

Mikhail Nemilentsev

# Building Value-Based Family Enterprise Culture

A Family Perspective



JYVÄSKYLÄ STUDIES IN BUSINESS AND ECONOMICS 126

Mikhail Nemilentsev

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A Family Perspective

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UNIVERSITY OF JYVÄSKYLÄ

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## ABSTRACT

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Finnish summary

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The main purpose of this dissertation consists in the determination of the constituent parts of the value-based family enterprise culture from the family perspective. Use of the value-based approach and family perspective is mainly explained by the cultural, historical, and socio-economic preconditions of the modern society.

Six interconnected studies consider the elements, factors, and characteristics of the family enterprise culture by means of the quantitative and qualitative methods applying the wide historical and contemporary primary and secondary data collected by the author in the academic libraries and archives of Finland and Russia as well as during the interviews with the current family business owners. However, it should be noted that conclusions and recommendations made in the dissertation can be to some extent applied irrespective of the national or cultural aspects.

The main results and contributions of the dissertation are fundamentals and zones of the owners' responsibility in the inter-generational family business from the legal-economic perspective, key culture-specific resources of family business dynasties, elements of the cross-generational family business corporate identity, factors of the family values' continuity in Russian families, inter-generational value shift, and concepts of the family business good and entrepreneurship of family-owned businesses.

In addition to the main results, the dissertation deals with the issues of social development, socio-economic, historical, and cultural preconditions of the re-creation of the family enterprise culture in Russian society.

A new epoch of the economic and political development of Russia gave rise to a great number of family-owned enterprises. However, despite the settled rules, norms, and values of the family business ownership widely-spread in Europe and USA, the Russian society experienced a seventy-year gap in private entrepreneurship and family business ownership in the Soviet period. Therefore issues of building and re-creating family enterprise culture under the modern conditions are given the top priority in this dissertation.

*Key words:* family; family enterprise culture; family values; Finland; multi-generational family business; Russia

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## LIST OF ABBREVIATIONS

CEO	A leading executive in the company responsible for the company’s general performance
CIS	Commonwealth of Independent States
F-PEC Scale	Familiness, Power, Experience, Culture Scale
SME	Small and medium-sized enterprise
WW2	Second World War (The Great Patriotic War – the term used in the Russian society)

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# 1 INTRODUCTION

## 1.1 Research motive, principal topic, and research gap

After receiving my first degree (M.Sc.) in the area of financial management and corporate governance, economic-material logic of thinking was considered as priority-driven. It seemed to me that activity of any business must be described by the clear algorithm of balanced and consistent actions. Deviations from the determined course were mainly viewed as the mistakes of subordinates and top management caused by their improper functions, lack of experience, and misunderstanding of the general principles of strategic management.

However, already at the stage of practical training in the manufacturing company in St. Petersburg and in a service company, it was possible to observe a unique logic of business development – of each business separately. Doubtless, financial plans exist in any developing or established business, its personnel defines the appropriate tactical and strategic steps. However, it is the human factor that has the most influence on an enterprise's effectiveness, since the delineated plans must be implemented by people in practice.

In the first years of experience in the field of family business, I still preserved the financial-economic understanding of the enterprise's development. However, any family-owned business represents a clear system of relations between the directors and their subordinates coupled with the supplementary relations of family members with the non-family staff. Besides, both practical trainings were in the family enterprises. A manufacturing company, being on the edge of small and medium-sized business, was family-managed and family-owned. At the same time, the second enterprise in the service sector although represented a closed corporation, but was owned and managed by a couple of shareholding families. Without a clear consideration of the logic of family business growth, I still had an impression that family business is placed beyond the purely economic-materialistic understanding. A family spirit and principles of extra-personal relations hung over the main activities of the both mentioned enterprises.

It should be mentioned that the first manufacturing enterprise, which served as a place for my practical training and afterwards became my job place, is a family business of our family where my parents are in the role of owners and managers. It gave me an additional motivation in the search for answers to the question of what makes family business ownership so unique. However, there were also difficulties in answering this question, aggravated by the incomplete comprehension of the phenomenon of family business and a lack of government attention to the problem of family entrepreneurship in general.

For the Russian market as well as for the markets of European countries, the presence of family ownership is mostly typical in micro-businesses and small businesses. Investment of family assets, as a rule, presupposes that parents, spouses or other representatives of two adjacent generations will also run the business apart from owning it. At the same time, long-term perspectives of development of such family-owned enterprises are usually omitted. An unstable economic environment, a lack of confidence in the stability of the government's political line, a weak institutional support of the state to small and micro-enterprises, as well as an insufficient comprehension of the opportunity of transferring business (i.e. and not solely an income from business) hereditably can be explanations of the short-term orientation of the Russian business sector.

There is quite a paradoxical situation, since a concept of family business is not absolutely consolidated at the state level taking into consideration a great percentage of small family-owned enterprises. Moreover, preference is usually given to big businesses.

After receiving a professional education in the area of family business, my desire to understand the essence of family ownership has only increased. However, due to the understanding of the systems triad (i.e. business, ownership, and family) family and socio-cultural relations were added to the economic-financial vision of family business processes.

This perspective is also topical, because after a quarter-century existence of free entrepreneurship in Russia, there is a necessity of working out a fundamental approach to the problem of continuity in family businesses. In those successful cases when Russian family enterprises heritably transferred its business and ownership, there was a unification factor between representatives of several generations and family willingness to continue into future periods. However, for the majority of Russian businesses, a continuity factor is still quite foreign. It happens despite the fact that there was an obvious multi-generational idea of building an effective society in the Soviet Union. Nevertheless, family relations were brought down to the subordinating positions of the labour-professional relations. In case of the family businesses, it is a family system that decisively influences the formation of the long-range vision of ownership and management via owners and members of their families.

If one looks at the historical development of Russian society (i.e. including the Soviet period), it is clear to observe a leading influence of the national multi-centennial culture and particularly family values. The peasant lifestyle of the

majority of the population and a necessity to survive in severe climate conditions, as well as constant encroachment of the neighbouring tribes and states on Russian territory developed into the interminable succession of wars. It demanded a strict coordination of actions from the Russian population that could be only achieved by means of the hierarchy of relations both at the state and family levels. These relations were also characterised by the high collective basis – which are communitarian values.

From the moment of Christening of Russia in 988 by the prince Vladimir, Orthodox values became a part of Russian mentality. It was easier for the Russian population to cognise itself and to find support in the family and society in the united faith. The strength of Orthodox culture helped to hold against continuous attacks of different countries up to the middle of the XX century.

In this respect, a historical relation to labour and running a household was based on the interdependence of family and business value-based principles. Therefore a study of family business as one of the most significant forms of entrepreneurship in Russia is carried out from the value-based perspective. In a broader scope, it became possible to form an understanding of Russian family enterprise culture by means of the value analysis in the present research.

As for the research gap, this dissertation represents a fresh look at the development of family-owned enterprises in Russia. Over the last few decades, a great number of studies written by Russian (e.g. Ardichvili & Gasparishvili, 2001; Cvetkovski, 2009; Gratchev, 2009; Latova & Latov, 2003) as well as western authors (e.g., Donahoe & Habeck, 2011; Kay, 2006; Kets de Vries, 1993) were devoted to the creation of businesses, entrepreneurial values, and economic development of Russia. The main focus of these mentioned works was on the personality of an entrepreneur, peculiarities of the institutional environment, the unstable nature of the socio-economic relations and values (i.e. characteristics) of Russian entrepreneurs.

Nevertheless, the longitudinal nature of the development of Russian enterprises, issues of generational changes, importance of families in reconstruction of the enterprise's economy, and formation of family businesses (as the founding economic unit and not only from the point of socio-demographic changes; e.g., creation of the middle class in Russia by means of family-owned businesses – see Barkhatova et al., 2001), were barely elucidated. Moreover, results of western studies about family businesses were considered as poorly applicable under Russian conditions.

Family business was thus viewed as an exclusively western product of European and North-American countries, while small businesses were mainly emphasised in Russia. Family business in the Russian sense is more associated with the starting and, consequently, interim stage of business. Such a mind-set prevails among Russians despite the fact that a volume of scientific historical researches contains a number of examples of successful, inter-generational family-owned enterprises in Russia. There is an ideological gap between the imperial (i.e. pre-Soviet) epoch of family capitalism with the classical cases of

family businesses (e.g., Joffe, 1984; Owen, 1981, 2005; Rieber, 1982) and post-Soviet (i.e. modern Russian) epoch of small and medium-sized companies (Dolgopyatova et al., 2009; Djankov et al., 2005), which are largely attributed to the small-scale horizons of business development.

Therefore, this dissertation changes beliefs of family-owned businesses of our time in Russia and returns a reader to the issue of the long-term development of the enterprises in the hands of several consecutive generations of the family in the domain of family values as the connecting elements of historical development.

The subject matter of the inquiry is a family business in its value-based understanding as an element of the family enterprise culture.

For the evaluation of the family enterprise culture, certain family values were selected as the founding instruments, by means of which it became possible to learn the essence of Russian family-owned businesses. Moreover, taking into consideration the difference of culture, history, perception of the modern life, and territorial isolation, a value-based view reveals the historical nature of family business in Russia, accounting for the features of interpersonal, family relations of the business members, as well as learning historical patterns via the continuous structure of family values.

The scope of the inquiry within the frames of the selected subject of inquiry is a constellation of the theoretical, methodological, and practical issues of forming the family enterprise culture from the value-based perspective of ownership, management and transfer of the family-owned business across generations.

For a fuller understanding of the family business nature in Russia, a system of family values, structures of the family and enterprise, and a traditional lifestyle of Russian families in imperial and modern democratic Russia were studied by means of both quantitative and qualitative methods. In addition, a historical package of documents was analysed in terms of the elements of the enterprise culture in imperial Russia and its further comparison with the enterprise culture in modern Russia.

Any enterprise culture bears the value meaning in one form or another. In the present dissertation, the term "*value-based*" implies human and in particular family values. These are precisely people who create, run and perpetuate their family or nonfamily enterprises by means of their selfless labour. Reputation and the general name of the enterprise are both built through activities of the business members (i.e. employees and employers). Considering family enterprise as a system, we pay an increased attention to the *family perspective* that is a family system, according to the three-circle model (Tagiuri & Davis, 1992, 1996). Nevertheless, we clearly understand and demonstrate in the research articles, in what way the family system interacts with two other systems – business and ownership.

It is barely possible to assign the leading position to one of the three mentioned systems (and consequently, three perspectives) in the family business context. However, a value-based culture exists in the enterprise in case

of the harmonious involvement of the family in the process of company development with the clearly traceable human relationships, interpersonal collaboration, worship of the founders' past merits, organic connection of the past with the future through the representatives of the present generation (i.e. "business conductors"), and realisation of the family relations in the long-term traditions and rituals.

Contrary to the value-based culture, we could mark out an enterprise culture, which is based on the process side of relationship (i.e. *process-based*). People here are considered sooner as the units of the single chain. A formal tone prevails in the work relations. As for the time horizons, managers and employees see their future prospects as of key priority. One can even sacrifice the past traditions for the future result that is attained in accordance with the predefined processes and tasks. In a way, founders' experience represents tribute to the history in such culture. Therefore *business (management) perspective* is typical for the second type of the enterprise culture. However, it should be acknowledged that the owning family can choose the process-based way and formalise family relations, which have become too emotional and bring interpersonal conflicts.

There are other types and varieties (i.e. mixes of the several types simultaneously) of the enterprise culture, and among them we could distinguish innovation-based (or idea-based), hierarchy-based, competition-based, etc. cultures (e.g., Gibb, 1987; Schein, 1992; Žitkus & Junevičius, 2007). However, the above-listed types come affront in certain, relatively short periods of the enterprise's existence (as a matter of fact, within one generation). At the same time, value- and process-based enterprise cultures lay in the foundation of the business development strategy and managerial philosophy across generations.

An *ownership perspective* can be characteristic of both value-based and process-based types of the enterprise culture. It all depends whether the institutes of family and ownership are clearly fixed and secured at the state level, whether collective and in particular family values are applied in the family business context, and whether society shares the long-term vision of the concepts of family, labour, and life in general.

## 1.2 Definitions of the key concepts used in the dissertation

*Building of the family enterprise culture* is a process of the theoretical development, empirical reasoning, and practical construction of the codes of conduct shared among members of the family-owned enterprises. In the present dissertation, it is a researcher who bears the full responsibility for building the family enterprise culture.

*Cross-generational family business corporate identity* can be defined as shared identification of the family members representing old (founding) and young (succeeding) generations with their owned family business,



*Enterprising family* realises available opportunities jointly: every family member contributes in his or her own way to the future wellbeing of their family-owned enterprise. Family is considered as a single, co-ordinated organism that has shared interests, goals and values.

*Entre-pology of family business* can be defined as a certain complex of inherently defined criteria, which characterise the genotype and phenotype of the family form of entrepreneurship.

*Familiness* is defined as a “unique bundle of resources” available in the family business due to the interconnectedness of the family and business subsystems (Habbershon & Williams, 1999, 11).

*Family* is understood as a group of people who are tied by blood and share the common origin and a certain set of values (Min et al., 2012).

*Family business dynasty* is a family business that has been owned by the single family for at least three consecutive generations.

*Family businesses’ survivability capital* refers to business family members’ collectivistic goal setting, i.e. the actions, which family members are willing to do for the good of the business. These include, for example, altruistic loaning, contributing, and sharing (Sirmon & Hitt, 2003).

*Family business value* is a value shared by the enterprising family and represents a vital, multisided tool for sustaining the generational transfer in their family business.

*Family capital* can be considered as a special form of social capital, which does not exist outside the family structure. Furthermore, like social capital, also to family capital needs to be nurtured, maintained, and developed (Hoffman et al. 2006, 136). Thus, family capital is a crucial factor in family businesses competitive advantage.

*Family dynasty’s culture-specific resources* are resources that emerge as a result of the existence of the inter-generational, family dynasty’s culture. We found the key culture-specific resources in leadership, social capital, financial capital, decision-making, culture, relationship, governance, knowledge, financial performance, entrepreneurial performance, and social performance.

*Family enterprise* can be named an enterprise where one family owns the majority of shares (votes), at least two family members fulfil managerial tasks (Chrisman et al., 2004; Uhlaner, 2006) , and the current generation of the family plans or has already completed ownership and management succession to the next-generation family members (Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2006). Family enterprise, family business, and family firm are used as synonyms in the present dissertation: however, we understand that there can be slight etymological and philosophical differences between these concepts.

*Family enterprise culture* is a set of continuously developing codes of conduct shared among members of the enterprising families, particularly in running, owning and succeeding their family enterprises.

*Family entrepreneurship* is a process of revealing and realising emerging risky and resource-constrained opportunities done by the family jointly (Nordqvist & Melin, 2010; Tagiuri & Davis, 1992; Venkataraman, 1997).

*Family perspective of the family enterprise culture* refers to the analysis of the family-owned enterprise, its past, present and future, using the historical and contemporary data of the enterprising family, biographies of the remarkable family members, communication patterns, values and traditions that have been existing in the family across the generations. In accordance with the three-circle model (Tagiuri & Davis, 1992, 1996), there are also business (management) and ownership perspectives of the family enterprise culture.

*Family value* can be defined as any desirable end-state outlined and successively shared by the family members. This definition is based on the sociological (i.e. attitudinal, family) and economic (i.e. family business, entrepreneurship) definitions of values (Aronoff & Ward, 2000; Athos & Gocffey, 1968; Gatrell et al., 2001; Guth & Tagiuri, 1965; Koiranen, 2002; Ozar, 1997; Rokeach, 1973).

*Fundamentals of the owner's responsibility* considered in the present dissertation include trusts, ownership agreements, fairness and justice, psychological commitment, stewardship attitude, acknowledgement of emotionality, legal advice, ownership retirement schemes, and external directorship. The fundamentals of the owner's responsibility belong to either legal-economic, emotional or both zones. Applicability of the certain fundamentals depends on the national legislation and level of the family business culture.

*Future-continuous orientation of family values* includes values, which measure continuity of the family, prerequisites for existence in the future generations, maintenance of the basic commandments of family life, which are stable in the family life cycle.

*Generational value shift* is the evolutionary intra- and inter-generational changes of values on the quantitative and qualitative scales.

*Genotype of family business*, by analogy with biology, can be explained as the hereditary makeup of the family business consisting of the family, business and ownership types of genes.

*Inter-generational family business* is a business that is owned and managed by the single family longer than one generation, and family plans to continue the business and preserve (increase) its ownership stake in the future.

*Legal-economic ownership* is a compound concept. In principle, a legal ownership encompasses an economic ownership: the former implies a legal title coupled with an exclusive right to possession, whereas the latter deals more with the outright risks and rewards from the legal entitlement (IMF Committee on Balance of Payment Statistics, 2004). Moreover, a transformation in the legal ownership leads to inevitable changes in the economic ownership. In addition to the legal-economic ownership, we also mark out psychological and socio-symbolic ownership.

*Owner's responsibility* is mainly placed in the *legal-economic* and *emotional zones*. The former refers to the business-specific issues, while the latter – to the family-specific issues. It should be noted, that family business

owners not infrequently run in the mix of the two mentioned zones of responsibility.

