and not solely trust the effects of their parents. A lot of the credibility develops due to well executed decisions and results. Here once again the time also plays a role, you cannot expect that you gain credibility the second you are made the CEO or the succession has been finished. It is a game of hard work:

"Credibility develops from the way you handle things."

"Actions speak for themselves."

"As a CEO certainly the amount of product development, possibly new customers, keeping old customers, by keeping personnel. ... The satisfaction of personnel is maybe one way to get credit."

"If you make profit every year, it tells. Over years the credibility grows."

Once again through education the leader's and successor's credibility can also be increased. Through your own expertise you can also prove that you are not the successor only because of the family bond behind, but that you do possess the competences required to run the company successfully:

"When you educate yourself and you specialize, then you rise higher in customer's eyes through your own skills and expertise."

"Education. It brings knowledge and customers value that."

"By proving that you are not the leader only because you're the son. With professionalism."

Another factor bringing credibility was said to be the relationship between the predecessor and successor. The mutual respect brings credibility, an arguing father-son combination doesn't necessarily create trustworthiness, but the feeling of mutual understanding and good cooperation can convince customers:

"When customers see that there is respect between the father and son."

However, the successor needs to be brave and go into situations even without the help of the predecessor. By handling these situations in flying colours, reputation and credibility rises. Here of course the situation has to be allowing, in a way that the predecessor gives the successor the authority and option to handle these accounts, and understands to step aside from the control. Also the credit taking from new decisions should be given to the successors, so that outside it at least looks like the new management is making good decision. Of course with the help of the former generation:

"By going to challenging situations without dad. Or if dad goes, then it has been agreed that the boy handles the decision making. The old entrepreneur should not announce ideas and insights, the successors release these."

What future successors should understand about networks, is the fact that it is not possible to only one-sidedly benefit from them and gain leads or receive information and help. You have to be ready to invest in them as well and try to provide the other side with benefits as well:

"You have to truly understand that relationships work the best when they are mutually beneficial."

4.2.3 Preservation of social capital

Continuity of business strategy

One aspect in managing social capital is the factor of the continuity of the business strategy. No matter who the successor is, whether it is an outsider or insider, such as a family member, some sort of continuity is seen as positive and can help in preserving customer relationships and other important networks. If big and radical changes are made quickly, customers and partners might vanish. Aggressive strategic moves can scare away the customer. The altering of a well-functioning company unplanned, is always a huge risk:

"There is always the danger that when you go changing your business completely, if it is sold, or the name changes, that the regular customers will vanish. If you are unable to market it correctly."

"If the company's faces or the managers change constantly, that is a negative message."

The importance of staying loyal to customers and to the business was acknowledged, however, fresh ideas and a new lookout on the world and for example towards technology was highly encouraged together with the fact that one should always try to keep in pace with the development. The new generation is even often expected to have new ideas that can help in bringing the company forward. However, as succession is a huge change for an organization affecting also customer relationships, especially in the beginning, new modifications and actions plans are advisable to avoid. When modifications are made it would be wise to make them in stages and to reserve enough time:

"[Continuity] it's partly important, but nevertheless a lot has to be transformed. You cannot tell yourself that we are doing well, changes don't apply to us. You must adjust your actions constantly."

"No matter how good you are doing, it requires work, you have to constantly create something new and invest within your capacities and develop through that. That is inevitable."

"Renewal. Respecting some of the traditions. ... You have to be critical towards your own doing, even though you are doing nicely, to seek for alternatives."

Many informants stated the importance of continuity regarding business relations, but at the same time identified the problems of an older management sitting on the brakes, defending the traditional and simply not having the energy to innovate and execute no more:

"An older person is bad because they're settled in their own doing. No matter how smart it is, they don't have the courage to reform and to do the extra work. An old person can be a mentor in a company, but it cannot be the motor of the company."

"Especially in the competitive environment of today, you cannot afford to stop. Others will go by fast."

Combining statement of these arguments could be, that if the company is doing relatively well year after year, changes should not be made for the pure sake of reforming and new management wanting to prove their status:

"Showing your fingerprint is not the idea per se."

Staying loyal and acting consistent in the eyes of the external stakeholders is seen as a sign of trust from the stakeholders' point of view. However, development and new tactics should be continuously looked for, but simultaneously keeping the heritage and traditions of the company in mind:

"If a company is making good profit year after year, there is no urgent need [to change]. Of course, if you are able to bring more revenue and profitability still remains good, that is a positive thing. No change for the sake of change."

Intra-family succession

Many informants acknowledged that when continuing the business with the family, such as in a case of intra-family succession, it automatically creates stronger bonds to customers and increases their loyalty. In the case of intra-family succession the continuity of the business strategy is often a normal procedure and only when selling the business to outsiders more changes usually occur:

"People always respect that the successors come from the family. Then you know that they have been around since child and they have grown into it and they know what it takes."

"If a local furniture store would be sold to an outsider, the threshold for customers to change the store is decreased. When family business continues to operate the business, it engages the customers as well."