*Phenotype of family business* is a resultant of the family business genotype and consists of the unique family business characteristics, family members' codes of conduct, family and business values as well as succeeded traditions, customs, beliefs.

*Psychological ownership* can be explained as an individual's perception in the object and the object's perception in the individual (Etzioni, 1991; Furby, 1980; Pierce et al., 1991). Ownership is no longer a matter of the objective reality, but an intertwinement of the subjective and objective realities. It is an extension of the ownership to the field of emotionality.

*Socio-symbolic ownership* is a concept developed by Nordqvist (2005) and representing a product of the dynamic interplay of the social and symbolic processes among the active owners, stakeholders and other parties having the primary interest in the family business.

*Responsible ownership* involves simultaneous senses of accountability, entrepreneurship, and profitableness, which characterize of what turns out to be critical for the ownership continuity in a family-owned enterprise. Thus responsible ownership is an obligation to be reliable economically and ethically. Values play a significant role in defining the responsible owner.

*The good's concept* is everything that bears a certain positive meaning and answers to human interests, goals and value orientations. Based on our conceptual approach, *the good of the family enterprise culture* is a category that consists of the family good, the business-ownership good and the state-social good. The family good features all positive experience, the present and the future of an individual in his family, whereas the business-ownership good incorporates positive labour and ownership characteristics in business. Finally, the state-social good characterises positive features of the national culture as well as the degree of individual's involvement in the social life.

*Value-based family enterprise culture* is a type of the family enterprise culture where values of the enterprising family are central in making managerial, ownership and family-specific decisions. This type of culture emphasises an axiological nature of family entrepreneurship. There can be also norm-based, task-based, result-based etc. family enterprise cultures.

### 1.3 Objectives, tasks and research question

**The dissertation's objective** is to define what builds a value-based family enterprise culture from a family perspective. A value-based family perspective is of primary importance due to the historical role that family and family values play in the common life of Russian people, in particular of Russian entrepreneurs.

Since each article (i.e. as a constituent part of the dissertation) has its own objectives as well as tasks, the articles' objectives are simultaneously tasks of the dissertation. Therefore the dissertation's tasks are following:

- to study the fundamentals and zones of the owner's responsibility in the transgenerational family business from a legal-economic perspective;
- to define the roots of the core culture-specific resources in a multigenerational family dynasty;
- to understand a cross-generational corporate identity in the family business dynasty;
- to investigate the intergenerational continuation of family values by means of the quantitative analysis;
- to investigate how family values of a multigenerational family dynasty change across generations;
- to work out a concept of the good in the context of the family enterprise culture.

The research's main objective as well as its supplementing tasks is introduced in consistence with the three-circle model developed by Tagiuri and Davis (1992, 1996) and a value-based family perspective developed in the articles of this dissertation (Figure 1). Family enterprise culture is located at the junction of the three evolving systems of the family business.

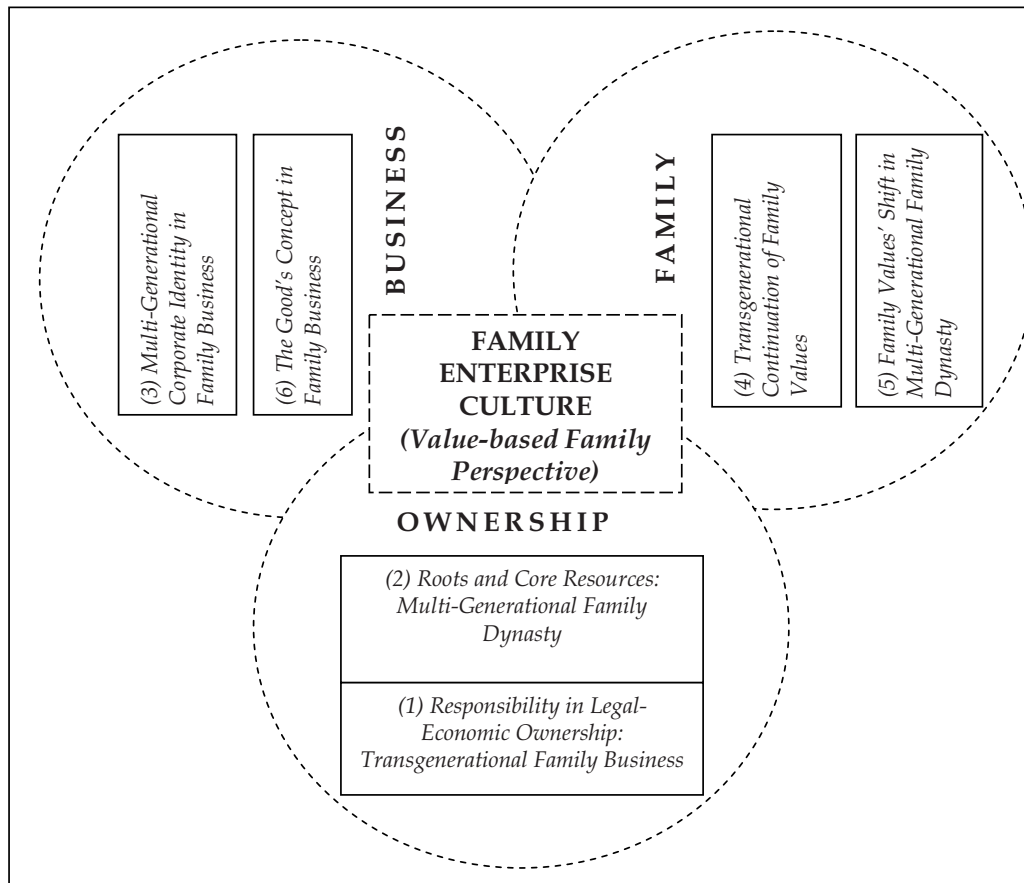


FIGURE 1 Research main objective and tasks within the frames of the three-circle model (Tagiuri & Davis, 1992, 1996)

**Objectives and tasks** of the articles are thus considered sequentially.

*Objectives and tasks of I article – owner's responsibility – legal-economic perspective:*

*objective:* to study the fundamentals and zones of the owner's responsibility in the transgenerational family business from a legal-economic perspective;

*task A:* to find out what constitutes a legal-economic perspective of owning a multigenerational family business;

*task B:* to determine the key constituents (i.e. the fundamentals) of the estate planning in a multigenerational family business;

*task C:* to clarify the concept of the owner's responsibility (i.e. the zones) in a multigenerational family businesses from a legal-economic perspective.

*Objectives and tasks of II article – the Sinebrychhoff family dynasty's resources:*

*objective:* to define the roots of the core culture-specific resources in a multigenerational family dynasty;

*task A:* to find out how a family business survives across generations from the resource-based view;

*task B:* based on the historical case study's methodology to compare the generations of the Sinebrychoff family dynasty between 1809 and 1917 in order to understand the resources that were required for sustaining their business;

*task C:* to define the cross-generational uniting factors of the Sinebrychoff family dynasty's success from the resource perspectives of leadership, social capital, financial capital, decision making, culture, relationship, governance, knowledge, financial performance, entrepreneurial performance, and social performance.

*Objectives and tasks of III article – the Ahlstrom dynasty's family business corporate identity:*

*objective:* to understand a cross-generational corporate identity in the family business dynasty;

*task A:* to develop a conceptual framework of the family business corporate identity;

*task B:* to find out the key constituents (i.e. tones, values, principles, and practices) of the family business corporate identity in the Ahlstrom's multigenerational family business dynasty using the methodology of the qualitative content analysis;

*task C:* to develop a qualitative textual analysis using a continuous sequence (1946-2007) of the Ahlstrom's annual reports as a content base.

*Objective and tasks of IV article – intergenerational value changes in Russian (Soviet) families:*

*objective:* to investigate the intergenerational continuation of family values by means of the quantitative analysis;

*task A:* to find out how values of Russian (Soviet) families change across generations;

*task B:* to define the leading value orientations (i.e. material-economic, social-collective, social-personality, and future-continual) that encompass the intergenerational family values;

*task C:* to define the key factors that anticipate the cross-generation changes in values of Russian (Soviet) families.

*Objectives and tasks of V article – the Sinebrychoff family dynasty – generational value shift:*

*objective:* to investigate how family values of a multigenerational family dynasty change across generations;

*task A:* to analyse intergenerational family values that constitute the family enterprise culture at the conceptual level;

*task B:* to compare intergenerational family values as elements of the family enterprise culture on the example of the Sinebrychoff family business dynasty;

*task C:* to theoretically understand an evolutionary nature of family values via the concept of the generational value shift.

*Objectives and tasks of VI article – the concept of the family business good – entrepology of Russian family-owned businesses:*

*objective:* to work out a concept of the good in the context of the family enterprise culture;

*task A:* to understand how the concept of the good can be described in a family-owned business from the perspective of the family enterprise culture;

*task B:* to empirically analyse the constituents of the family business good (i.e. the family good, the business-ownership good, and the state-social good) and define the formulas of the goods' keys on the example of Russian family-owned businesses

*task C:* to conceptualise the entrepology of Russian family-owned businesses using the triangulation of the in-depth, cognitive interviews, business and cultural anthropology;

The dissertation's **research question** is following: *how is value-based family enterprise culture built from the family perspective?*

In order to answer this research question, a number of **research sub-questions** were presented in six articles.

*I Research sub-question (I Article):* What are the fundamentals and zones of an owner's responsibility in the transgenerational family business from a legal-economic perspective?

*II Research sub-question (II Article):* What are the roots of the family dynasty's resources in late Russian Empire?

*III Research sub-question (III Article):* What does constitute a corporate identity of the multigenerational family business dynasty?

*IV Research sub-question (IV Article):* A. How do values of Russian (Soviet) families change across generations? B. What have reasoned a reconsideration of family values in Russian (Soviet) families?

*V Research sub-question (V Article):* How do family values of a multigenerational family dynasty change across generations?

*VI Research sub-question (VI Article):* How is the concept of the good described in a family-owned business from the perspective of the family enterprise culture?

## 1.4 Ascertaining of results

Results of the dissertation were reported by the author on Russian (St.-Petersburg, 2009, 2010, 2011, 2012) and international (Limassol, Cyprus, 2009; Lancaster, The United Kingdom, 2010; Kolding, Denmark, 2010; Jyväskylä, Finland, 2009, 2010, 2011, 2012, 2013) theoretical and practical conferences and found applications in the following study courses for graduate and post-graduate students: "Risk Management in Family Business," "Family Dynasties – Businesses across Generations," and "Pricing Policy and Pricing Management in Family Business."

## 1.5 Positioning

The semantic positioning of this dissertation is based on the intersection and complementary influence of four research pillars presented in the following figure (Figure 2).

Semantic ties presented in Figure 2 can be explained through the main topic of the dissertation. Entrepreneurship engendered studies about family businesses, whereas sociology gave the basis for anthropology. In turn, axiology formed studies of values in the intersection of ethics and aesthetics, and family research revealed continuity of family in genealogy. Altogether, studies in the domain of family business, business (i.e. industrial) and cultural (i.e. socio-cultural) anthropology, and values of family and kinship explain the family enterprise culture.

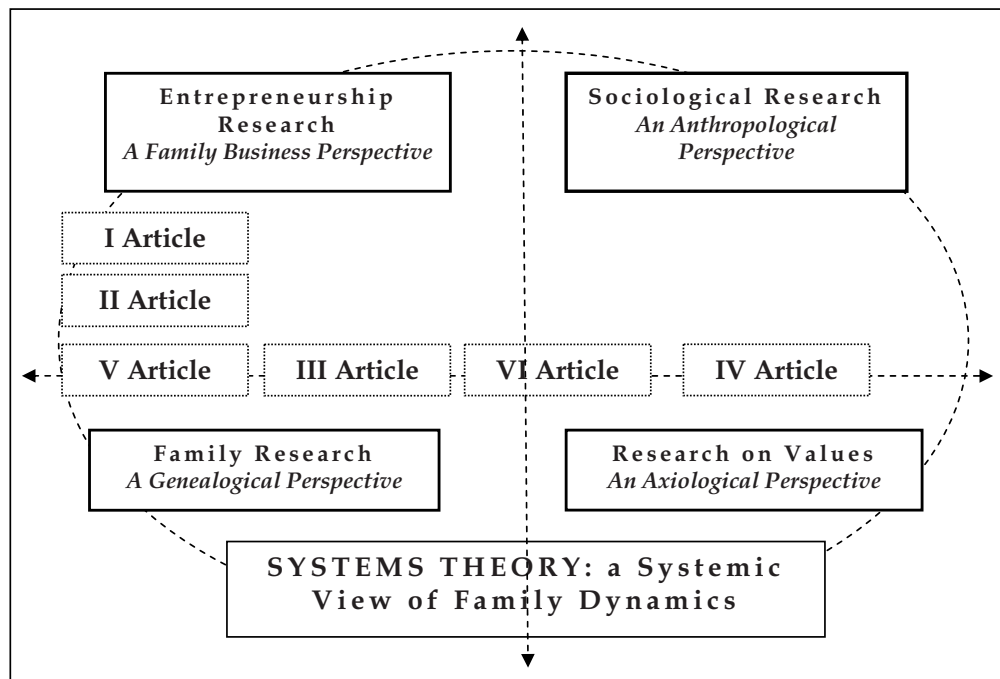


FIGURE 2 Positioning and perspectives of the dissertation – Building family enterprise culture through the lens of value domain

Six presented articles are placed in-between the mentioned pillars, with a slight inclination to the junction of entrepreneurship (i.e. a family business perspective) and family research (i.e. a genealogical perspective). In conclusion, it should be mentioned that four research domains were mainly considered from the systemic view: first of all, family business was viewed in the systemic unity (i.e. family-ownership-business); and, secondly, a family system was emphasised in all six articles.



## 2 THEORETICAL FRAMING

When a value-based family enterprise culture is constructed from the family perspective, culture-specific aspects should be taken into consideration. The Russian business environment has a positive impact on developing small and medium-sized businesses, although a family business definition is not governmentally approved and necessary statistics about Russian family businesses are not recorded. Therefore, studying both western and eastern (i.e. mainly Russian) theoretical sources is required to clarify the frames of Russian family businesses and to define its culture-specific characteristics. The theoretical framing is done in the following way.

### 2.1 Institutional, organisational and socio-cultural perspectives of entrepreneurship

*Conceptual clarity and institutional perspective of entrepreneurship:*

Over the last decade, the spectrum of research in the domain of entrepreneurship has significantly broadened (Shane, 2012, 10). Previously purely economic, quantitatively-engendered streams of research call for social explanation (Jennings et al., 2013; Suddaby et al., 2010), while social phenomena and processes, on the contrary, lack quantitative rigour (Shepherd, 2010; Zhao & Wry, 2011). First of all, entrepreneurship moves to the independent track that is separate from other areas of business research. When we speak about entrepreneurship, there are no longer purely economic or managerial associations. More frequently, cultural, ethnic, gender, ecological, behavioural, and engineering aspects come to defend interests of entrepreneurship as a field of research.

Entrepreneurship can be considered from various perspectives: institutional, organisational, and socio-cultural (Jennings et al., 2013). The course of development of institutional norms, reality of economic relations, and hierarchy of ownership rights in the country explain an institutional view of

entrepreneurship to some extent. In turn, intra-company processes, motivational criteria of made decisions, and functions of governance in business cause organisational applications of entrepreneurship. Finally, a socio-cultural perspective of entrepreneurship includes a focus on the cultural norms of modern society, shared patterns of managerial style, layers of decisions made by entrepreneurs, and structures of their relationship with other enterprise's staff.

Entrepreneurship as a research field receives on-going nourishment in various directions: by means of research practice in the closely related areas and adjacent methods of art (Shepherd, 2010) and science (Arend, 2007; Jennings et al., 2013, 2-4). Despite the volume of interpretations of the entrepreneurship concept, there are still difficulties (on the above-mentioned reasons) to give a single, across-the-board definition. A definition of ways and personalities of the opportunities' transformation in the new products and services, an assessment of effectiveness of pursuing for the set goals, and a quality analysis of the achievements characterise a field of entrepreneurship research:

"... organization scholars are fundamentally concerned with three sets of research questions about entrepreneurship: (1) why, when, and how opportunities for the creation of goods and services come into existence; (2) why, when, and how some people and not others discover and exploit these opportunities; and (3) why, when, and how different modes of action are used to exploit entrepreneurial opportunities." (Shane & Venkataraman, 2000, 218)

By its nature, entrepreneurship is attributed to the functionalist phenomena (Jennings et al., 2005; Tedmanson et al., 2012). In addition to that, the concept of entrepreneurship is connected with the justified, desired, positive, and moral activity (Calas et al., 2009; Weiskopf & Steyaert, 2009). Through entrepreneurship, institutional actors attain political goals, they can even speculate with this concept not being directly tied to the process of opening innovations (Rindova et al., 2009; Tedmanson et al., 2012).

Society lives upon the predefined patterns *de die in diem*. At the same time, forms and formats of these patterns undergo periodic renewal (Powell & DiMaggio, 1991). As such, the institutional environment offers macro- and microeconomic platforms for testing actions of people in the predefined settings (DiMaggio, 1988; Powell & DiMaggio, 1991). By definition, entrepreneurs are regarded as the most active members of institutional society. They unite in venture enterprises, groups, which are involved in the joint or individual projects (Jennings et al., 2013; Maguire et al., 2004). If the principle of action is hidden in the institutional environment, social intercourse occurs in working communities between entrepreneurs and enacted employees (DiMaggio, 1988; Marquis et al., 2011). Alignment of such communities can be based on cultural, religious, industrial, geographical, and other criteria.

Active zones of entrepreneurial work are featured by the so-called qualities of business:

- (a) the number of participants (i.e. a size of alliance) (Burt, 1992; Powell & DiMaggio, 1991; Stuart & Sorenson, 2003);
- (b) the degree of openness of relationship within the entrepreneurs' community (i.e. density) (Granovetter, 1985; Marquis et al., 2011);
- (c) the shape and an orientation of the formed business-clusters (i.e. a structure) (Stuart & Sorenson, 2003);
- (d) the capability and willingness of entrepreneurs to make new agreements beyond the existing relationship by changing the existing business-clusters (i.e. changeability) (DiMaggio, 1988; Pollock et al., 2002);
- (e) availability of information, capital and time for the realization of venture projects (i.e. resources) (Birley, 1985; Jennings et al., 2013);
- (f) settled stratification of relations inside the entrepreneurs' groups in terms of the hierarchy of subordination (i.e. reputation) (Shane & Cable, 2002); and
- (g) learned ways of making agreements, business traditions and rituals based on the value laws of entrepreneurship (i.e. traditionality) (Davidsson, 2005; Marquis et al., 2011; Shane & Cable, 2002).

Within the framework of the institutional theory (Bruton et al., 2010), a specificity of the entrepreneur's development in the institutional environment is explained via the modern theories of bricolage (Hardy & Maguire, 2007; Lawrence, 1999) and embeddedness (Powell et al., 1996; Rao et al., 2003) under conditions of working and institutional renewal (Greenwood & Suddaby, 2006; Rao et al., 2003). Entrepreneurs act in consistence with the business rules in each of their environments. However, regional differences of culture can massively influence on the way of activity and system of thoughts, which is articulated in the modern research (Bruton et al., 2010; Zacharakis et al., 2007). According to Battilana et al. (2009), the impact of an individual on the institutional structure gives rise to new institutional relationship. Moreover, the largest part of individuals can influence on the nature of such institutional relations (DiMaggio, 1988) by their labour activity both inside the enterprise being its working component and in the independent venture being entrepreneurs.

In the beginning of entrepreneurship research, individuals were interested in the search for the optimal set of competences attributable to effective entrepreneurs in the process of innovations' creation (Gregoire et al., 2010). Nowadays, studies contain more activity-specific bases (Fisher, 2012, 1040-1041; McMullen & Shepherd, 2006): an entrepreneur is given a space for selecting necessary resources and testing methods of the resources' exploitation for the sake of the outright purpose, which is although understood only in the immediate actions. Langley (1999) used an alternative template approach towards studying the phenomenon of entrepreneurship, emphasising a variant nature of the latter. Entrepreneurs can be thus perceived in the modern theories of bricolage and effectuation as elements of organisational changes (Markus, 1983; McMullen & Shepherd, 2006).

An entrepreneur is described by his or her ability to move forward and act for the sake of a higher purpose that is somewhat unclear. It is a so-called orientation of action that originates in the implications of social psychology and socio-cultural anthropology (Kuhl, 1981; Levi-Strauss, 1966). Development of an active orientation is on the shoulders of entrepreneurs: they need to evaluate a path, on which an idea goes from its conception to realisation (Eisenhardt et al., 2010; Garud & Karnoe, 2003). In the cyclical understanding, entrepreneurship goes through several consecutive stages in its life when it matures and accumulates experience. In order to distinguish qualities of these stages, one needs to look at the activity process at the inter-cultural level by comparing several countries (or areas) between each other (Koellinger & Thurik, 2012). Differences, which occur in the micro-environment due to political processes (i.e. especially when political programmes change), however, should be taken into consideration.

Justification of success in entrepreneurship seems to be constrained by the inconsistency of assessment criteria of the entrepreneur's final product and thus his or her efficiency. Since an active individual is oriented at the on-going improvement of his or her results by means of accumulation of knowledge and use of others' intellectual capabilities besides the primary interest in satisfying his or her material needs (i.e. in earning profit over the initially invested capital), evaluation of efficiency involves multiple criteria. In general, an influence of social sciences gives rise to the researchers' intentions to cognize the entrepreneur's inner life where material and spiritual needs adjoin one another. Facets of the entrepreneur's mind represent a scientific interest (Busenitz & Barney, 1997; Shaver & Scott, 1991) in terms of the explaining logic of cognitive and perceptual factors during entrepreneurship activity.

Effectiveness of entrepreneurial activity is a joint result of risk, mind, mentality, cultural beliefs, independence from prejudices, and a desire to find oneself in a new field of activity (Willerding et al., 2012). In order to assess the results of an entrepreneur, accounting data can be insufficient at least for describing the nature of his or her decision-making (Hindle & Moroz, 2010; Rindova et al., 2009).

Researchers are more focused on the search for the reasons that lie behind the development of enterprises on a global perspective (e.g., Congregado et al., 2012). Data that was received empirically are later formed into the conceptual models of growth, changes, and cycles, whereas behavioural characteristics of entrepreneurs are compared in the international and world scales (Battilana et al., 2009; Congregado et al., 2012). Depending on the emotional condition in the camp of entrepreneurs, levels of entrepreneurship activity as well as the speed of emergence of revolutionary innovations and directions of future activities differ. Additionally, entrepreneurship positively affects the progress of research in private organisations (DiMaggio, 1988; Spulber, 2012; Venkataraman et al., 2012). Consequently, research costs are covered by the subsequent discoveries, though establishment of new enterprises becomes cheaper due to an increase of

the body of transferred knowledge (Venkataraman, 1997; Shane, 2012; Spulber, 2012).

The development of theories in the domain of entrepreneurship balances the traditional considerations of that idea's exploitation, conciseness of choice, risky nature of an enterprise, etc. (Eisenhardt et al., 2010). Theories of effectuation (e.g., Sarasvathy, 2001) and entrepreneurship bricolage (e.g., Baker & Nelson, 2005) differ from the conventional views of entrepreneur's actions. Realisation of opportunities progresses in other ways. Both mentioned theories connect an immediate orientation of an entrepreneur with resources and after that with satisfying partial needs of the market by means of available resources. In any case, as the authors (Baker & Nelson, 2005; Sarasvathy, 2001) point out, exploitation of opportunities represents a sole entrepreneur's responsibility that is achieved by the wise management of deficient resources. In addition to that, a concept of effectuation is connected with an entrepreneur's field of active work, his or her capabilities of adapting to the dynamic and interactive processes of innovations' creation (Sarasvathy, 2001, 2008; Sarasvathy & Dew, 2005). The model of effectuation explains the market success of new ventures from a conceptually new position.

In any case, entrepreneurship is associated with the active stand of an individual (Fisher, 2012; McMullen & Shepherd, 2006), even if a group of like-minded individuals jointly participates in the venture. Therefore action in entrepreneurship is viewed at the personality level (Bird & Shoedt, 2009; Fisher, 2012, 1020-1024) and explained by psychological and socio-labour characteristics of a single person. Psychology of an entrepreneur's behaviour (Fisher, 2012, 1020) is related to his desire to assert himself in the independent work and create a new and independent enterprise with the innovation at the top. Society, in turn, tastes innovations and typically associates them first with the entrepreneur's profile and later with his or her company.

A positive attitude towards the phenomenon of entrepreneurship does not restrict academics from studying the pitfalls in the actions of entrepreneurially minded individuals (Down, 2010; Hjorth & Steyaert, 2009; Steyaert & Hjorth, 2007). From the scientific perspective, factors that anticipate entrepreneurship should be more deeply understood (Ogbor, 2000; Tedmanson et al., 2012, 533). These factors shed the light on the situation when material needs of entrepreneurs diverge from the level of their psychological resilience to outside pressures.

*Social perspective of entrepreneurship:*

In the sociological framework, entrepreneurship can be studied in the integral unity as a developing organism with its strengths and weaknesses, a propensity for seemingly irrational actions, and deviation from the socially approved norms and standards of the business life. From a more abstract perspective, entrepreneurship as a continent is characterised by the flora and fauna. Factors of external and internal environment, in which society receives desired entrepreneurship products, create flora, while fauna is described by the active

individuals whose economic behaviour can be explained in combination of economic-legal and societal standards.

Over the last century, society has formed the foundation for creation of successful enterprises (Gartner & Shane, 1995; Thornton, 1999). As a matter of fact, entrepreneurs receive wide opportunities if they can exploit them advantageously. The process of entrepreneurship birth doubtlessly touches a sensible creation of new enterprises in the socio-economic coordinates (Gartner, 1988; Low & Abrahamson, 1997). At the same time, this process depends on the context (i.e. society where this process occurs).

Through new creations, and by implementing planned ideas into reality, entrepreneurship as a strand of activity also fulfils its social function (Davis et al., 2005; DiMaggio, 1988). Social activity of the institute of entrepreneurs strengthens informal networks (Stuart & Sorenson, 2003), creates preconditions for realisation of innovations (Hardy & Maguire, 2007; Rao et al., 2003), and diversifies routines of other actors. Therefore replacement of business directions, durability of partnerships, and opportunities of strengthening results in various simultaneous directions engender the social maturation of active individuals within the institute of entrepreneurship. Coupled with the systematic understanding of man's actions, social emphasis allows the understanding of principles of the General Theory of Entrepreneurship postulated by Shane (2003) and developed in future researches (Davidsson, 2005; Shane, 2012; Zhao & Wry, 2011). A social perspective of viewing the institutionalization of entrepreneurship is nevertheless established within the industrial-business context.

Identification of an entrepreneur's opportunities is currently understood more as a dialogic process (Alvarez & Barney, 2013; Shane, 2012; Venkataraman et al., 2012) where the vector of attention shifted to the questions "how?" and "why?" instead of "what?" questions. Epistemological parallels reveal the essence of the internal field of entrepreneurship in the unity of the entrepreneur's relationship in society, business and over-organisational space.

Regarding the birth and withering of enterprises (i.e. a population perspective: Greenfield & Strickon, 1981), application of behavioural laws of people to the newly established enterprises (Aldrich, 1990) widen the entrepreneurship field as a social phenomenon. Researchers can also pay attention to the individual peculiarities of entrepreneurs (Aldrich, 1992; Thornton, 1999), which lie beyond entrepreneurship portfolio of qualities and roles in the business, but rather cover their human side, psychology of their developing personalities.

In particular, there is a potential research interest in the psychology of behaviour in the periods of stress and special challenges when an entrepreneur's personality is tested. Additionally, a person's origin, cultural upbringing, and ways of interpreting the modern world's foundations can be more thoroughly studied in the field of entrepreneurship. Experiments may involve periods of individuals' growing, their first working experience, and communication practices in colleges or universities. In terms of organisations

that are gradually developed by entrepreneurs, an emphasis should be made on the organisational-legal forms, formal and informal alliances of entrepreneurs. The personality world of an entrepreneur (including the past) in conjunction with the formal structure of the created enterprise is generally explained via cultural and economic factors. Specifically, national origin of an entrepreneur forms the external look of the created enterprise. The logics of culture, business, and an individual act in the trinity, which makes it possible to consider the field of entrepreneurship more deeply.

An evolutionary interest in the life of entrepreneurship began in the late eighties of the twentieth century, namely from the researches in the area of enterprise's environment, demographic types of enterprises and successive views on the industry's development of entrepreneurship (e.g., Carroll, 1988; Hannah & Freeman, 1989; Singh, 1990; Singh & Lumsden, 1990). Enterprises age in the same way as its entrepreneurs (Aldrich & Auster, 1986). Therefore a probability of positive transformations in the over-mature enterprises is complicated by the reluctance of aging entrepreneurs to originate organisational changes.

According to Shane (2003, 11-16), environmental influence on the way of entrepreneurship process is dual, since revelation and execution of entrepreneurial opportunities is characterised by the psychological and demographic factors. In particular, an entrepreneur is responsible for answering the question of what influences his activity to the largest extent – personal attributes or environmental attributes. It is, however, straightforward that the achievement of the set goals can be only in the balance of internal (i.e. personal) and external (i.e. environmental) interaction.

Since the meaning of entrepreneurship as a socio-economic phenomenon has increased over the last decades (Baumol, 2002; Bernanke & Gertler, 1989), macro-economic changes inside and within the states occur at a higher speed (Audretsch, 2007; Koellinger & Thurik, 2012, 1143-1144).

*Cultural perspective of entrepreneurship:*

Culture binds all layers of population, which in part is involved in the processes of exploitation of new opportunities and creation of innovations (Shane, 1993). At the same time, entrepreneurs differ in opinions on the type of work (i.e. either individual or collective type of labour relations), nature of connection, perception of changes, solutions of conflict situations, and psychology of relations in terms of gender. Contexts of entrepreneurship (Mason & Harvey, 2013) are correlated within and between cultures, in the view of procedural structuredness and evaluation of the effect from the use of alternative opportunities.

The cultural side of entrepreneurship can be more rationally studied on the basis of sociological principles, according to which a social effect on the reproductive capabilities of entrepreneurs is considered as one of activity's priorities (Aldrich & Fiol, 1994; Marquis et al., 2011; Thornton & Flynn, 2006; Thornton et al., 2012). Being socially engendered structures, institutes seem to be quite flexible to various responses of entrepreneurs (Scott, 2001) in the

definition of its regulating norms as well as maintenance of its continuous well-being (Bruton et al., 2010). Entrepreneurs learn internal principles of the institutes where they act. In turn, institutes contribute to the moral comfort of the latter. Cultural influence can be traced within the community where an entrepreneur acts. In addition to that, when one compares such communities between each other, more sources of influence can be opened up (Davidsson, 2005; Jennings et al., 2013, 7; Shane, 2003, 2012). In general, entrepreneurs often run into the “complexities of translation” being in the constant exchange of information, products of their activity. Misconceptions can appear due to the semantic differences in regulations of neighbouring regions.

A national phenotype of entrepreneurship also forms an entrepreneurship structure. Depending on the national identity, newly established enterprises will develop at the predefined speed and with certain internal regulations. It happens even if actions of the participating enterprises go in accordance with the uniform rules. In case of those entrepreneurs whose culture deviates from the settled social traditions, they will not have an access to opportunities, perspectives of the collective and individual plans of action inside the entrepreneurship networks. Their deviant strategies will not cause any significant progress in the development of their organisations.

By following the cultural code of entrepreneurship, entrepreneurs as well as stakeholders (first of all, the state) make more significant gains. In different periods, the state invests in or, on the contrary, divests from research. In a way, an ideology defines the present value of science in general and entrepreneurship in particular. An industrial infrastructure is formed under the influence of the means of value creation (i.e. invested capital). However, an even greater effect stems from the political attention to the problems of development of innovations (i.e. an invested care for cognition). It is hard to tell, whether cultural norms that contribute to development of entrepreneurship are micro- or macro-oriented by nature. On the one side, they (i.e. norms) make a direct effect on the generation of new ideas, implementation of the earlier unacceptable plans. However, on the other side, cultural norms, which were born inside the state, renew the state organism, and send society back to its origins for the sake of comprehension of the role that cultural heritage plays in society.

Cultural embeddedness of entrepreneurship in the process of social changes impel researchers to use mixed methods of analysis (Thornton, 1999, 23) and take into account the role of national and global cultures in the context of venture creation (Gartner & Shane, 1995; Vesper, 1990). Entrepreneurship develops regardless of positive or negative effects of the external environment: it changes due to the evolutionary development of the entrepreneurs' behaviour (Brockhaus & Horwitz, 1986) and shifts of their active mentality in a broader business culture. Comprehension of entrepreneurship as an intelligent activity also involves elements of organisational psychology and sociology (Aldrich, 1990; Gartner, 1988). Probably, a religious and cultural factor (e.g.,



spirit of capitalism: Weber, 1904) had a sizeable influence on the pre-understanding of entrepreneurship from a supply perspective.

Apart from the cultural perspective, entrepreneurship prefers inconstancy to peace and risk to comfort. By means of the stressful conditions, an entrepreneur's reaction becomes quicker and more sensitive to changes. In addition to that, entrepreneurs raise their tolerance to drawbacks of today for the sake of the previously mentioned comfort in the future. However, entrepreneurs not infrequently come to the risky path in the future willing to challenge their achievements once again. Such a feeling of overcoming obstacles is an essential dimension of entrepreneurship as a phenomenon.

## **2.2 Family business studies as a research domain of entrepreneurship**

### *Distinction of the family-owned businesses: emotional in legal*

Researches in the area of family business call for the use of new, previously unexploited constructs (Short, 2012; Zachary et al., 2011), which are successfully applied in other disciplines. Being on the verge of economic, culturological, organisational and psychological researches (Reay & Whetten, 2011), the domain of family business needs actual theories that show changeable, successive nature of family-owned companies. By means of combinatorial use of theories from adjacent streams of research, a field of family business secures its future-oriented development.