If a company is operating as a family business and the offspring of the founders are involved in the operations of the business, the succession process is often something quite expected by the partners and described as a natural evolution by the informants. It has probably been discussed previously and the age of the predecessor is often an indicator of the upcoming changes.

The key positive factor of intra-family succession to the management of social capital is the reputation the company and especially the parents have among the community and in the business circles. The good and hard work they have done in order to have a company worth of going through the succession is something valued by many:

"Many like the fact that the second generation takes over. They know the parents and know how they have done business, it can't go that far from it in the second generation. The trust remains, and it remains better than in a case of an outsider."

"People do respect the way how your family handles affairs."

The case company's founder generation and management was described with words such as: strict, straight-backed, trustworthy, relentless, industrious, and honest. The fact of Ostrobothnia spirit was pointed out as a positive value of a fair and hard-working attitude and Ostrobothnia region is known for furniture expertise, which also adds credibility. However, the negative aspect of it is the culture of own survival, listening skills, and also rigidity in decision-making.

In a well-executed succession process the good reputation and trust are usually passed to the second generation:

"When you get new owners through intra-family succession, Finnish people feel like this is a trustworthy business partner."

"It is a sign of stability and trust."

Even when a company's continuity is ensured through intra-family succession, the negative impacts of big business changes to customer relationships and thus to social capital need to be acknowledged. Many of the respondents demanded change and regeneration, however change should not be the goal in itself but changes should be made deliberately and planned, not only because now the power relations have changed.

Added value in family business

As stated above, social capital can be more easily preserved within the company in a situation of intra-family succession. The informants also reported a lot of other added value when it comes to family business characteristics in general. These attributes are listed here to highlight some of the benefits of family businesses and the value it brings to customers and other stakeholders. These listed qualities partly help in the natural preservation of social capital inside the company. The familial aspects of FOBs compared to bigger corporation where named as one of the reasons to prefer these type of businesses:

"It is more uniform. It works more closely, when it's a family business."

"... I like it because it is humane. It is not mechanical. There is feeling in it."

The level of commitment is said to be strong in family businesses. This usually means that customers and partners can rely on the fact that this company will operate many more years in the future. The owners and managers are committed into improving the business and hearing the customers in order to do so. Perseverance was one aspect adding value in FOBs: the receiving of fast financial results is not usually something thrived for. The amount of work put into the business is often far greater than in normal companies and thus things are handled efficiently:

"In family business you are flexible and you need to be flexible. And maybe at some other time you can take it easier."

"Everyone works together for a common goal."

"Commitment is another aspect. Whatever the issue you take care of it till the end. You have your own reputation at stake."

"I personally like to work with operators who are family businesses, you know that they own it and they do it with full hearts and they get their bread out of it. It is important for them that this works."

The fact of family ownership was claimed as a creator of competitive advantage, especially in the Finnish market where people tend to value goods and services produced locally and bringing wellbeing back to Finland:

"In a bigger picture, it is a competitive advantage. Finnish consumers appreciate that a company is a family business rather than a big corporation."

In many of the comments, such as above and below, the fact of Finnish mentality towards the appreciation of family businesses was pointed out. Family in the background of the company makes the entity stronger than in a case if individual person:

"Finnish are still very strongly family-oriented also in business."

Due to the fact of a family ownership the company usually has a real face behind their actions and matters are handled in a way that nothing bad can be said about it. The responsibility is taken over matters not necessarily concerning your daily work:

"Personally, I like that the owner has a face. Everything you do, you try to do it for your family. You notice when you are working with someone who only cares about their own plot. ... [In family business] you are able to make long-lasting solutions."

"I assume people feel that it is more reliable to work with a small, or why not with a big family business. When there is the family in the background you feel like they could not have done this so long if they were doing something wrong."

Other things besides business success and money are often considered more important in family owned businesses. For example the retaining of workplace for the family but also for the employees in the community, the financial security, is often of high value for the entrepreneurs. It is not uncommon that wellbeing, these so called soft values, come before the importance of financial metrics. Usually also the respect and appreciation towards employees and customers is on a higher level, in FOBs they are often considered as a continuum of the family:

"You don't go with only money on your mind."

"Flexibility. Quick at reacting. Small organization can do solutions with customers immediately."

"In family business you don't count the hours and things are handled quickly. Customer understands being important."

However positive comments all the respondents had to say about the family business ownership, to many regular consumers the heritage and ownership of a company doesn't play any kind of role when it comes to their purchasing decisions:

"Most of the people couldn't care less. They go and buy wherever they get it cheapest, whatever. ... However, it should definitely bring value also for outsiders. Trustworthiness."

4.2.4 Transfer of social capital

Sharing of knowledge

Besides networks, social capital comprises of knowledge and know-how, a very powerful and essential tool for future successor. Much of this knowledge is embodied in the networks and relationships, tacit information about how business is handled for example or experiences and memories together through decades of cooperation. These are life lessons and practicalities one simply cannot learn at school and which especially in construction and remodeling sector can save the customer a lot of money:

"Only a crazy person makes the same mistakes others have already made."