Contribution to the studies of family business can be done with the application of innovative bricolage as well as with more organised processes of research (Short, 2009, 2012). Gradually, the domain of family business receives well-grounded conceptual models, theories of development on the junction of economics, behavioural psychology, and organisational science (Berrone et al., 2012). A corporate understanding of the family business governance is based on the ownership selectiveness in comparison with other companies in the market (Carney, 2005; Schulze et al., 2003).

Any family business has an independent, distinct organisational identity, which differentiates it from non-family businesses. This identity was shown, for instance, in the study of entrepreneurial orientation (Short et al., 2009). An owner's orientation (i.e. who is actively involved in realisation of chaotically located ideas) is, however, significantly different from an orientation of an owner-manager (i.e. who surrenders command of an active creator and contents himself with the real power) (Pagliarussi & Rapozo, 2011). It is therefore necessary to define the place and effect made by the agent costs on the productivity of family-owned companies.

A family business owner is a person capable of moving organisational elements by the power of his or her decisions. As such, owner's decisions modify the business culture. By means of their parental attitude towards business (i.e. with notes of psychological attachment), owners build the

strategic redoubts, which will protect a family business culture from the destructing influence from outside. Such a steward relation sheds light on the theory of leadership in family business (Eddleston, 2008). Possession of a pro-family culture that is revealed through the meaning of the good, kindness, care, etc. strengthens the family business strategically (Zahra et al., 2004).

Since family companies develop in their own, slightly conservative way even despite globalising economic space (Berrone et al., 2012, 258-259; Chrisman et al., 2008), one has to set the fundamental frames, within which theories will favourably advance (Chrisman et al., 2005). A patriarchal character of family business may be reflected in the theory of stewardship relations (Miller & Le Breton-Miller, 2006) and socio-economic wealth (Berrone et al., 2010; Gomez-Mejia et al., 2007, 2010, 2011). A more formal economic view of relations between the owning family and its business anticipated an introduction of the theory of agent relations in the structure of family business (Morck & Yeung, 2003; Schulze et al., 2001) as well as a resource-based view of organisational relations in general (Habbershon & Williams, 1999; Habbershon et al., 2003).

As opposed to the postulates of neo-classics, family business by nature combines an economic basis with the human basis, which leads to considerations of business goals by means of financial and emotional scales simultaneously (Anderson & Reeb, 2003; Gomez-Mejia et al., 2001; Zellweger & Astrachan, 2008). An emphasis on the economic metrology in the calculation of business value was anticipated by the postulates of classical and neo-classical schools: non-material, social elements yielded to economic and financial qualities of business relations (Astrachan & Jaskiewicz, 2008; Fama & Jensen, 1983; Lubatkin, 2005).

An economic constituent of business includes a share of rational actions by the analogy with non-family companies (Abdel-Maksoud et al., 2005; Astrachan & Jaskiewicz, 2008, 139-149; Chrisman et al., 2003). Rationality concerns the general profitability, interrelations with other participants (i.e. owners) of the company, dialogue with the state, calculation of the tax shield, application of operational and financial levers, etc. However, non-economic (i.e. family-related) constituents seem to be equally important (Chrisman et al., 2003; Sharma & Manikutty, 2005; Zahra & Sharma, 2004) when issues of family solidarity in the process of management, long-term family career plans, remuneration of family members and their non-family vis-à-vis, as well as preservation of family morale as opposed to purely economic appropriateness come to the forefront.

From the perspective of entrepreneurship as a process of opening and realising opportunities under the conditions of limited resources (Venkataraman, 1997), family business can be considered over-conservatively (Naldi et al., 2007), with the absence of thoughtless risks and excessive balance of decisions made traditionally on the past principles (Zahra, 2005). As a counterbalance, one can point to the abundant advantages of the long-term targeting in terms of preservation of the ownership wholeness (Aldrich & Cliff,

2003; Tagiuri & Davis, 1992; Zahra et al., 2004) created exclusively on the traditional (i.e. and not hasty, new) owners' principles.

Based on the concept of socio-emotional wealth, behavioural patterns are considered to be embedded in the system of family business. Gomez-Mejia et al. (2011) showed that the non-material side of business is primary to family-owned companies incorporating the concepts of trust, human relations, and ascription to one's own labour. Owners try, first of all, to preserve an emotional balance, whereupon (or at the same time) they deal with the issues of business. Family business owners have a positive perception of the non-financial goals of professional growth. They are therefore affectively inclined to organisational stability. Since strategic plans of family business are surrounding emotional capabilities (Berrone et al., 2010), policy of family business is realised by means of affective donations (Gomez-Mejia et al., 2007; Berrone et al., 2012).

Family-owned companies do not simply represent a cultural artefact in the world of business, but they are an important element of market relations (Rautiainen et al., 2010). They differ in the principles of activity and purposes of management from non-family businesses, which is articulated in the literature on family business (e.g., Chrisman et al., 2004; Gomez-Mejia et al., 2001, 2011; Zellweger, Kellermanns et al., 2011). At the same time, a cultural aspect differentiates companies from the range of family-owned businesses depending on the national peculiarities (Chrisman et al., 2004; Lauterbach & Vaninsky, 1999; Reid & Adams, 2001).

Family participation demarcates the field of family business with the clear dominance of sensory perceptions over the reasonableness (Tagiuri & Davis, 1996). In particular, family opens a new non-economic source of light for all members of family business - both internal and external (Berrone et al., 2012, 263; Eddleston & Kellermanns, 2007). Meaningfulness of the emotional stock of resources in family business is tested through more than the lenses of family holding (Chua et al., 1999; Sharma & Manikutty, 2005; Tagiuri & Davis, 1996). In the recent research of Zellweger and Dehlen (2012), a theory of socioemotional wealth in family business is further perfected. In particular, authors study the owners' subjective evaluations of their ownership in terms of the dominants of cognitive psychology (Ikävalko et al., 2010).

In the context of family business culture, the emotional constituent is especially acute in cases of discrepancy from the participants' expectations. Different opinions of the future development of family business anticipate family-work conflicts (Kellermanns & Eddleston, 2006; Lee & Rogoff, 1996). Bivalency of relations inside family-owned companies, what was postulated by Tagiuri and Davis (1992) in their conceptual work, creates overrated, however justified expectations of owners about the value (i.e. not the price) of their company. Therefore a continuous investment in the family business is considered as an immediate managerial characteristic of the company's founders (Chua et al., 1999; Tagiuri & Davis, 1992; Zellweger & Astrachan, 2008).

Every active generation of family business owners feels a behind-the-room responsibility (i.e. although it can be clearly written in the ethical will) for the company's future (Miller & Le Breton-Miller, 2006; Zellweger, Kellermanns, et al., 2011), preservation of its reputation, and family status for their children and grandchildren. The length of planning in family companies on average exceeds planning horizons in non-family companies, since the former see its business as a continuing phenomenon where they have a role of conductors in the future (Berrone et al., 2010, 2012; Kets de Vries, 1993; Miller et al., 2008).

There are also negative attributes of the family involvement in business: nepotism, work-family conflict (Astrachan & Jaskiewicz, 2008, 138, 140), diversity of interests among the representatives of the old and young generations (Khatri & Ng, 2000), loss of economic objectivity in management, and a focus on problems of family rather than business issues. In essence, financial decisions can touch upon business as well as the area of financial liaisons. Non-financial relations are generally represented by the family orientation of the owners' dialogue (Zellweger & Astrachan, 2008), socially dominated policy (Grunert et al., 2005), and responsibility of owners before the state and society (Anderson & Reeb, 2003; Berrone et al., 2012; Chrisman et al., 2003).

A risk factor can be found in the area of personnel management. Owners and middle managers establish a loyal team of allies whose mistakes in work duties will be forgiven (Chua et al., 1999; Chrisman et al., 2003; Tagiuri & Davis, 1992; Wright et al., 1996). However, they will not be forgiven betrayal of the family business interests. An issue of loyalty thus reflects a strong element of familiness inside business relations.

Nordqvist and Melin (2010) consider an entrepreneurial orientation of families that own businesses. Themes of entrepreneurship and family business are inseparably linked through the personality of an owner-founder. An entrepreneurship process in a family-owned company, according to Nordqvist and Melin (2010, 220), is founded on three 'A's - actors, attitudes and activities. An effectiveness of the entrepreneurship realisation is checked simultaneously in several areas: it is analysed, to which degree family is ready to move its business forward to the new Rubicon (Habbershon & Pistrui, 2002; Habbershon et al., 2010).

In consistence with Astrachan and Jaskiewicz (2008, 143-144), a total value of family business consists of two basic parts: financial and emotional values. The former includes a discounted cash flow and discounted benefits received by an owner, while the latter represents a balance between the positive emotional gain and negative emotional costs. A traditional assessment of cash flows when one calculates business efficiency (Kaplan & Norton, 1992) is supplemented by the calculations of the owner's private benefits discounted at the present day that represent a reward for his or her entrepreneurial risk (Demsetz & Lehn, 1985), combination of the functions of a principal and an agent (Jensen & Meckling, 1976), and a skilful coordination of the family, business, and ownership systems (Tagiuri & Davis, 1992).

In general, research of family business supplements neoclassical views of the evaluation of company's effectiveness (Fama & Jensen, 1983; Jensen & Meckling, 1976) with the inclusion of non-economic social and family objectives in the field of strategic planning (Anderson & Reeb, 2003; Astrachan & Jaskiewicz, 2008; Chua et al., 1999; Gomez-Mejia et al., 2011).

*Family relations and anthropological perspective:*

A factor of kinship, parallel growth of several branches of the family, and tangles of inter-relations of family members at home and inside their organisation represent an anthropological-cultural interest (Stewart, 2003). Incompatibilities of market regulations and laws of family relations have an influence on the family morale, formation of expectations in society, and emotional-collective family background in general.

Studies in the area of family business benefit from a deeper analysis of kinship and spousal relations. Anthropological studies that touch upon a topic of business and, in particular, family business (e.g. Alexander & Alexander, 2000; Rosenblatt et al., 1985; Stewart, 2003) use the terms of kinship and family jointly in most cases. As a matter of fact, there is no principal different between them, if a concept of family is used in the extended sense.

Anthropology reveals peculiarities of the development of human relations inside their families, which are additionally bound by the work duties. These duties are country-specific and depend on the norms approved by society. As Stewart (2003) specifies, proto-anthropological approaches were applied on the verge of the twenty-first century regarding Asian (Davis et al., 2000; Manikutty, 2000) and European settings (Howorth & Ali, 2001; Klein, 2000) by the family business scholars. Kinship relationships thus represent a kind of genealogical web (Good, 1996) that exists in certain hierarchical dependence. A longitudinal character of the kinship concept puts the moral code of family relations on the top (Stewart, 2003, 385). Societal norms of the dynastic connections inside kinship are clearly observed in family-owned businesses (Chua et al., 1999; Gersick et al., 1997).

Culture expresses peculiarities of the nation's mentality and differentiates one cohort of people from another (Hofstede, 2001). In a similar vein, family companies are considered as distinct business entities, which are placed between the poles of authority and freedom, equality and disparity (Sharma & Manikutty, 2005; Todd, 1985, 10). In collective cultures, a leading role of an elder member is approved by every member of the family. However, there is equality in the declaration of intentions, respect for the man's individuality and a collective mind. It helps to make relations between the leader and the rest family clearer.

Family relations (i.e. familiness: Habbershon & Williams, 1999) are featured in the multi-format of ties between owners and key stakeholders. Such relations engender socially dominant advantages in the form of open communication inside the social networks (i.e. social capital). At the level of perceived reality, availability of family ties between participants of the business governance complicates the structure of tasks both in the short-term and long-

term perspectives. In consistence with available studies (Arregle et al., 2007; Burt, 1992, Chrisman et al., 2008; Steier, 2001), social ties among family business members guarantee a competitive force for owners and let them act more actively in the market. In general, a concept of social capital (Burt, 1992; Steier, 2001) is related to the constructs of familiness (Habbershon et al., 2003; Pearson et al., 2008). In both cases, family is centrally placed in business and private life of an individual.

One singles out family for the consanguineous nature of relations between its members, presence of marriages, birth of children, and, finally, running the joint household. When the joint household is an object of entrepreneurship, it is rational to evaluate the familiness resource as something wider including the remote environment of relatives, which part is formed by the in-laws (Chrisman et al., 2003; Gersick et al., 1997; Stewart, 2003). In large European dynasties (e.g., the Rothschilds, the Barings), the role of several family branches is simultaneously emphasised. Moreover, business can be run by one branch, while fame and actual power will be concentrated in the other branch, and more respected members of the extended family will be located in the third branch.

Owners of family companies and family members who share the work and home life evaluate their businesses beyond the limitations of economic benefits and losses (Zellweger & Astrachan, 2008). It seems to be relevant to measure a non-material component of value that keeps an owning family in business by accounting for family emotions that affectively influences on the general way of work. Strength of attachment to the objects of possession is defined by the cultural values and national ideology besides the individual characteristics of an owner (Watson et al., 2002).

According to cultural studies done by Hofstede (2001) and a trinity system of family business (Tagiuri & Davis, 1992), the higher the level of collective values and traditions in society (Sharma & Manikutty, 2005), the more a family business is considered as an object of attachment (Zellweger & Astrachan, 2008). Owners and members of their families have a certain influence on the processes inside a family business. The level of control, business intelligence, and cultural background are regulated by the family relations. A scale F-PEC presented by Klein and her colleagues (2005) gives certain answers regarding family relations as a strategic resource of family business.

Social influence of the family can be also analysed from the viewpoint of social and institutional theories (Berger & Luckmann, 1967; Stewart, 2003). In general, family is a powerful societal institute, and a familiness resource is a determining factor in the development of continuity in family business. Such continuity, apart from the actual inheritance (i.e. a family-owned enterprise can be also an object of inheritance), includes an invaluable stock of values, norms and memories of the family's past generations. Renewal of traditions of the family entrepreneurship also goes through the familiness resource, which models are studied by means of the behavioural socio-psychological theories.

The cultural background of a family, as well as its traditional values that stem from the past generations, have an effect on the structure of business goals (McKenny et al., 2011; Sharma et al., 1997; Sorenson et al., 2009). Although family culture is quite a constant phenomenon, its purposes change much quicker under the influence of different generations of the family (Sharma et al., 1997), progressing level of education, changing traditions of upbringing (Kellermanns & Barnett, 2008), and effect of fashion in business (Micelotta & Raynard, 2011). Research in the field of organisational culture (Albert & Whetten, 1985; Ashforth & Mael, 1989; Foreman & Whetten, 2002) explains how businesses differ. In particular, family-owned companies stress the strength of family values and identity shared by its employees. Members of family business divide their organisational culture in unequal parts in terms of family and labour values. Consequently, a part of family-owned companies share the same or quite similar organisational qualities (McKenny et al., 2011; Short et al., 2008).

In accordance with the behaviourist approach to the problem of agent costs (Gomez-Mejia et al., 2000; Wiseman & Gomez-Mejia, 1998), a non-capital factor of emotional well-being play a constructive role during the phase of decision making. Consequently, economic parameters cannot fully account for the owners' logic in sustaining their family businesses (Zellweger, Kellermanns et al., 2011). Family business is ready to risk, if activity is not purely about economic gain but also emphasising opportunities of the greater socio-emotional stability in the observable future. Therefore family relations are inside the business model goals (Chua et al., 1999; Zellweger, Nason et al., 2011), which are set by the owners in front of their subordinates. Goals with the priority of family principles (Sorenson et al., 2009) are disposed towards changes in time under the renewal of the key managerial positions.

Ownership can be understood as a state of relations, intentions, and emotions, which are felt towards the object (Etzioni, 1991; Pierce et al., 1991; Pratt & Dutton, 2000). In consistence with the ideas of Etzioni (1991) and Pierce et al. (1991), ownership comes outside the frames of the objective reality and is transformed in the immediate relations of the subjective reality. A perception of oneself in the object and the object in oneself (Furby, 1980; Pierce et al., 1991; Pratt & Dutton, 2000) widens the limits of legal ownership in the coordinates of emotional attitude.

One of the three roots of psychological ownership, according to Pierce et al. (2001, 300-301), is efficacy understood as an opportunity of individuals to satisfy their intensions in the environment. Two other roots are self-identity and having a place. A self-identity is based on the finding of one's personality in the object of possession (Dittmar, 1992), whereas having a place points at the territorial needs of an individual (Porteous, 1976). It is possible to achieve a condition of psychological ownership in three general ways described by Pierce et al. (2001, 301). First of all, it is done through a perception of control over the object; secondly, through a deep cognition of the object; thirdly, through the return of life energy, attention and care to the object. There is a transfer of self

into the object of possession in every of these three cases: an individual and ownership become closer in the psychological realm.

The continuous nature of family ownership is perceived by family members first and foremost as a responsibility before loyal stakeholders: therefore they aim to maintain and strengthen those principles that they have already favoured for many years. Family thus re-creates a personal nature inside the corporate world (Micelotta & Raynard, 2011, 204). Depending on the prevailing family and religious traditions, the meaning of family business can be different (Craig et al., 2008; Steier, 2009). It stands to reason a will to build a joint business will be more articulated in the cultures with collective values rather than in cultures where individual values are relatively strong.

*Resource-dependence in the view of family business continuity:*

Family business goals are achieved through the family (i.e. or to be more precise, through the unity of family) over very long periods when social and economic perspectives are combined. From the perspective of social importance, family has an advantage of uniformity over other social institutes (Berger & Luckmann, 1967; Bourdieu, 1996). Family is communal on the principles of its construction (Bourdieu, 1996). Moreover, family collectivises individual intensions of business playing an even stronger social institute. Being oriented on the provision of stability and security of family uniformity, family members are distracted from the entrepreneurial principles over time. Labour traditions passed from grandfather to father, and from father to son, nevertheless, maintain work creativity of the owners at a relatively adequate level (Chua et al., 1999; Martin & Lumpkin, 2003).

Based on the previous study of Habbershon and Pistrui (2002) about the intergenerational wealth of family businesses, Habbershon et al. (2010) focus on the field of entrepreneurial activity adopted by the younger generations of owners. It is about a complex understanding of the value that is born on the junction of generations of family ownership (Habbershon et al., 2010) including financial and non-financial components. Moreover, family influence is spread over the creation of both previously mentioned types of components. A value of family business is characterised by the entrepreneurial continuity in the intergenerational perspective, preservation of a creative nature in terms of business operations in the long term. Such behaviour is thus featured by the appropriate set of values, beliefs, cultural specificities of the owner's character (Miller, 1983; Zellweger, Nason et al., 2011).

Company resources are found in interdependence, and their exploitation makes it possible for owners to achieve positive results by creating a competitive strategic advantage (Habbershon & Williams, 1999). Family firms are characterised by its typical resources, among which familiness can be outlined. Such a resource points at the participative role of the family, and its influence on business processes. It is one of the obvious resources of family business featuring a palette of relations of family members in the system of the work morale (Habbershon & Williams, 1999, 11). However, familiness can



become a burden, if family communications are spoiled or there is a lack of unity of family interests regarding the joint business.

Family wellbeing also defines the wellbeing of family business within and across generations (Habbershon & Williams, 1999; Habbershon et al., 2003), if the family system dominates over two other systems. A resource of familiness thus provides continuity of traditions in family-owned companies. Apart from the tasks of the increase in income (Rowe, 2001), there is an obvious necessity to develop strategies of levelling internal incompatibilities between the systems of business and family (Chua et al., 1999; Davis & Stern, 1980). Family relations, consequently, are in the role of opportunities-boosters (Makadok, 2001) for the realisation of other steady competitive resources within the systems of family business (Amit & Schoemaker, 1993; Habbershon et al., 2003).

A crisscross pattern of work and personal issues demands time for adaptation in the process of business decision-making (Nordqvist & Melin, 2010; Zellweger & Nason, 2008). A family level of analysis implies studying the family in terms of its constituent personalities (Nordqvist & Melin, 2010). By studying the level of relationship between family members, key characteristics of the intra-family dialogue before, during, and after work as well as personal qualities of every family member, a familiness resource is better viewed at the family level of analysis. It is, however, insufficient to consider a family as a uniform, inseparable system, which qualities are created in the unity of family knowledge.

Continuity of the family business culture allowed the positive perception of different generations of the family in the owner's chair (Eddleston, 2008; Pierce et al., 2001). In any case, family will represent business as a part of its organisational culture. Zahra et al. (2004) point at the strategic flexibility of family ownership gained by means of focus of business leaders on family unity and care. The role of leader-reformers among the owners of family businesses (Eddleston, 2008, 1058; Piccolo & Colquitt, 2006) consists in the explanation of the importance of business interests and its dominance over personal aspirations. A culture of family business is thus perceived in projections of kindness, respect and devotion of the family to the business interests (Bass, 1985; Ling et al., 2008).

Family resources feature the hidden (i.e. tacit) knowledge (Koiranen, 2002) passed on the traditional family channels: through the customary events, holidays, memorial days, social activities, and informal relations with personnel. Experience that is brought by the family in the business defines a level of professionalism within the work-family relationship. It also explains the state occupied by the company in the market (Klein, 1991; Klein et al., 2005). Continuity of the power in family business from one generation to another is additionally strengthened by the maintenance of knowledge and experience.

### 2.3 Family studies as a dynamic longitudinal context

#### *Family dynamics and viability of the interpersonal relations:*

Apart from the work perspective, family relations have a sizeable influence on the family members' health, their attitude to life and system of their internal motivations in their common life (Carr & Springer, 2010). According to Carr and Springer (2010, 744-745), spousal and consanguineous relations of parents and children are described by the family structure.

For a better understanding of the family dynamics, researchers traditionally focus on the behavioural peculiarities of the relationship between parents and their biological children in the process of their upbringing, socialisation, and employment (Carr & Springer, 2010; Gorman & Braveman, 2008). Halpern-Meehin and Tach (2008) revealed that education of children by the two parents more fully develops their internal world compared to the families where biological children are raised simultaneously with their step-siblings.

The relationship of parents with their children at the early stage of their life (during the first several years after their birth) can be studied comparatively: an emphasis is usually made on the longitudinal nature of creation of this type of relations (e.g., Halpern-Meehin & Tach, 2008; Reichman et al., 2001). However, in virtue of dominating traditional opinions on family construction (Carr & Springer, 2010; Waite & Gallagher, 2000), a positive effect of family relations is connected with the presence of marriage. Therefore, mental health of the family can be explained by the stability of the marital union between parents and the openness of their relationship with their elders (i.e. a network of immediate relations of parents and their forefathers) and younger relatives (i.e. a network of children and cousins). Happy family unions perceive available opportunities of improving their relations for the sake of socio-psychological benefits in a more positive way, than their unmarried vis-à-vis (Carr & Springer, 2010, 750; Rogers et al., 2000). Besides, a socio-psychological comfort contributes to a better attainment of the economic resources and, consequently, economic health of the family (Gorman & Braverman, 2008; Waite & Gallagher, 2000).

Individuals build their joint webs of contact from communication to the outright collaboration. It predefines creation and distribution of material resources subsequently. Social capital represents a powerful organisational resource (Adler & Kwon, 2002), which strengthens an experience from the roles' fulfilment and accumulates more information (Greenhaus & Powell, 2006). Aside from the created information, social capital generates a source of the direct influence as a result of mutually beneficial conversation between and within the groups of individuals (Miller, 1997; Ruderman et al., 2002; Thompson et al., 1999). Socially generated resources thus feature a means that ensures an achievement of the delineated goals in the organisational relations.

Based on the culture of ancient people, it is possible to understand a centennial logic of creation and maintenance of the system of social relations

that anticipated development of ties between people, in particular family ties (Besse, 2011; Dumas, 2010; Hill, 2012). Real stories of the impressive representatives of bygone family dynasties (e.g., Heilman, 2010; Kirby, 2010) contribute to the creation of an integral family code of morality of the predecessors on both male and female lines.

Value portraits of families change, as does the socio-economic background of the state, in which family was created and continues to exist. Standards and the level of life can be extremely controversial in different countries: therefore a concept of family wellbeing is perceived in diverse tones. Within the regional borders, there is an influx of the new principles of family existence. It naturally changes the very notion of family. Therefore intergenerational changes occur at a higher speed and more obviously (Dykstra & Komter, 2012). Due to the existent changes, centres of responsibility move in the families: a new generation does not fully inherit a responsibility that their predecessors bore.

Issues of family and kinship relations require a more active combined analysis (Jones & Logan, 2013). In the system of social relations, an immediate circle of relatives actively influences the processes of upbringing, education, choice of job place, and further communications of the individual (Featherstone, 2004; Logan, 2010; Jones & Hackett, 2012). By means of the shared practices and a long-standing experience of conversation, members of the single family (i.e. including an immediate and distant circle) demonstrate stability, durability, and traditionality of their relations (Jones & Logan, 2013, 1-2; Weston, 1991). As times change, formation of new and more talented representatives of society takes place. Nevertheless, a dynastic understanding of family kin raises social knowledge to its rightful heights (Franke, 2009).

*A system view of family dynamics:*

The concept of family is traditionally understood as something bigger than a couple of adult individuals (Gibson-Davis, 2009; Gibson-Davis et al., 2005). In terms of the economic laws, marriage is a consequence of the couple's material wellbeing (Becker, 1981; Gibson-Davis, 2009, 146). Moreover, coming into the legal marriage, a young couple postpones the growth of the family (i.e. birth of children and, consequently, change of the spouses' roles), unless material incomes become stable or a level of income of both spouses will be equal (Edin & Kefalas, 2005).

A systematic look at family relations is sometimes considered insufficient for preservation of the holistic understanding of the family construct (Edwards & Gillies, 2012). Being embedded as a social institute in the structure of local social practices of individuals (Edwards & Gillies, 2012, 64; Morgan, 2011), family affects a creation of the integral nature of an individual. At the level of subjective perception, a family creation that is done by the individuals concerns future and current conditions of family relations. To a considerable extent, past frames a today representation of an individual about his life in the family and with the family (Adam & Groves, 2007).

As Ribbens McCarthy (2012, 69) specifies, the importance of an individual's private life can be forfeited in the system of family relations, when

values of the family engross values of an individual (Smart, 2007). A special family language, which uniqueness is in the use of family-specific vocabulary (Ribbens McCarhy, 2012) is formed on the basis family thinking (Gubrium & Holstein, 1990; Morgan, 2011). Through the language, family members perceive selves and each other (Jamieson, 2004), and family processes acquire the wholeness of interpretations. Therefore a perception of the synergy of individual relations within the frames of the single family helps to view elements of the past and present experience and test its combinations with the realisation of family culture in future relations.

In his theory of the natural systems, Bowen (1978) organically united the medical experience of observations for the problematic families, psychiatric and biological theories in its historical development. As a result, factors that contribute to the restoration of the forfeited emotional quiet within the variety of family relations are more clearly understood (Kerr & Bowen, 1988; MacKay, 2012). In the psychological understanding, departure from the family settings is perceived as an opposition to merge with the family (MacKay, 2012, 235). An individual can perceive a necessity to receive approval, evaluation, subjective opinion of the other family members in the process of building of family relations. Such behaviour is characterised by the family wholeness (Kerr & Bowen, 1988). On the other hand, it is possible to observe an individual's reluctance to rely on the family authority and desire for independent judgments and actions. It signals the separateness of an individual from the single family system.

This literature deals with the junctions of triangular relations (Bowen, 1978; Kerr & Bowen, 1988) and theory of attachment (Dallos & Draper, 2005; Dallos & Vetere, 2012; Hill et al., 2003). Being in the steady relational continuums, family members are perceived through the system analysis (Akister & Reibstein, 2004; Palazzoli et al., 1978), inclusion of every member's opinion, and an in-depth method of cognitive interviewing. Embeddedness of the theory of attachment in the system representation of family relations is met quite often in the modern family studies on the basis of triangulations (e.g., Akister & Reibstein, 2004; Dallos & Vetere, 2012; Minuchin et al., 1978; Tileman, 2008).

*Work-family relations in the view of family continuity:*

With the rise of significance of the organisational ethics and system of personnel management from the middle of XX – beginning of XIX centuries, family, and work relations in business became widely-researched topics (Bianchi & Milkie, 2010). An equal involvement of women together with their men in the daily work for sustaining the welfare of their families served a departing point for multiple studies of work-family relations (e.g., Bianchi & Mulkie, 2010; Perry-Jenkins et al., 2000).

In the modern world, participation of both parents in the work jointly (i.e. in one company) or separately (i.e. in two distinct companies) means a prerequisite of family well-being. However, it causes not only conflicts (Bianchi & Milkie, 2010; Eby et al., 2005), but also orderliness and intra-family harmony

(Milkie & Peltola, 1999). As business relations develop in the country, family is more involved in work: therefore family relationship is farmed out (Daly, 2001; Nomaguchi, 2009).

Organisational relationships are created on an on-going basis in the present globalising environment: there is, however, a certain imbalance between the traditionally central atmosphere of family life and comprehension of work goals (Perry-Jenkins et al., 2000; Schieman et al., 2009). Moreover, each culture bears a set of distinct mentalities (Bellavia & Frone, 2005; Bianchi & Milkie, 2010, 714), which help individuals to understand family and labour relations in different ways. Consequently, perception of the crisis condition of work-family relations is made in the different phases of the conflict's escalation.

Work-family communication has an influence on organisational processes. Modern research emphasise an issue of improvement of the employee's work wellbeing (e.g., Greenhaus & Powell, 2006; Kossek, 2006; Kossek et al., 2011). The most valued proposals are created when a researcher himself participates in the day-to-day organisational work. It should be mentioned that technological (i.e. product and process) innovations also anticipate organisational innovations. At the same time, edges between the zones of family and work become obliterated, especially in the family business context (Kossek et al., 2011, 354). Completeness of the work-family balance acquired by the individual is a result of his competence in distinguishing current problems in work and family life from the fundamentally important life perspectives (Bulger et al., 2007; Kossek & Lautsch, 2008; Kossek et al., 2011).

In the egalitarian society of publicity, rights, and freedoms, spouses should be considered as equal partners, who mutually enrich each other and fulfil previously distributed duties and bear the solidary responsibility (MacDermin & Harvey, 2006; Reynolds et al., 2007). The probability of overcoming work-family conflicts depends on the experience of building family relations that a married couple shares (Bianchi & Milkie, 2010), previous achievement of the well-being state (Demerouti et al., 2004), presence of the joint set of family values (Bellavia & Frone, 2005) along with the labour norms of morale founded in the principles of their joint or separate work.

## **2.4 Research on values from the socio-economic perspective**

### *A concept of value:*

According to the definition given by Schwartz (1992), value is an internal expression of the leading principles of human life. Determination of the life principles comes from the desired representation of the future state of an individual. Being factors of the internal motivation of the individual's actions, values define what is important for an individual at the present time (Locke & Latham, 2002; Schwartz, 1992). Values are thus perceived as guidelines of the present life for the sake of present and future wellbeing, which is although

understood to be more than material income or self-realisation of an individual in work (Feather, 1995; Ryan & Deci, 2008).

An individual self-defines his life essence by means of development of his value representations and understanding of what is really significant and valuable in life (Deci & Ryan, 1985; Locke & Latham, 2002; Ryan & Deci, 2008). However, material goals and goals of professional development produce a risk of realisation of the basic value in social relations (Kasser & Ryan, 2001; Ryan & Deci, 2008). Achievement of the external standards of prosperity can go in parallel with the creation of internal family integrity (Kasser & Ryan, 2001; Masuda & Sorthaix, 2012). The basis of family integrity is formed by the family-oriented relationship and social comfort, since they can be achieved by the sole actions of an individual irrespective of his material base or social status.

As such, ethic of virtues is moved from one scale of relation to another bigger scale during an individual's life (Delle Fave et al., 2010; Masuda & Sorthaix, 2012, 1133). It is true that the whole social triangles of relationship change over time (Kasser & Ryan, 2001), although leading principles of an individual are only sometimes corrected by life's necessities. In consistence with the goal setting theory developed by Locke and Latham (1990), human actions are caused by the necessity to achieve goals set in the original timeframe. Family wellbeing, which is measured by means of the indicators of family effectiveness, depends on the quality and aggregate speed of the goals' achievement. If comfort is sustained, an individual gets satisfaction in the family measuring (Carlson et al., 2010; Feather, 1995).

Apart from the clearly built system of external and internal connections, an individual has a spontaneous emotional basis: his actions are enabled due to intuition, rather than direct rationality (Schwartz, 1992; Sheldon & Elliot, 1999). If an individual's moral principles are strong enough, an accidental deviation of his interests from the planned course will not bring significant harm to his general wellbeing (Bakker & Schaufeli, 2008; Salmela-Aro & Nurmi, 1997).

A positive influence of family relations and values on work relations is proved through the theory of family-work enrichment (Greenhaus & Powell, 2006). An equitable distribution of responsibility brings first satisfaction in the family and later transfers an individual's emotional state to work (Masuda & Sorthaix, 2012, 1141). Motivational factors being in the system of family relations are mutually applicable in the work-family environment that was confirmed by a number of empirical studies (e.g., Carlson et al., 2010; Greenhaus & Powell, 2006; Richer et al., 2002).

A joint use of the theoretical developments in the area of values (Rokeach, 1973; Schwartz, 2005, 2006, 2007) brings clarity to the understanding of the cultural impact of values on human personalities (Vauclair et al., 2011). Conflicting values that were discussed by Schwartz (2006) change its meaning in the process of comparison between cultures. Value portraits in the scope of society let compare cultures between each other (Schwartz, 1994a, 1994b; Smith & Schwartz, 1997).

By means of the definition of the leading, flagship values, one can make judgements about the domination of either material or immaterial values in society (Vauclair et al., 2011, 187-188). Coming from the necessity to characterise national culture, Schwartz made a number of studies of values at the non-individual level (1992, 1994a, 1994b, 2006). Altogether, ten basic types of values were found in the general structure of analysis (Schwartz, 1992, 6-7; 1994a): self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism.