One informant made an excellent comparison of tacit knowledge to cultural differences. Tacit knowledge in networks comprises of behavioral models that explain how you do business: for example how the customers wants their offers, on a very practical level. Different people and companies act differently and like working with different cultures, you need to learn their peculiarities and habits to respect and work with them. If you do not have this information about how the affairs are handled, it can potentially hamper the whole deal.

As stated earlier, not all of this information and knowledge is of high relevance. It is not crucial to transfer everything to the next generation, some of it may even act more as a burden. However, a lot of this knowledge can actually help in operating the business better, not to do the same mistakes twice for example and the dissemination process of this knowledge should be considered when making succession plans.

As the information in relationships is often tacit knowledge the dissemination of it to the next generation can be problematic, even when realizing the importance of it. Often times it is hard to understand what kind of knowledge this comprises since these are often factors taken for granted. The extent and scope of all the tacit knowledge needed to be transferred is often underestimated:

"It is a massive amount of things not written down anywhere. For someone they are so obvious that you don't even consider that you have to say them."

The most appropriate way of passing on all the tacit knowledge and networks to the next generation according to the data was through natural transition (or gradual immersion by Steier, 2001) and gradual succession, where preferably during many years the predecessors give and the successors receive knowledge. It is an actual learning process in a way that both parties have to consider it as vital for the information to transfer and exist.

The realization that this valuable information bound into the relationships and networks of the founder generation in the form of tacit knowledge might vanish during the succession is valuable. This can create risks, such as exploitation, where the partner party tries to take advantage of the ignorance of the successor. When all this knowledge is seen as of high value, it is most likely transferred, at least to some extent to the next generation and risks such as this could be avoided.

In the dissemination of knowledge from the predecessor to the successor the steps of natural transition and gradual succession discussed below is a great tool. You should always have as much knowledge as possible behind big and important business decisions to be sure to make the right call and in these situations the knowledge of the previous generation can help tremendously.

Natural transition and gradual succession

The family businesses are in a way better off when comparing to normal businesses while commonly in their situations of new management the transition period is usually extremely short or even non-existent. In family businesses the preferred situation of gradual succession gives opportunities for discussions and the spreading of knowledge between generations. In all of the 8 FOBs the succession has been a process of gradual succession. The change in management is often overlapping for a longer period of time. Informants acknowledged the importance of participation in a way that the successor has been in the business for several years and has seen what the parents have accomplished and also what the job really requires.

In multiple interviews time was the factor that stemmed out as important when trying to transfer the social capital and networks in the situation of succession from the generation to another. It was pointed out that when the succession process is done in peace and thoroughly, and given all the time needed there will be no problems with customers and other relationships. The pace of succession is a critical factor and in practice this means the slow implementation of the new management:

"You cannot transfer everything at once. Within ten years it has transferred through praxis. You cannot really read it from a book."

In order to be able to execute a gradual succession you have to act well in advance. A situation where time is no longer available can occur out of the blue. The initiation of the next generation can be well started during the childhood already. It is often the case of family business, that when taking own children to the company and to different occasions, partners and customers start to recognize the family factor behind the business and often naturally understand that this child, son or daughter will probably someday lead the business:

“To start the initiation early enough. This person is involved in this. And at the same time engage the stakeholders, that when you are alone in it, you already have the contacts, and I think this helps massively.”

In many intra-family succession cases, the successor works in the company for multiple years learning everything piece by piece. During this time it is not necessarily even the intention to pass the knowledge and it is not even considered that the offspring is now learning for the successor role, but this happens often rather smoothly and just as a part of the business development and possible growth. Thus, partly unconsciously and just on the side of daily operations, the next generations learn the networks and partners of the company. All the tacit information and practical lessons are thus transferred smoothly:

“This works best in a family business through natural transition. You get the experience of how things were handled in -92 even though you haven’t experienced it yourself. The information transfer is smooth in family businesses, but how about others?”

The term natural transition describes the effortless and often unintentional transfer of knowledge from predecessor to successor. This phenomena is fairly similar to when upbringing children; they learn the values and norms of the culture in the actions of everyday life. Thus, natural transition is the key concept inside the formal process of gradual succession: the successor starts working in the company at a fairly young age, growing into the practices and strategies embodied by the predecessor:

“It helps tremendously if [the successor] has already worked in the company. Even better if they have been part of the operative management, they have seen the actions and customer relationships and different stakeholders are already known. That is the most essential thing helping.”

Due to natural transition the next generation is often grown into the relationships already and many of the players in the field are familiar to them. Also when the whole process is handled as a family it creates trust among the partners, when partners are able to lean on to the fact that the business will continue to operate rather similarly. Even though the next generation would not have been in direct contact with the players and networks beforehand they would have probably

been in the discussions so that they are not actually new persons to be introduced but have been at least in the background, and in a way their faces are familiar.

As many as 8 informants described the importance of time, informing, and passing of knowledge as a significant aspect of the succession process. The time and money invested to these, also shows in the level of customer relationships and their continuation to the next generation together with the business:

"At its best it goes through gradual succession, meaning that the knowledge transfers slowly, but so that the predecessor lets the successor to actually make decisions. The successor knows that he can ask for advice, but so that he doesn't have to ask for permission."

The comment above emphasizes the role of the predecessor as a mentor in the business even after the succession process has been finished. The founder generation could be the support and safety and also work as a consult when needed. The responsibility of the business is on the shoulders of the successor but he can benefit from the feeling that when needed he can ask for advice and that the predecessor is willing to help. The predecessor also has to understand that there are always other alternatives than the once used traditionally and that new decisions are not necessarily wrong, but simply different. The role of the predecessor would be more of a supportive role, giving advices in the background, but not making the decisions.

Ensuring customer relationships

One measurement of a successful succession behind the financial metrics is the loyalty and permanence of customers. Albeit the customer change is a normal process of development and competition, if a company is able to ensure their best customer relationships during and after the situation of a succession, the process can be called successful. Also the customer satisfaction can be indicated through this. There is of course the notion that in saturated markets, if the business makes new strategical choice, many of the customers might change, but in general the loyal customer relationships are a sign of a successful succession.

Even though majority of the informants believed that customer relationships are best ensured through gradual succession, some additional practices were named. In general it should be recognized that customer relationships are not continued without the input of work into them. Customer relationships need to be managed and taken care of even in the normal business life of a company and in a situation of succession I argue that they need extra amount of care-taking in order to ensure the future cooperation. Well-planned and in-time executed informing of all the relevant and important parties was one of the most important aspects stemming from the data:

"It is based on the fact that you should not do it too fast. Slowly getting to know the successors."

"Informing ought to be in place. So that you can react, if someone has something negative to say."

However, it is not enough that the assistant of the company sends newsletters to customers informing about the situation. Real sales work is needed. Even though it feels like you are not selling anything, the successors need to sell themselves to the customers as a valid and trustworthy person to handle their business, so that they want to continue the cooperation also in the future. Some face-to-face meetings are needed, especially for the most important stakeholders and networks.

The engaging of the customers into the project well in advance could be a factor helping to ensure that they stay aboard. By giving the customers a change to influence the process in some manner, would increase their engagement. What this manner would be is a good question. Probably for example the listening part, also as an attribute of a good networker, is something that should be executed in order to ensure some of the social capital in these relationships. Building relationship also to the second generation was named. By working together for the best end result for both parties is another viewpoint from the data. The understanding that the mutual benefits and wellbeing are in the interests of them both.

The well-executed communication of the new management and the total succession process was also an area needing consideration. The customers should not be left with the feeling that the situation has been planned and executed behind their backs, or that the information and even the new successor as a person comes totally out of the blue. Through fair and open communication about the phases and steps of the succession process, customers get a feeling of trust and faith in the future of the company. When customers and partners are left out of the information receivers they might think that something is going wrong in the company, there are some probable problems and new supplier is needed. Here one practical suggestions was going through the most important customers and partners and introducing the successor as a successor, telling about the timeline of the succession process and letting the successor to participate in the meeting. The information should be given by the predecessor, so that it could be seen that he/she is willing to pass the baton, step aside and proudly introduce the new successor. If the information comes in a form of a simple email sent by the new generation manager, it can raise questions regarding the synergies inside the family and in the company.

At least two of the respondents, however, acknowledging the importance of networks and personal connections, considered the product and a well-functioning business as most important from their point of view to the continuation of business relationships together. Some product-oriented measures can be done for engaging the customers and partners beforehand, negotiating new deals or offering perks for example:

"I don't see a problem in whether it is a slower or faster replacement. Many times in these cases between retailer and producer if only the product is good and price is right then small chemistry issues shouldn't matter."

"In my opinion you go with the product first. If the product is good then nothing can beat that, even though the company would be sold and there would be totally new management."

"If the product and benefits are intact and security of supply and quality remains the same, then the person behind it does not matter."

An opposing argument emphasized the meaning of personal chemistry in business relations and the fact that there are always similar products in the market, but the way business is handled and relationships work are the most crucial:

"If thinking that a young person starts as a CEO and as an entrepreneur, I think, that it might even hurt the customer. The safe, known, honest, fair, appropriate and proven to be good person is not there anymore. Companies don't have that big differences, if you are thinking about three different companies. It is always the personal chemistry which determines the choice. It is a fine form of art when operations are transferred to younger generation."

When the older generation would continue in the business, for example in mentoring duties in the background, customer relationships could be ensured. The customers would feel secured and as though nothing has really changed and would thus be more willing to continue the partnership. Especially in the case of the first succession, such as with the case company, the founder generation has in time created all of the important networks the business has. They are built over years and at least some of them are heavily connected to friendship and personal chemistry. Therefore the predecessor also has to have the true desire to actually transfer them and let the successor also benefit and enjoy from the results. This once again depicts to the direction of the gradual succession.

An inevitable fact of succession and business in general, is that people in managing roles will change and customers will change. The fact might even be that the customer base is much younger than the current generation and that the younger generation is naturally better equipped to handling them and their affairs. The goal should not be to hang in networks and partnerships that don't bring value, but to assess and understand the important ones and what needs to be done in order to keep them. One practical tool for this is the mapping of all important customers and networks:

"I believe that it will also renew in a way that old customers are not so important anymore. It is a vast and complex manner. It requires throughout mapping. ... You have to think carefully, how important these customers are."