In concordance with the value studies of Rokeach (1968, 1973), there are terminal and instrumental values. The former characterise an end state, a desired result in the process of individual's actions. In turn, the latter inform the desired ways of achievement of these end-states. It is possible to mark out terminal values that are associated with harmony of the interpersonal relations (e.g., true friendship, mature love, equality, family security, national security); with the internal state of comfort (e.g., self-respect, happiness, inner harmony, wisdom, pleasure, a world of beauty, a world of peace, a comfortable life, an exciting life); and with self-realisation (social recognition, freedom, a sense of accomplishment).

Instrumental values, which represent individual preferences in the ways of actions for the sake of achievement of the favourable conditions, can be grouped in the following way: connected with the external integrity (e.g., cheerfulness, cleanliness, politeness, obedience, and helpfulness); connected with the internal integrity (e.g., love, self-control, honesty, and forgiveness); connected with activation of fulfilment (e.g., ambition, capability, courage, imagination, independence, and responsibility); connected with activation of thinking (e.g., intellect, broad-mindedness, and logic).

In consistence with the conclusions made by Vauclair et al. (2011, 187), values of the researches done by Rokeach (1968, 1973) and Schwartz (1992, 1994a, 1994b, 2006) differ in the internal correspondence and can be used in the conjoint assessment. Both Rokeach and Schwartz made a sizeable, global contribution in the understanding of the cultural basis of human values. Reliability of their conclusions is proven by the multinational sample of respondents. In the studies of national and international cultures, a value-based approach of Schwartz (2006) and Rokeach (1973) can be used for explanations of the value development of personalities as well as social interactions at the level of culture (Musil et al., 2009, 55, 57-60). Transposition of the principles of Schwartz's value theory (1992, 2006) takes place in the national context accounting for the development of political, economic, social and personality processes (e.g., Karandashev, 2009, 81-82).

In the scientific foundation of axiology (i.e. researches on values belong to the sphere of axiology), it is a question of what the value is and what kind of laws govern formation of values inside the human mind (Hart, 1971, 29). By means of transformations of judgments about the arrangement of his social life, an individual learns his emotional conditions, evaluates dependence of his judgments on the majority opinion (Hart, 1971; Schwartz, 2006). Axiologism of

the received and absorbed knowledge, already from the times of Socrates, brings forward an urgent question of the objectivity of the made assessment (Kvanvig, 1998).

An individual's value orientations set the rhythm of his actions in accordance with social laws. An individual's actions take place in the positive zone of reality, since values separate the desired condition from the non-desired condition within the frames of the existing opportunities (Caws, 1967). However, consequences of such actions not infrequently go through the border of the positive and enter the unpredictable condition. Hill (1984, 59) also reflects upon the leading principles of axiology through the prism of epistemology. In the systemic relationship, whether it is a family unit or society in general, the created knowledge is evaluated in terms of interests, beliefs, cultural preferences, etc.

*Family values and life objectives:*

Family values are also responsible for the replacement of interests or the connected chains of life goals (Min et al., 2012). Values of an individual are adopted from the older family members and live several consecutive changes within one generation being also reborn in the next generations. A child is unintentionally placed inside his parents' relations (Vollebergh et al., 2001), and he receives his parents' experience not of his own volition. In general, a child adopts a system of values through social intercourse (Copen & Silverstein, 2008; Min et al., 2012, 112).

Preservation of the original parental values by the child takes place even after creation of his independent adult family where his values (and, consequently, values of his parents and grandparents in several generations) meet the values of his spouse. In addition to that, when children decide to leave their parental home early due to the deviant interests and deterioration of morale (Bucx et al., 2010), continuity of values in the family are also put at stake. In any case, the opinion that family holds its integrity and cohesion from generation to generation is widely-spread (Bengtson et al., 2009; Min et al., 2012).

Only being socially comparable with their parents, a young generation actuates values in the formation of their spousal relations (Cunningham, 2001). Since fullness, speed, and format of value transfer from the old generation to the new one differ in every given situation (Bucx et al., 2010; Min et al., 2012), parents explain norms of the foregone epoch to their children with the examples of modern society for a better quality of perception (Roest et al., 2010; Schwartz, 1992; Vedder et al., 2009).

With differing individual processes of building society among individuals, families also adopt elements of social culture that are common in the receiving country. The general value context is also called by the German word *Zeitgeist* (i.e. spirit of time) (Vedder et al., 2009). Taking into consideration a high level of intergenerational ties in the immigrant families (Fuligni et al., 2002; Georgas et al., 2006), one can conclude that a child is surrounded by the greater number of adults (i.e. including his nuclear family), than in the traditional families of the



new society. Besides keeping the key family values, a change of generations means dynamism of cultural orientations (Vollebergh et al., 2001).

Children learn life by adopting roles of their parents in society, their status with inherent responsibility and rights (Glass et al., 1986). First through rights and then through understanding of their duties, children are identified with society by means of inclusion of the intra-family values in the values of their parents (Moen et al., 1997; Petit et al., 1996). Embeddedness of an individual in society, according to the theory of generations, happens on the basis of social laws and family value orientations (Becker, 1992; Mannheim, 1964; Vollebergh et al., 2001).

Simultaneous existence of values that represent material and non-material (i.e. spiritual) sides impels us to think of levers that coordinate individuals among the heterogeneous values in their private and family spaces (Viguer & Sole, 2011, 107). Family values of the present time exist beyond gender or socio-economic attributes of the individual's lives (Tanaka & Lowry, 2011). In the industrial and post-industrial systems of social relationships (Inglehart, 1990), on the other hand, values are set depending on the macroeconomic, geopolitical dominants, gender- and age-specific roles of individuals in society that promotes realisation of material and immaterial interests (Tanaka & Lowry, 2011).

Culture of family relations can be also cognised outside the family: for instance, in the process of labour relations. In this case, an individual is assessed by the type of his behaviour, expectations and fulfilment of moral norms that are instilled mainly in the beginning phase of family life. A sense of responsibility in a family-owned enterprise (Berrone et al., 2012; Duh et al., 2010, 476) demonstrates an ethical side of family values of individuals defining eventually an emotional health of the business (Astrachan & Jaskiewicz, 2008; Zellweger & Astrachan, 2008).

*Value dynamism and family business continuity:*

According to studies in the area of family business and value research (e.g., Aronoff & Ward, 2000; Astrachan & Jaskiewicz, 2008; Gatrell et al., 2000; Koironen, 2002; Micelotta & Raynard, 2011; Zellweger & Astrachan, 2008), principles of family business and family entrepreneurship are built in the value world of the owning family. In successful dynasties (i.e. companies, which are run sequentially by three and more generations of the same family), family system usually dominates (e.g., Koironen, 2002; Micelotta & Raynard, 2011), a respective code of ethical behaviour is developed, and an entrepreneur compares risk with the non-economic value from subsequent innovations.

First of all, business development occurs without any significant change of values. Remaining priority-driven during the decades, certain values (e.g., a true service to one's labour, integrity, cohesion) surround an entrepreneur's business world (Koironen, 2002; Micelotta & Raynard, 2011). It is clear that a company's flexibility in the process of its formation and during generational transfer is partly anticipated by the constancy of values, which are present in the owning families (Koironen, 2001, 175, 185-186). It should be answered,

however, whether business values represent an extension of the owner's family values; and if yes, then to what limit. Since a type of business governance is compared with the selected juridical form, a scope of implementation of the named family values in the company depends on the fullness of family presence.

Differences in the interpretation of values are acceptable and do not compromise the wholeness of conclusions about values in families, business or other systems. On the contrary, values enrich a variant understanding (Davis & Rasool, 1988; Koironen, 2002). In most cases values are viewed as desirable conditions and ascribed to the realisation of the individual's behaviour (e.g., Athos & Coffey, 1968; Guth & Tagiuri, 1965; Kluckhohn, 1951; Rokeach, 1973). Being loyal to his values, an individual builds his behaviour accordingly (Ozar, 1997; Rokeach, 1973). As a result of loyalty to values, an individual builds a culture of action (Allport, 1961; Kluckhohn, 1951; Koironen, 2002; Rokeach, 1973).

A number of applied studies (e.g., Gatrell et al., 2001; Koironen, 2002; Min et al., 2012; Vedder et al., 2009) were carried out in the traditional coordinates of instrumental and terminal values (Rokeach, 1973) or in the cultural contraposition of values based on age-specific, gender-specific and behavioural characteristics (Hofstede, 2001). Business values that are created and personified by the family values have much common with one another (Aronoff & Ward, 2000; Astrachan & Jaskiewicz, 2008; Berrone et al., 2012; Bourdieu, 1993; Koironen, 2002; Micelotta & Raynard, 2011). A brand of business, especially of a family-owned business, is based on the principles of the joint family thinking as a single working organism (Aronoff & Ward, 2000; Berrone et al., 2012; Koironen, 2002; Micelotta & Raynard, 2011).

Values directly influence on the creation of social networks characterising quality correlations of motivations and principles of behaviour inside these networks (Webb, 2011). Being embedded in the structure of concentric social relations, an individual learns social rules through his family. Essentially, a scope of regulation inside a family is comparable with the social order. In accordance with the theory of society developed by Tönnies (2001), manifestation of the personal basis of society occurs via the cumulative expression of social values by its members. In perception of their families, individuals make projection on the society and country where they live (Hunter, 1991; Webb, 2011). A scale of generalisation of the family system's attributes is substituted by the state system's attributes (Putnam, 2000).

*Anthropocentric understanding of human life:*

Individual's beliefs about this world that were received prior to or outside experience is in the original postulates of the phenomenological researches (Husserl, 1962). Culture of relation is thus often taken for granted in the world where an individual is only an element (Duranti, 2010, 2011; Husserl, 1962). However, it is an individual's attitudes that are later reflected on his subsequent experimental perception. Therefore cultural and experimental elements of learning coordinate an individual's life responding to his moral condition

(Kleinman, 1999), communication experience, sensory experience, and introspection (Throop, 2010) in the process of cognising the world in general.

Connection of the past with the future via present actions and feelings is dynamically expressed in the individuals' activity and ways of the information interchange (Duranti, 2011; Throop, 2010). In regard to the learning process, it is represented by the variety of psycho-emotional differences of people, changeability of their experience of knowledge accumulation through self-reflection and interpersonal relations (Throop, 2010). Evaluation of one's existence is typical for an individual due to the psychological features of his character and cognitive constructs (Csordas, 1994; Jackson, 1996). As a result, formation of the pre-experimental perception in the area of consciousness takes place.

Culture does not simply have an influence on the learning process, but also helps to explain differences in the life principles of individuals (Henrich et al., 2010; Markus & Kitayama, 2010). In this respect, anthropological and ethnographical ideas about development of the internal world of an individual are mutually contiguous (Brenneis & Ellison, 2011, 89; Taylor, 2005). Cultural values make up an individual imperfection (Fryberg, 2012; Fryberg & Markus, 2007), compensate for the physical lack of knowledge by offering an individual to refresh himself with the new ideas in social interaction (Stephens et al., 2012).

Full cultural correspondence is achieved when an individual's attitudes fit the dominating social ideas and values. At the same time, an individual's attitudes can be more complete in terms of its content than attitude shared in society.

## 2.5 Business (Culture) in Russia

*Towards the historical roots of business culture in Russia:*

Russian people perceive their country as a big family (Bollinger, 1994; Holt et al., 1994) where continuity is achieved by the preservation of the principles of faith and obedience (Puffer & McCarthy, 1995; McCarthy & Puffer, 2008). Additionally, Vlachoutsicos (2001, 176-178) stresses a systemic nature of the hierarchical orderliness of the individuals' interaction in Russian society.

Heterogeneity of Russian organisational culture is also caused by the geographical peculiarities of the country that is simultaneously placed on two parts of Eurasia (Latova & Latov, 2003; Naumov & Puffer, 2000). The aforementioned contradiction can be partly overcome by the entrance of Russian business into the global stage of connectedness. Moreover, the Russian collective feature of relations has a significant potential (Beekun et al., 2005; Taylor et al., 1997).

Russian ethnos symbolises unification with the dogmas of Church in its historical Orthodox meaning (Ryzhova, 2010, 59-61). Gradually, Church and people merged in the single concept 'russkost' (i.e. Russian spirit), and culture became manifestation of the people's soul (Nemirovskiy, 1994). In general, a

concept of Russian spirit is embedded in the organism of culture, determines development of Russian people's mentality and forms world-view ideals remaining a key bearer of the national culture (Breyfogle, 2007; Melvin, 2005; Salutsky & Nikolsky, 2009, 176).

Identification of business with the big family where there is loyalty of one members and opportunistic behaviour of the other members help to reveal ideological peculiarities of Russian business culture (Donahoe & Habeck, 2011). A psychologically understood presence of an individual within the bigger collective determines his embeddedness in the system of family relations (Dolgopyatova et al., 2009). After resumption of the private sector (i.e. a legal right to establish independent businesses in Soviet Union after first democratic reforms in late 1980s) in Russia, a cultural and ethical revival of entrepreneurship occurred with an emphasis on the active involvement of a single individual (i.e. a creator).

In post-communist countries, an organisational culture combines capitalist and post-capitalist values with the bygone principles of authority and social majority (Avtonomov, 2006). A formal code of rules, norms and values is laid in the enterprise's corporate policy. These regulations are presented to the most interested social groups (Cohen, 1993). Irrespective of the positive results of the institutional reforms in relation to elevation of the principles of democracy and human freedoms (Ardichvili et al., 2012, 418), informal leadership, loyal attitude to the previous business traditions, and practice of the individual subordination to the collective interests express features of development of the organisational culture in Russia.

By drawing a parallel between Russian modern business and the cultural development of entrepreneurship in the pre-revolutionary epoch (Hillmann & Aven, 2011; Rogatko, 2011), it is possible to observe quite a high readiness of the population to occupy the free market niches by answering the door for the process of organisational innovations. Remaining loyal to an idea of family as extension of self and realisation of self, Russian entrepreneurs laid the founding principles of enterprising dynasties (Adams, 2005). For instance, worship of antiquity (Hillmann & Aven, 2011, 520-521), pride for being a family part (Rieber, 1982), willingness to transfer a part of self to one's children via business ownership (Ruckman, 1984), and negation of gain as an element of usury (Owen, 1981) can be attributed to such principles that helped to keep national unity.

Besides, the word "family" (i.e. "sem'ya") in the Russian language means "seven times of me myself" and has the same vocal concordance with other Russian word "seed" (i.e. "semya"). As a peculiar note, family capital is often needed as a seed capital (i.e. by the consonance with Russian word "semya") for start-up businesses (e.g., Koiranen, 2007; Koiranen & Peltonen, 1995).

Coming back to the topic of social interaction in the entrepreneurship environment, the role of women needs to be noted in the building of capitalism in Russia (Lockwood, 2009; Ulianova, 2009). Being historically in a subordinate role towards men, women in the merchant environment had a superb

combination of socio-family and business qualities. Therefore a power of female entrepreneurship talent was recognised in traditionally patriarchal Russia already in late 1800s. Even in modern Russia, male and female relationships are discussed from the position of competition, in particular, business competition (Kay, 2006; Salmenniemi et al., 2011, 78).

Historical preconditions of the collaborative way of joint work (i.e. initiative collaboration) were founded in the peasant labour of the majority of free and enslaved population. Orthodox faith of the total population also emphasised the communitarian unity (Hisrich & Gratchev, 2001, 7). Moreover, a work "peasant" (i.e. "krest'yanin") has the same old stem with the work Christian (i.e. "khristianin"). Therefore principles of Orthodox faith were already laid in the name of this class of people reflected also in labour relations.

Historically, Russian people preferred responsibility before the leader and not equality. It was a leader that defined the collective's fortune. Such a strong subordination ensured loyalty and affiliation inside communities.

Time dependence of generations can be largely found in the historical development of Russian entrepreneurship dynasties. As Lovell (2008, 567) states, subsequent generations of family-owned companies became intertwined with the family line. Such quality of successors is also observed in the present period (Schwartz, 2007).

From the moment of peasants' emancipation in 1861 and until the beginning of World War I in 1917, Russia progressively formed its entrepreneurship culture. Embosomed by monopolies and foreign private capital (Gregory, 1994; Joffe, 1984), Russian enterprise of that time could rely on the long-term support of the state and development of ownership rights (Gatrell, 1995; Owen, 1991, 2005) under the preservation of the traditional system of cultural and religious values (Clowes et al., 1991; Rieber, 1982).

*A contemporary understanding of entrepreneurship and family business in Russia:*

When old ideological principles are overthrown, there is a search of the cultural bases, upon which an individual can rely in the period of changes (Rees & Mizhevich, 2009). Only social culture, which is based by the value-specific human relationship, stays after the change of ideology (Deshpande et al., 2000; Vynoslavskaya, 2005). Therefore it is principally important to define a role of society in the regulation of emerging business systems when scales of changes are still under evaluation.