The age gap between the predecessor and successor was also a factor affecting networks and relationships. Many of the informants claimed that it is natural for most of us to want to work with people close to our own age. The understanding

of each other can be a lot easier, the mind-set is more alike, and the communication is smoother. Thus, it was acknowledged that not all networks are important and need consideration in the phases of succession:

“Not all social networks need to be transferred. It is not natural. It is also a question of generation and everything.”

5 DISCUSSION

This research was about the role and transferring of social capital in FOB succession. The multifaceted role of social capital can be recognized from the results of this research. At first it seemed like the informants had opposing opinions of the important role of social capital, but as the interview progressed and more information was gained around networks, alliances, partnerships, and knowledge, the significance of this intangible form of an asset raised its head. However, this attitude towards social capital partly reveals the underutilized benefits that lie in networks and good management of social capital.

According to the data, the best method for transferring and preserving social capital in a situation of intra-family succession is the process of natural transition and gradual immersion. Steier (2001) sees natural immersion as a phenomena happening unplanned, but I argue that the steps of natural immersion can be implemented inside of planned succession and deliberate transfer of social capital, where the predecessors make actual efforts in preserving and passing on of this capital. The informants of this study all acknowledged that the building and transferring of social capital networks and knowledge is a process that takes a lot of time and by using this time efficiently the best end result, ensuring customer and partner relationships, is achieved. Even though some of the informants argued that the most important aspect of a company survival is the product and everything else is secondary, the data supports the statement of Cabrera-Suárez et al. (2001) so that the effectiveness with which social networks and knowledge are transferred are key ingredients to future performance.

As the results show, the better utilization and broader band of networking was emphasized. Networks were seen as a creator of possible competitive advantage that often the older generation tends to overlook. The new world of constantly connected people is however something that the younger generation has been born into. The power of networks should be considered especially in situations where something is being planned. There are always others who have gone through similar steps and phases and can help entrepreneurs in avoiding some of the pitfalls. The informants encouraged to thoroughly think, who would be able to help or who could guide to the right direction. As the data showed, even though one doesn't know the right person who could help, networks multiple and even the networks' networks may provide an answer.

Besides being a possible avenue of assistance and help, networks are an important channel of all kind of information. Especially the real situation about the market and competition is something you cannot gain through any other channel. If an information is printed on a newspaper or published online, it is already way too late for you to benefit from it or to prepare your company for it. This viewpoint highlights the competitive advantage in social capital networks, and also emphasizes the tacit knowledge inside these networks. Tacit knowledge, such as knowledge in networks, is highly content specific (Teece, 2008) and the transmission of it can prove to be a difficult and time-consuming process (Royer

et al. 2008), but it contains valuable information for the second generation management.

Another traditional characteristic of older generation Finnish entrepreneurs could be the biased thinking that you always have to survive on your own. It is often thought that asking for help is a sign of weakness and sharing of knowledge is a negative thing that can harm your business. The new age start-up entrepreneurs however, eagerly tell about their great ideas, listen to opinions, receive guidance from possible mentors and thus, test their ideas in the market from the early stages on. And succeed. Or if the idea is not good enough, they fail fast and start again. The attitude of "the lonely entrepreneur" should be altered so that more focus would be put into the transferring of social capital as a resource and this would naturally help the second generation entrepreneurs towards more open communication and trustworthy networks. The closeness of family in the business life brings also the roles of outsiders and insiders into the game. Many seem to think that family manners are private and that outsiders have nothing to do with them, and this mentality is easily passed on to the company as well. This phenomena is often manifested in a way that in crisis situations where help is critically needed, the family and thus the management of the company tries to cope on their own. With openness towards the utilization of networks that have been proved trustworthy, companies could ask for help without the feeling of revealing their biggest business secrets or getting tricked.

The stepping up of the next generation management was also seen as positive development in the eyes of the informants. It was noted that even though continuity and stability in business processes was vital, changes are also needed. The need for change was acknowledged by all of the informants and the fact of rather strict and rigid management of the founder generation was seen as partly outdated or dysfunctional (Miller, et al., 2008). None of them questioned the importance of knowledge and expertise they possessed, but even given the successes in the past, changes in perhaps conservative strategies that worked some decades ago, are needed (Ward, 1997), and this need for change can be neglected easily by the predecessors.

When discussing the succession process in general many of the entrepreneurs encouraged and recommended the continuation of the business. In addition to knowing the stable situation of the case company and its possibility as a future financial security, they also acknowledged the extremely hard pressures of working life in today's economy. In their opinion young, eager employees are exploited due to several reasons such as ambition, requirements, pressure or demand. The ones who want to accomplish something and succeed are given more and more work and the competitive situation for workplaces is hard. Continuing a well-functioning company and given the possibility to be an entrepreneur and benefit from the hard work of the founder generation, was seen as only positive factor, both from founder generation and second generation informants. The fact of "the lonely entrepreneur" in the past decades felt rather vanished when they described their succession process and the natural immersion they have encountered in the transfer phases of social capital.

After realizing and admitting social capital and networks as an important avenue of competitive advantage, the transfer of this intangible asset was further elaborated. The recognition of the most potential networks and those definitely needed retaining, also known as determining criticalities (Steier, 2001) are actions needed from the founder generation. Many of the informants thought that not all networks need to be transferred, but the assessment of these relationships has to be carefully made. De Massis et al. (2008) have found that it is common for old partners to demand the incumbent to further handle their account and thus, the successor experiences difficulties in taking over these relationships. The ensuring factors, such as early exposure and gradual succession once again help in this process.

The use of different mentors is familiar in the start-up scenery. In family business succession, the transfer of social capital can include mentors and coaches proved important and beneficial by the predecessor. However, similarities in thinking usually does not embark a big leap towards better performance (Dyck et al. 2002), and therefore this group of mentors should change over time. The informants of this study also acknowledged this fact. Even though there are undoubtable benefits to transferring social capital, new networks have to be constantly created and sought to answer to new types of needs and the clinging in old, unbeneficial relationships is time and energy consuming and efforts should be directed elsewhere.

Even though in literature the succession process is often described as negative and intimidating process in company's life cycle, all the informants reacted to it with positive thoughts. Of course the challenging aspects of it were recognized, but for example the change in management was looked as a new source of energy and ideas streaming into the company and thus also new networks and opportunities could be obtained. Even in many of the existing partnerships the change in management was seen as constructive. For example in some of the existing relationships, something can have gone wrong and the cooperation is not on such a good level anymore and the change in management can help to release the tension from past experiences and some possible bad decisions, and create new avenues for future development. In these situations the identifying of the most critical networks and what are the benefits arising from them (Steier, 2001) plays even bigger role.

The family business benefits and attributes behind competitive advantage where easily listed for all the informants. All 12 respondents saw the family ownerships as a positive factor in a company. The answers align with Koiranen (2000) as it was thought that the trust of clientele and other stakeholders are stronger in a case of a family business and that this trust and even the relationships in general are best ensured with intra-family succession. Besides benefits such as long-term perspective on strategies, dedication, and strong community relations (Daily & Dollinger, 1992; Lansberg, 1988), a clear advantage of family-business was seen to be the transfer of knowledge in a case of succession. When comparing to other types of business, a process of that type is possibly not made at all, and very rarely during the course of multiple years. However, it can be interpreted from

the data that many of the respondents neglected the importance of formal planning process for succession and for network transfer, and believed that all this will happen automatically given the fact of a family business. As stated by Langsberg (1988) getting the founder to understand the need for succession planning is a priority and the lookout of social capital transfer could help them to realize this need.

A lot of the concerns regarding the succession process and the important aspect of social capital in it, were evolving around the family. The cooperation inside the family needs to be obtained in order for the tacit knowledge and social capital to transfer. As the predecessors face difficulties in giving up the power, the motivation of the second generation is the primary concern from the successor point of view. As suggested by Handler (1992) the strategic planning should incorporate the successors so that their perspectives as future leaders of the company can be heard. In the case company's situation there are three potential successors, which naturally gives more options for ensuring the best possible managing combination and leader for the company. This naturally helps in dealing with the possible acquisitions of nepotism and altruism and can help the successor gaining credibility on skills and competences (Miller et al., 2008).

It can be interpreted that well organized and executed succession is a prerequisite for well-functioning internal family relations. As a result all parties involved get to say something and have an influence on the roles and networks. This is how also the customers are well considered and taken care of. When the founder generation doesn't simply designate the roles but they are earned, customer trust can be easily obtained and networks stored. Customers receive the feeling that the successor is good and credibly and business can continue. When managing social capital and thus ensuring the commitment of customer relationships the importance, power and urgency of the particular stakeholder need to be considered (Sharma et al., 2003). The informants pointed out the importance of informing and the effort of engaging as tools for ensuring the transfer and for satisfaction enhancements.

Sharma et al. (2003) have recognized two interactive dimensions to the success of a succession. These are the satisfaction with the actual succession process and the effectiveness of the succession, relating to the level of performance of the company after the succession. The satisfaction aspect was emphasized in many answers from the founder generation. As the head of the families the concern for the wellbeing of their children was clearly of highest importance for them. Firstly they wanted to make sure that the company provides fair income also in the future so that it is worth continuing, and after that the importance of happiness and willingness to continue the business and thus satisfaction for the succession process were seen as important. Here the satisfaction of stakeholders was also a reflection of a good outcome. However, the level of performance the company shows after succession was not the ultimate dimension for success. All the founder generation informants felt that as long as the successors are happy and doing well, it does not matter if the company is able to perform better than under their own command. As succession is the biggest challenge in the business thus

far (Tourunen, 2009), it was clearly acknowledged that changes to performance are more than expected.