Modern development of businesses requires a greater attention of civil servants to the issue of improvement of the institutional environment (Aidis et al., 2008; North, 2005; Zashchev & Dezhina, 2010). However, a collective orientation in post-Soviet countries combines weak institutional relationships with a high readiness of co-operation (Djankov et al., 2005; McMillan & Woodruff, 2002). In the renewal of infrastructure, which came after the disintegration of Soviet system of political and economic institutes, family was the main guarantee of responsibility and protection of individuals (Puffer & McCathy, 2011). However, a two-generation downtime of Russian business (i.e. approximately seventy years in the period of USSR) weakened

entrepreneurship relations with the family participation (Aidis et al., 2008, 658-659).

Principles of equality and masterfulness in the leadership environment were obvious during the whole length of Russian statehood. USSR was excluded in this process, although the political line undermined a traditionally leading value of Russian culture – Orthodox faith (Ardichvili et al., 2012; Sprenger, 2000, 15-16). Lack of such a strong uniting factor (i.e. Orthodox faith strengthens Russian society over ten centuries from 988 A.D.) was one of the reasons for a dramatic return from the communist ideals and immediate establishment of market relations, democratic search on the postulates of collective ideology after the period of Perestroika in late 1980s.

As Puffer and McCarthy (2011, 22-25) specify, a weak character of the institutional ties anticipates a necessity to rely on the previously informal social contacts prioritizing less advantageous personal relations that contradict the uniformity of business rules in the Western world. It happens even irrespective of the reforms made over the last several decades in Russia. Fey and Sheksnia (2011) note the same influence in their development of the action maps in the organisational environment of Russian companies.

In a way, social resources (i.e. networks, communication, goodwill etc.) represent a full-fledged working material for creation of the business environment (Aldrich et al., 1987; Coleman, 1990). Such material will be subsequently used by the entrepreneurs for distribution of their skills and desires (Ahuja, 2000; Kets de Vries & Florent-Treacy, 2003). Instability of the institutional environment, however, contributes to the creation of the modern entrepreneurship type with a clearly defined innovative orientation. Options of an entrepreneur's creative self-realisation are chosen instead of the coordinated structure of management (Dushatskiy, 1999, 91-92).

Activity of Russian modern entrepreneurship can be considered in other, non-Russian business environments in the form of ethnic type of entrepreneurship with the preservation of historical patterns of traditions and rules of predecessors (Radaev, 1994, 69). Slavic types of entrepreneurship (i.e. that are historically relative with Russian entrepreneurship) are still represented in Bulgaria, Serbia, Romania, certain Orthodox Caucasian republics etc. As Barkhatova et al. (2001) note, origination of the family form of entrepreneurship from the socio-economic perspective is connected with the generation of the new class of population – a middle class. Nevertheless, institutional changeability of the environment in the late 1990s (Rimashevskaya & Voitenkova, 1998; Zaslavskaja, 1997) called into question continuity of family entrepreneurship under the future shocks (i.e. there was acute fallout in the banking sector in 2008).

In societies with a transition economy (e.g., CIS), contexts of culture and its influence on the way of organisational work call for social accountability as the main force in the regulation of business processes (Hisrich & Gratchev, 2001; Vynoslavskaja, 2005). An ethical side of the owners' activity influences on the structure of relations of the rest personnel (Sommer et al., 2000). According

to Hisrich and Gratchev (2001, 16), Russia survives in the creative way being forced to adapt to the changes of the outside environment. Personality receives growing attention: however survivability is ensured on the bases of collective values to the greatest extent.

In accordance with conclusions of McCarthy et al. (2010, 49), Russian entrepreneurs demonstrate an open leadership style in combination with the mixed type. An emphasis is again made on the importance of networking interaction in the national business environment (McCarthy et al., 2008, 223). Evolution of the value principles of modern entrepreneurship in Russia is based on changes in the area of construction of political ideas and regulation of social institutes (i.e. first and foremost, an institute of family) (Inglehart, 1990, 2008; Khavenson & Migol, 2012, 83).

Russian society prejudices social embeddedness of pro-Western norms that are although close to Russian norms in the form of realisation of business ideas (Headley, 2012; Semenov, 2011, 92). Religious morale represents a continuation of the traditional values stressing the civilizational meaning of the collective dominant of the human value system (Pfau-Effinger, 2005). As Breznau et al. (2011, 673) points, devoutness expresses religiousness to a large extent. An individual thus attains a religious identity and perceives himself as a part of the bigger social organism (Zhuravleva, 2012, 33).

Ethical improvements of Russian business culture represent an immediate step towards an increase of transparency of Russian entrepreneurship (Alexashin & Blenkinsopp, 2005; Jumpponen et al., 2008; Vadi & Jaakson, 2011, 56). At the same time, norms of responsibility, integrity and general morale are shared in Russian society to the fullest extent (Gratchev, 2009; Omeltchenka & Armitage, 2006). Complexities are in the building of traditional social values in the spontaneously created forms of business (Ardichvili & Garparishvili, 2001; Zashev, 2004). Fusion of values of several subsystems within the frame of the national culture determines a specific way of value development of people who will either comply with or withstand the chosen set of dominating values (Cvetkovski, 2009; Ralston et al., 2008). In comparison with European society, Russian people connect family development more with the future period stressing priority of children in the family (Mayer et al., 2009; Ordzonikidze, 2008). Family becomes a synonym of the word 'children'. The concluding results of the performed literature theoretical analysis are presented in the following figure (Figure 3).

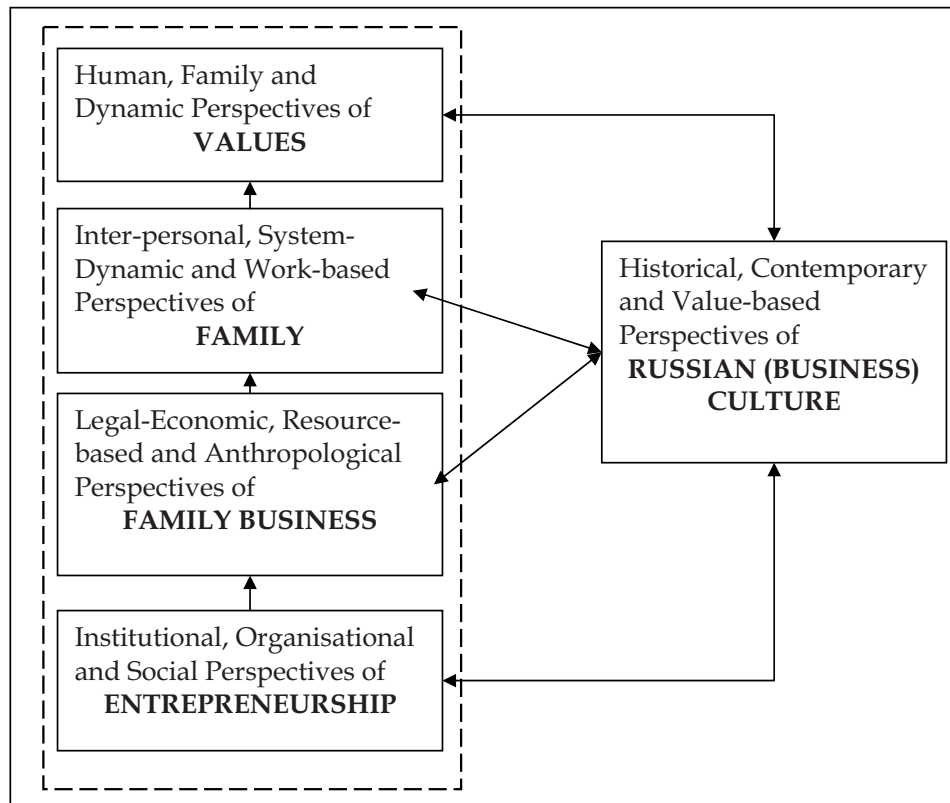


FIGURE 3 Interaction of the research domains in the theoretical framing



### 3 METHODOLOGICAL FRAMING

#### 3.1 Ontological and epistemological considerations

Before grounding our methodological choice in the relevant literature, we have to determine what constitutes this research's ontology and epistemology. It may be formulated in the following way (Figure 4):

**Ontology:** family enterprise culture is socially constructed and develops over time.

**Epistemology:** knowledge of the family enterprise culture can be created by studying the values, identity and behaviour of family enterprises and business-owning families.

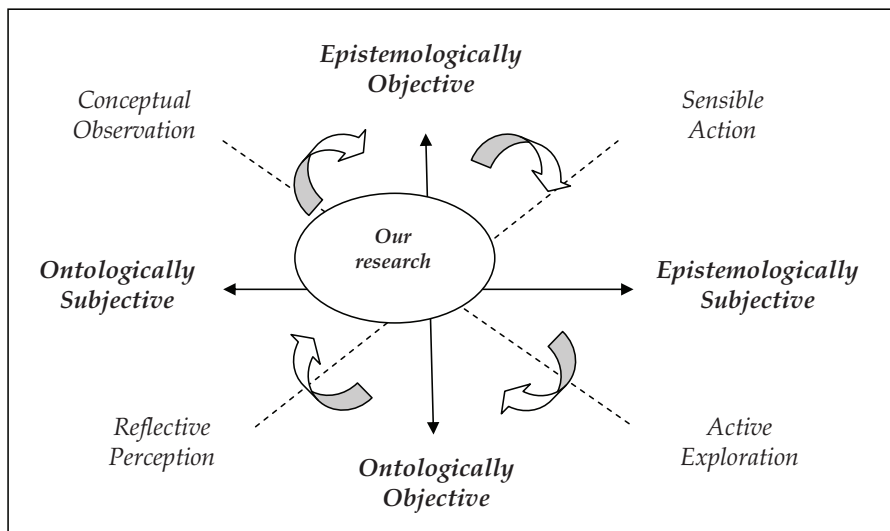


FIGURE 4 Construction of the methodological positioning: adapted from Kolb and Fry (1975) and Searle (1995)

In accordance with the philosophical studies of Kolb and Fry (1975) and Searle (1995), we made an integrated positioning of our research. By means of abstract conceptualisation and active experimentation, a pattern of pro-active thinking is generated. An individual can create a new conceptual design by comparing his steady ideas with the newly made observations. Further on, by means of perception of the observation, previously hidden details can be explored.

When an individual compares his direct experience with the earlier understood phenomena, reflective perception is generated. Finally, an individual makes an inference unless a new sensible action stimulates a new way of thinking. It resembles an outward spiral development of the knowledge inside the subjective and objective fields of reality (see Figure 4).

Our research is positioned closer to the epistemological objectivity, although taking some extent of the ontological objectivity and being closer to the ontological subjectivity. It can be partly explained by the social nature of the phenomenon of the family enterprise culture and necessity to actively explore a wide range of historical and contemporary data making appropriate inferences within the time-specific family values in Russian, Finnish, and similar cultures.

In the study of family business, quantitative results are as a rule supplemented by the qualitative interpretations: there is an interaction of the ontological (i.e. a question "what?") and epistemological-interpretative (i.e. a question "how?") aspects (Goertz & Mahoney, 2012, 206). Doubtless, phenomena that lie in the basis of the newly elaborated theoretical construct require a clear understanding of its essence and structuredness. At the same time, an in-depth analysis of the elaborated concepts within the scientifically approved frames helps a researcher to make a number of relevant conclusions: for instance, about peculiarities of the phenomenon's manifestation or shapes of its interaction with the outside world in the variety of other phenomena. Therefore ontological opinions are evolutionarily transferred into epistemological-interpretative opinions. As a result, the quality of the learning process increases.

Perception of the outside world in its objectivity, an impartial understanding of its phenomena and processes lie in the foundation of the ontological perspective. At the same time, empirical observations are strengthened by the mainly reliable measuring with the use of quantitative variables. For those phenomena that have no unequivocally correct numerical explanation, there are qualitative answers including semantic equations and verbal reflection of the phenomenon's attributes. In turn, quantitative approaches to the definition of the phenomenon's essence stress an importance of the data selection, its operationalization and measuring (Bollen, 1989).

Orderliness of observations is predetermined by the way of selection and formation of the final decision about building the model of measuring. It is considered that this model can encompass the studied process in the variety of the associated attributes. Formal logic explains phenomena with the exact clarity and simplicity of interactions of its elements, for instance, in the area of natural sciences. The causal ties explain correlations of variables in the process

of analysis (Goertz & Mahoney, 2012, 210), and subsequent conclusions answer to the “what?” type of question.

An individual comprehends the inner workings of any phenomenon not only by finding its optimal or mean value, but through an in-depth analysis of its extreme values (McNeil & Freiburger, 1994). Boundaries between the quantitative and qualitative explanatory methods are blurred and consist mainly in the alternatives of the cognition process – either through empirical observations or the personal cognitive processes of a researcher.

Perception of an individual’s limitations of knowledge reveals the subjective nature of his reality (Ducheyne, 2009). Moreover, formalism of the carried empirical observation positively influences the representation of its essence and explanations of the complex systems of interaction (Koppl, 2010). As such, a subjective reality receives a subjective-objective extension.

It is quite important to impart qualitative shapes to the life phenomena and processes at the stage of interpretation. Epistemological coding of the original information predetermines a subsequent qualitative analysis. Laws of the formal logic do not give high results (Ragin, 2008), whereas a variety of alternative interpretations become more obvious. Organically supplementing each other, ontological and epistemological perspectives open up a changing nature of the social phenomena. There is a creation of the objective-subjective reality as a synthesis of these two perspectives.

Communication of the researcher’s interpretative force into the concept’s development can be met in natural, social, economic, or other sciences (e.g., George & Marino, 2011; Hempel, 1952; Koppl, 2010). Being a way of regulation of the scattered elements of knowledge, creation, and further explanation of the processes from a daily life engenders new theories (Peter, 1981).

Prior to the research process, an individual has a number of opportunities for getting familiar with the desired phenomenon (George & Marino, 2011, 989-990). Diffusiveness of ideas about the phenomenon can influence on the chosen calculating model: therefore a way of conceptual analysis needs to be defined based on its ontological nature.

In general, cognition is abstract. The clearer an individual can imagine possible ways of the development of the studied phenomenon (Osigwe, 1989), the better it will correspond with the cognised reality (Satori, 1970). Understanding of the phenomenon’s meaning sometimes goes through the constituent elements of the model that describes it. However, a model represents only one option of understanding the phenomenon, since it may develop in an unpredictable way in the objective reality. It thus may lead eventually to a lack of agreement in the calculating model and dissociation of the studied phenomenon’s meanings.

In the wealth of its qualities (i.e. intension), a concept shows to what extent it can be learned (Satori, 1970). At the same time, universalism of the cognising individual shows the limitations of the concept’s applicability in the explanation of a great variety of phenomena (George & Marino, 2011, 993). When the level of abstraction of the concept remains high, its intension will

be low (Osigweh, 1989, 994). It features a diametric contrast of these qualities of the studied concept. By means of increasing the depth of the concept's presentation, it is possible to ensure a decrease of its abstractness and enlarge its explaining power.

### 3.2 Systems theory

Developments in the field of general systems theory are made in terms of the deeper cognition of interfamily relationships (Drack & Schwarz, 2010, 603). Bertalanffy (1949, 1969) is considered to be a founder of systems theory: he started from the biological perspective and ended in the interdisciplinary understanding of the problem of the systems' interconnectedness. However, within the frames of this given theory, there are also systemological considerations about the systems' types and methods of its comparison (Pouvreau & Drack, 2007).

Investigation of the marital relations as an interweaving of systems of two or more related families represents a growing interest (e.g., Gottman et al., 2002). However, the general systems theory comes outside the limitations of the family description (Gulyaev & Stonyer, 2002) and, according to Bertalanffy (1949), includes all the variety of the systemic relations.

A system is defined in the interaction of its components in consistence with the predetermined laws (Bertalanffy, 1969, 69; Drack & Schwarz, 2007). Based on the principles of deduction and formal mathematical laws, Bertalanffy (1949, 1950) described systems' functioning in various areas from biology to economic processes, highlighting the universal nature of this theory. In terms of the defined rules, however, there is a periodic need for the transformation or absorption of new elements without changing a way of the system's development (Saito, 1999; Uyemov, 2003).

Systemic relations are described qualitatively as well as quantitatively (e.g., Helbing & Weidlich, 1995). It accounts for the conceptual synergism of the general systems theory. As Drack and Schwarz (2010, 605) indicate, differences between the system and its environment requires a quantitative explanation, which was increasingly realised by Luhmann and Baecker (2002). Quantitative description of the state of dynamic balance (i.e. the German word *Fliessgleichgewicht*: in Bertalanffy, 1949) should be also supported by the sociological context, in which system processes take place.

A theory of socio-emotional selectiveness (Carstensen, 1992) is designed to account for human behaviour in the family system. A systemic character of ties between the adult family members (Fingerman & Bermann, 2000) deserves special attention, since precisely their actions determine development of the young generation and boundaries of their self-realisation in the future. Based on the postulates of the ecological constraint theory (Brown, 1987), kin selection theory (Hamilton, 1964, 1-4), and reproduction skew theory (Emlen, 1994, 282-

283), Emlen (1995, 8092) viewed a context of the family's social growth as a uniform system.

A genetic contribution of family members is preserved and multiplied in the younger generations. Moreover, Hamilton (1964) described possible options of the family's genetic advancement with the mathematical accuracy by means of inclusion of the reproduction effects. However, they have not only an interaction, but distribution of advantages for the sake of the future state of unity that is studied by the reproduction skew theory (Alexander, 1979; Emlen, 1994).