Lot of the information received from the interviews concentrated on the predecessor and founder generation point of view. The motivation of the successor was one aspect of the other side and another characteristic interpreted from the data is patience. As gradual succession was seen as the most efficient way of transferring social capital, it should be done with patience and care and even after the process seems to be finished the informants strongly suggested the permanence of the founders in mentoring roles in the background. This means that the successor has to have the patience and also the will to listen and ask for the predecessors' opinions and guidance. There must be some knowledge in them, since they were able to create the whole business. They definitely don't mean no harm and only want to see you succeed, but the resignation process is very difficult for them. As one informant puts it: *"It would be easier for them to give you away than it is to give away the company."* Of course there has to be the willingness and courage to admit these feelings and hand the business over, or otherwise nothing will proceed. The trust takes time to build but once they see that the successors are handling things well, they can slowly start to let go.

An important aspect in the creation and management of social capital are the attributes and competences one has for acquiring and creating it (Baron & Markman, 2003). If networks are managed properly, they can be converted into tangible resources. When partnerships and other connections are turned into more strategical networks they can significantly impact the survival, profitability and success of the family business (Steier, 2001). The memberships to various networks can provide direct advantages in a form of business leads and expert contacts (Portes, 1998). However, here the point is that one cannot simply benefit from networks, but has to be willing to invest to them as well. Social bonds are based on mutual benefits and interests or otherwise they will depreciate (Adler & Kwon, 2002).

According to the theory many of these social skills for developing and maintaining valuable social networks can be learned, modified and enhanced (Ferris, Witt & Hochwarter, 2001). Attributes stemming from the data, such as courage, confidence and a right attitude and mind set are definitely something one can learn. A certain level of formal education was named as one factor bringing credibility. However, credibility is something also accruing over time, through to right made decisions. One of the most important factors of a good networker and a good leader were the listening skills. This applies to employees and to all partners outside of the organization. Through listening you learn a lot about others and can adjust your reactions and words accordingly. Some people are naturally more socially capable than others. Personality is something rather hard to alter, but everyone can try to be more likable and approachable and also open and transparent which work as creators of trust. The reputation factor in family business was something named highly valuable by the informants. This is naturally something the successor cannot affect, but is a result of years of hard and fair work and this good reputation usually passes on to the next generation and is seen as positive also by the partners.

Consideration of the research questions and future research

The first research question concentrated on the role of social capital in the future of the company. As seen from the data, at first the importance was not acknowledged by the informants, but looking deeper into the subject and into various meaningful networks and the benefits they bring, the criticalities of it arose in importance. The competitive advantages potentially gained from these strategic networks and through experiential tacit knowledge, cannot be obtained from anywhere else and can be nurtured to help the company succeed further.

The creation and management of social capital where in the focus of the second research question: how it is done? The data showed that a big proportion of social capital is evolved naturally during years but that deliberate creation should be emphasized and networks better utilized. The attributes needed for managing these essential networks are key characteristics of a future successor and future leader of a company and if these skills are naturally not possessed, they should be learnt to the widest extent possible. Since, without these skills, the networks cannot be utilized to their full potential.

The third research question focused on the transfer of knowledge to the second generation. Here, important factors were the aspect of family business and the continuation in business strategy. Intra-family succession creates automatic transfer processes in a form of reputation for example and the mere fact of family business was seeing highly valuable by all the informants. When it comes to the dissemination of knowledge the natural immersion during the course of multiple years arose as key input from the data, together with the formal processes of gradual succession. Deliberate actions should be done in the planning phases of this transfer to ensure the continuation of important customer and partner relationships. Here, a formal succession planning should be established and the engaging of relevant parties into this project, helps in their engagement.

Even though the study tapped the role of social capital in succession situation, further research on the topic is needed. Theories about the transfer of social capital during this process was limited and this study opens new pathways for further research. The data of this study was clearly concentrated on the founder generation thoughts about creation, management and preservation of social capital and I argue that this is why some of the important aspects of it were neglected. More study could be directed towards the thoughts of the next generation and especially went it comes to the aspect of preserving the networks of the founders. How beneficial and un-useful ones are determined and how these networks are then exited smoothly?

In the era of the new economy the role of social networks is increased. Everyone is connected in real time and information flows smoother than ever. Whether the role of social capital was more important previously than is it now, can be argued. Definitely, without all the social media applications and access to internet, it was even more critical that an entrepreneur knew the right people and were in good terms with them. But even if today networks are broader and everyone can be reached, are the connections really something one can benefit from? Is there an overload of connections and still the real-life networks are the ones that play the most significant role?

6 CONCLUSIONS

As today's highly competitive economy strives companies for developing and constantly seeking ways to gain competitive advantage, the acknowledgement of social capital and its benefits in this process are worth the consideration. Oftentimes relationships as form of assets or capital are neglected, thus this research emphasizes the role of social capital in the future success of a company. Succession is a major transformation in a business life cycle and the careful planning of it, taking into consideration the transfer of knowledge and networks in a form of social capital, is a way of ensuring continuity and success. As succession failures are common and should be taken even more seriously, the negligence of social capital ought to be acknowledged and its significance as an essential part of the success in this process brought to awareness. In the common type of intergenerational succession, the age and experience gap between predecessor and successor is often huge, which can create problems. With the help of formal processes of transferring social capital this negative gap could be reduced.

The study showed the positive but also negative factors of intra-family succession to the aspect of social capital. Because of the family aspect behind the company, the transfer of social capital is seen as automatic and no need for formal planning of transfer is regarded as needed. Natural immersion happens simply by the presence of the successor in the business. However, as the data showed social capital is an important form of competitive advantage that should be better utilized and the transfer of it is a critical aspect towards successful succession and future profitability. Natural immersion is however, a great strategy for deliberate transfer of social capital and thus for gradual succession.

The best methods for transferring social capital to the next generation are in addition to this early exposure (gradual succession), the engaging and informing of all the relevant parties. When these parties are taken into the process of succession, they are more likely to stay aboard. Openness creates trust and thus the informing also plays a significant role. From the case company point of view, here lies the beneficial perspectives towards their succession planning. When conducting the interviews, some of the major stakeholders were simultaneously informed about the future succession of the case company and their feelings and opinions towards it were asked and heard. When trying to figure out the informants' opinions towards the best handled succession and transfer of networks, the case company received important information about how to conduct the succession and ensure the durability of these particular and most important networks. Besides these valuable advices and viewpoints, the customers were actually engaged into the succession process and later on when they hear that their sayings were in fact executed, this will most likely help to create appreciation and trust and thus, ensure the durability of these networks.

Given the knowledge and vast social networks of the founder generation, their expertise should be further utilized in the business also after the succession. The mentoring role of the predecessor is highly valuable and their work could

continue for example in the board of the company. Even though new strategies need to be constantly created and evolved, the successor's need to have patience and acknowledge that the founders are an extremely good avenue to information and knowledge and their networks can bring competitive advantages also in the future. One of the potential managerial implications of this study relates to the help and guidance of the predecessors in the company and towards the successors, so that their knowledge and expertise could be further profited and networks utilized. There are lot of work to be done in several areas for improving the efficient board working in small family businesses and the remaining of the founder generation in the board could be a step towards this. When the founders would still be in the background giving insights in the board, the tacit knowledge could be passed on slowly and the networks strictly belonging to them, unable to transfer, could be further utilized.

It is common for small family businesses that the work of board of directors is handled during everyday meetings and that no formal board working procedures exist. Usually the meetings also focus on the operative side of the company, as it is common that all the owners also work in the company, and the strategical side is neglected. One aspect is also that the ownership, management and control are all in the hands of the same family and this is actually the biggest challenge for effective board working. The succession process is an excellent opportunity for the case company to create new ways of working and initiating the real role of board of directors. As the founders step aside from the operative functions in the business, their expertise could be directed towards the board. However, the board actually has to work effectively in favour of the business, so that the founders truly feel they are still having an impact and can help in the business. If the board of directors is only a notion in the paper and legal meetings are held once a year, it cannot create benefits, nor fulfil the needs of the predecessors in their possible desire to have an impact in the company also in the future.

As stated, the succession process especially in Finland is a difficult and time-consuming process, requiring a lot of expertise and being highly juridical and even expensive, yet inevitable step in the continuation of business. Many informants of this study demanded change, when it comes to the taxation issues and other obligations regarding the succession process. As many small business owners in the upcoming ten to twenty years are in the age of retirement, the need for support and some relief from the government would significantly advance this process and possible ensure the permanence of highly valuable workplaces. When the juridical obligations and concerns towards succession would not be the biggest area of concern, companies could focus to other important factors in the succession process and thus, secure their competitive advantages, for example with the help of more precise transfer of social capital. Even though these companies are mainly small and medium sized enterprises, they are high in quantity, and thus, together are big providers to the Finnish economy.

In today's highly socially connected world, the value of networks plays a significant role. Even though the millennials and the new generation is born in the era of social networks applications and being social online is natural for them, the importance of networking is not highlighted in business education. It could

even be argued, that the focus of online, will in future create problems in real-life situations. As the topic of social capital stemmed from my own interest to customer relationships and the importance of networks in business world, I would like to highlight that this was not a topic covered in my business studies. Based on previous research and this study about social capital, I suggest that it would be considered to add to teaching programs as a form of capital and that the importance of networks would be highlighted also in academic schooling. Social networks form the foundation of operating in business life since behind all business and deals are the people that interact with each other. Different networking events and seminars have become common in recent years and this also speaks in favor of their importance.

This study was conducted by interviewing 12 most important partners of the case company in question. As the potential successors of this company have all been working in the business for multiple years, their faces are known to these partners and the eventual succession was not a surprise for anyone. This fact might affect the results in a way that the processes of gradual succession were emphasized strongly, because of this process is the actual situation in this company. It can be argued that the informants were not willing to express their true opinions because of this strong direction towards natural transition. Another possible limitation is the fact that all the informant companies were small and privately-owned FOBs, as well as the case company. As the succession process in small family businesses is rather different to that of a large, possibly public family business, this notion should be recognized. However, I personally think that the opinions towards social capital and its transfer to the next generation were honest and at least partly also generally applied. As time is one of the most important factors also in transferring these networks and passing of knowledge, it supports the notion of gradual succession as the most effective solution to transfer the social capital during intra-family succession.

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