A continuous view of family relations is also embedded in the system interactions: however the period of such interactions widens beyond the limitations of one generation. According to the evolutionary theory of the family (Emlen, 1995, 8092-8093), reproduction of family-specific cultural patterns is mediated by the genetic connectedness and social inclusion of the family interaction. Parent-child relations in the changing age correlations (Christian, 2006, 12; Epstein et al., 1997) as well as a zone of family participation in the development of personality (Crosser, 2005) are studied in its systemic variety.

External layers of the system of family relations are acquired in the process of socialisation of family members when they enter the deeper layers of society (Nieto, 2004) via studying in school, institute, entering the first work internship etc. Inclusion of the external zones of family interaction (i.e. outside the traditional understanding of family relationship as presumably nuclear or extended) predetermines a potential volume of the exchanged information (Christian, 2006, 13-14; Nieto, 2004). Besides, rules of family life also feature a complete system and formalise boundaries of family relations (Van Velsor & Cox, 2000).

Acquisition of the generational continuity helps to preserve family memories about joint events and challenges that were overcome in the past (Christian, 2006). Since even traditional families with the patriarchal way of life develop only for the sake of admittance of new members (i.e. although they should be preferably with the similar value attitudes and close understanding of life in general), renewal and changes are immediate components of the family system (Fingerman & Bermann, 2000; Nieto, 2004).

In the evolutionary view of family, distribution of roles between the family subsystems is given in-between generations. Connections are also studied by means of determination of generalisations or discrepancies between generations. Family generations are thus featured as continuously developing systems. Being an extension of the general systems theory (Hess & Handel, 1959), family systems theory serves as an explanation of connections between the elements of the family system (i.e. between consanguineously related individuals) (Fingerman & Bermann, 2000, 13). At the same time, this theory reserves a considerable space for the personality description of family members and socio-emotional comprehension of the individual's input in the evolutionary development of his family.

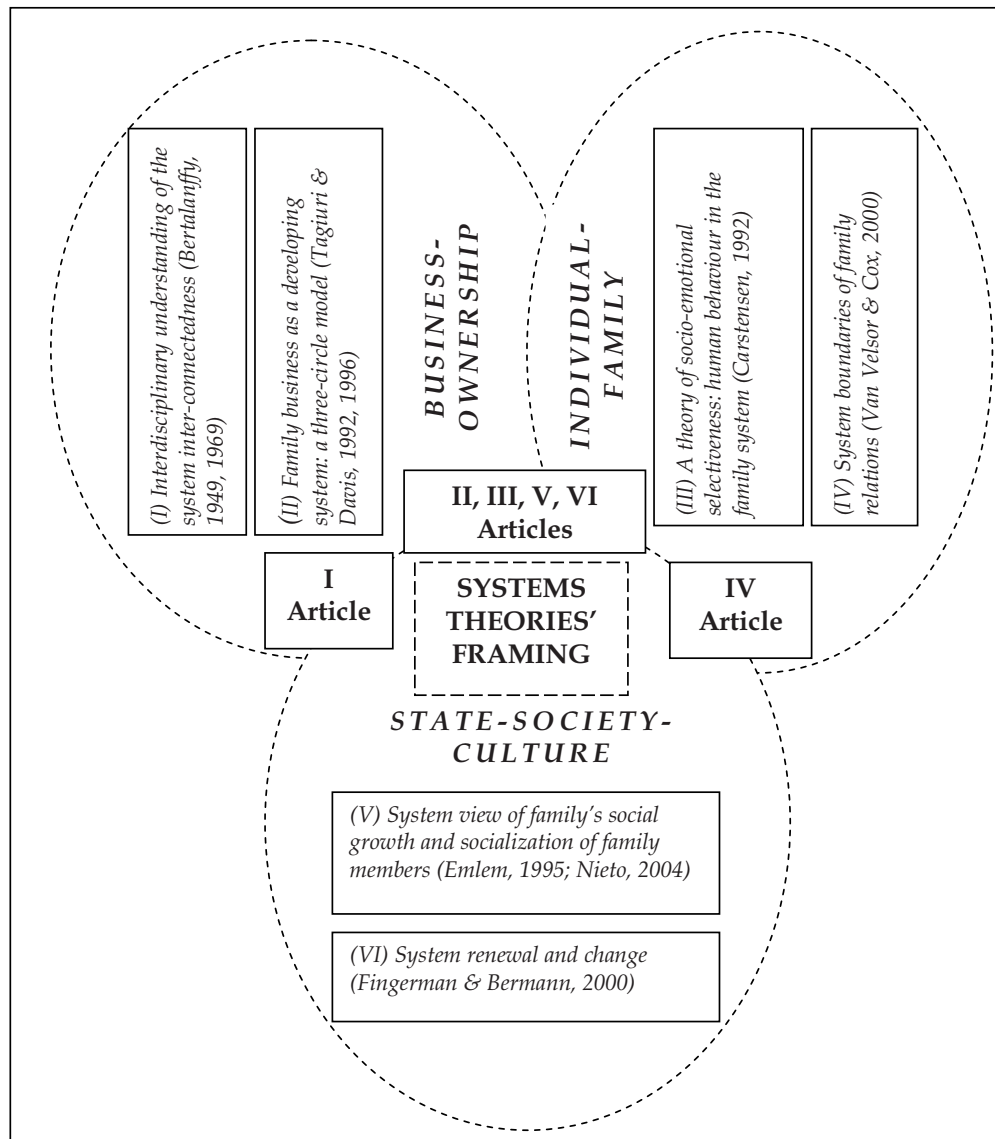


FIGURE 5 Systems theories' framing of the research

In order to connect the studied system theory's developments with the present research of the family enterprise culture, it is necessary to take a closer look inside the family business system and figure out the individual-family, business-ownership and state-society-culture directions of the system research (Figure 5). Positioning of the articles presented in this dissertation is given according to the chosen direction.

The major part of articles (i.e. articles II, III, V, and VI – see Figure 5) is considered in the trinity of the business-ownership, individual-family, and

state-society-culture systems. In turn, the first and the fourth articles purely represent the business-ownership and individual-family systems respectively.

### 3.3 Informational Base

Researching the family enterprise culture represents an obvious challenge. Based on the generated feature of the family enterprise as a long-term vision of management and ownership, we, first of all, consider that the historical excursus in the development of the family entrepreneurship helps to build a more objective view of the principles and values of the current-generation family businesses.

Inclusion of the data of the business activities of Russian, Finnish and Finnish-Russian enterprises in the dissertation was by no means random. At the same time, as we pointed in the introduction, the main emphasis was nevertheless made in favour of the historical continuity of the Russian family-owned enterprises. It comes from the author's cultural backgrounds. Analysis of the Finnish enterprise culture is based on the author's acquaintance with the family and enterprise cultures of both countries (i.e. Finland and Russia), personal experience of collaboration with the Finnish and Russian family business owners and consultants in the practical work.

The territorial closeness of Finland and Russia, historical commonness in XIX and beginning of XX centuries and a considerable level of development of the economic, trade, social and cultural liaisons even in the period of the USSR and state economy heighten the interest to the problem of the family enterprise culture. In addition to that, the Finnish culture made a sizeable influence on the formation of a number of Russian family-owned enterprises in the pre-Revolutionary period.

An example of the Sinebrychoff family enterprise is unique, since the Russian and Finnish traditions merged over the one-and-half century of the prominent business and family history, and represent now a symbiosis of the Scandinavian and Slavic family enterprise culture. In turn, the Ahlstrom dynasty demonstrates the exclusively Finnish philosophy of family business ownership across generations. Therefore it is a unique example of the Finnish family enterprise culture. Finally, modern Russian family enterprises analysed in the present dissertation represent the purely Russian experience (although lasting only for twenty years) of creation (or re-creation) of the Russian modern family enterprise culture. Nevertheless, we found out that traditions of the past generations were invaluablely respected by the Russian present-generation owners. In addition to that, the socio-economic analysis of the Russian and Soviet family values of the individuals employed or owning Russian family businesses gave a better view of the family perspective of the family entrepreneurship in Russia.

An informational base of the research includes materials of the state historical and economic archives of Russian Federation and Republic of

Finland, data of the government statistical agencies of Russian Federation and Republic of Finland, articles, monographs, reviews of Russian and foreign authors, and additional informational materials immediately collected by the author during the present research.

Irrespective of the holistic understanding of the family enterprise culture, each article required a special approach to the selection of its informational sources. Therefore an informational base of the dissertation is divided into several segments.

Since the first article was a conceptual research, its informational base consisted of the theoretical and practical researches in the area of estate planning in family business, application of the ownership instruments, continuity, and owners' responsibility.

In order to write the second and the fifth articles, primary and secondary data was derived from Finnish and Russian scientific libraries and historical archives. This information concerns a history of the Sinebrychoff family dynasty. Nevertheless, the selection criteria were different and depended mainly on the article's subject area: either a resource-based approach to the family business growth or a generational shift of family values.

The fourth article was fully devoted to the quantitative and qualitative analysis of the intergenerational change of family values in Russian and Soviet families for a better understanding of the family system in Russian family-owned businesses. Therefore a questionnaire design, interviewing and a further interpretation of the results were connected with the selected Russian representatives (i.e. both owners-managers and employees) of the family-owned businesses, whose age varied between 35 and 50 years' old.

Finally, in order to receive an in-depth understanding of the family entrepreneurship culture in the sixth article, we made cognitive interviews with eight members of family businesses representing four enterprising-owning families and inter-connected by the legal, economic, family and non-personal bonds.

In general, it should be noted that taking into consideration both contemporary and historical information in its quantitative and qualitative format made it possible to cognise the essence and leading principles of the development of Russian family entrepreneurship culture more completely.



## 4 BOUNDARIES

Despite the fact that this dissertation reveals anew the culture of family enterprise forfeited in the past generations, certain important issues could be studied only in the future. For instance, we suppose that Russian society can be unready to perceive the economic sector also as a family business sector. In particular, owners of family-owned companies will sooner avoid family self-identification, pointing at the purely economic-legal ties with the business.

Besides, such dramatic changes in the economy and law that occurred during the first several years from the formation of independent Russia still calls for explanations among the Russian population. Therefore stability of opinions regarding the business and family development in Russia is in question. Russian people have already become estranged first from the imperial and second from Soviet system of stability and social security during the years of wearisome reforms.

In addition to that, there is a necessity to learn Russian families in greater detail: not simply by means of comparisons of its value content with the western analogues, but also as independent, unique cells of Russian society. Since a gap in family business ownership was more than seventy years during the Soviet period of state ownership, there was no possibility to return family enterprises to their previous owners, as it was partly executed in Czech Republic, former Yugoslavia, The Baltic States (e.g., Hanzelkova, 2004). Therefore, it would be improper to refer to the full continuity of family enterprise culture in Russia.

Besides, the described values and traditions of Russian family business are under the significant influence of family values. Despite clear similarities of Russian family business values with European family business values (e.g., Elo-Pärssinen, 2007; Niemelä, 2006) both in the former times and at the present stage of Russian development, there are distinct Russian beliefs, people's traditions and values of the former generations. In particular, values of the Orthodox culture are typical for the traditional Russian family businesses. However, the issue of religion is quite delicate, and it is not possible to specify Russian enterprises within the same frames, since there were and are currently

many ethnic businesses as well as representatives of foreign capital in Russian markets.

Although values of the Orthodox culture greatly influenced on the positive, collective (i.e. communitarian) development of family businesses in pre-Revolutionary Russia, the present entrance of western values and beliefs transforms the religious perception of common Russian people including owners as a separate class.

Certain difficulties occur in the determination of what is good for the family, business, and society in general. Doubtless, collective unity and willingness to act in a positive manner feature active and skilled owners (e.g., Hirvonen et al., 2003; Koiranen, 2007). However, a psychological perception of the collective action in pre-Revolutionary Russia and present Russia should be equated. Nevertheless, common traits could be found, and it was shown in the second, fifth and sixth articles.

Use of the historical material about the successful, multigenerational family dynasties and modern trans-generational (i.e. those being in the process of ownership and business transfer or preparing for the transfer of ownership and business) family businesses make it possible to touch lightly upon the layer of Russian culture in its part of the family enterprise culture.

Taking into consideration the complexities during the interpretations of family business owners in the Russian institutional environment, conclusions and recommendations largely relate to the collected material about the concrete family-owned businesses. The required preconditions of the scientific generalisation can be made only after increasing the educational level of Russian population in the area of family business and entrepreneurship in Russia, as it was timely laid, for instance, in Finland (e.g., Koiranen, 1998; Koiranen & Peltonen, 1995).

Finally, entrepreneurs' attitude towards the family form of ownership and factor of continuity can be improved only after a certain period of time under stable economic, political, and socio-cultural conditions.

Since six articles approach to the issue of family enterprise culture from different perspectives, it would be reasonable to introduce the existing boundaries of the dissertation in the article-specific view. One by one, internal boundaries are presented in the semantic harmony and sequence.

*I Article – owner's responsibility – legal-economic perspective:*

Within the framework of this study, the constituent elements of responsibility of the legal-economic ownership at the stage that becomes critical for the majority of family businesses – an inter-generational transfer – were studied at the conceptually theoretical level. The chosen research boundaries were preconditioned by the practical necessity of examining an element of family business-ownership, and understanding to what extent owners are responsible. Moreover, a stage of succession was chosen based on the general direction of the dissertation. Conceptualisation of the limits and spectra of responsibility of family business owners is required as a departing point in the understanding of family business. Doubtless, a full-fledged, global domination of family-owned

companies in European and North-American countries is continuing for the long term. Therefore family business is connected with the inter-generational structure of ownership.

In turn, there is a lack of the juridical notion of family business in Russia or any respective laws and programs for maintenance of family-owned companies. Nevertheless, according to the preliminary evaluations made by the author, about 40-50% of small (including microbusinesses) and medium-sized companies are family-owned and family-managed. This impasse is also connected with the stage of family business development in Russia.

Over twenty years after the abolition of the Soviet Union, the majority of companies created in the early 1990s came to a transition stage. Moreover, based on collective values and family traditions, the majority of these transition companies' owners want to transfer their businesses to the next generation. However, owners do it mainly intuitively, without a proper acknowledgement of the succession stage, and therefore they lack a semantic wholeness of the transgenerational ownership in family business. Therefore, the boundaries of the owners' responsibility were determined.

Being within the legal-economic frames, business and family-emotional relations of owners were studied. Among the main questions that we aspired to answer were the following: "How should an owner of the family business act at the stage of succession?" "What instruments do exist for transferring business and ownership with the highest effectiveness?" and "What is the meaning of the owners' responsibility?"

An informative base of the present research included prevailing instruments of ownership in the USA and the EU-area. The advisory nature of the main conclusions should be taken into consideration. It is noted that there can be incompatibilities between the ownership instruments and regional legislation. However, it does not lower the topicality of the present study. Founded in pre-Revolutionary Russia, principles of owning a family capitalistic business with the large share of trusts, ownership agreements and partnerships vanished over three generations of the state economy and political course that was completely foreign to the western economic entrepreneurialism.

There is a certain confidence that a new federal law on family business will be passed in the coming years in Russia. As a result one can expect an advanced embeddedness of the family business entity in the business life of modern Russia. Besides, an emotional (i.e. family) constituent of the owner's responsibility emphasises the fundamental significance of the cultural and value bases of family business development in Russia. However, for a better understanding of the entrepreneurship culture it was necessary to define first how an extra-economic element (i.e. family) interacts with the legal-economic (i.e. business) element in the trinity of family business systems.

#### *II Article – the Sinebrychhoff family dynasty's resources:*

A dual frame structure characterises this research: it is interesting to consider a mutually complementary context of the time frames and semantic frames. First of all, it is necessary to describe the time dominants of the study. In the

beginning of XIX century (i.e. to be more precise, in 1809) there was a remarkable event that predetermined the success of the Sinebrychoff family – a family selected as the semantic basis. In 1809 Finland came out of the Swedish influence and, in turn, became a part of Russian Empire. Attitudes towards this fact can vary. However, Finland was given autonomy, so development of family entrepreneurship as well as other socio-economic initiatives went at an accelerated pace. The Great Duchy of Finland could preserve its former legislation, language, and internal policy. A number of the state freedoms gave incentives for the development of capitalism. At the same time, 1917 is a year of Finnish national independence when the factor of Russian presence and influence of Russian capital significantly shrank.

In relation to the semantic frames of the research, it should be mentioned that the Sinebrychoff family had Russian roots in the first generation. However its second and third generations as well as spouses and in-laws bore a more Finnish sense than a Russian one. Combination of the family and entrepreneurship cultures of Finland and Russia in this respect represents a considerable interest.

Besides, during this relatively small time period, the Sinebrychoff family always represented a family, formed itself from the common peasants into the leaders of the capitalist market. Preserving a huge share of Russian spirit via Orthodox values, the Sinebrychoffs completely assimilated with Finnish culture, spoke Swedish and Finnish as natively as Russian, preserved and strengthened family relations on both Finnish and Russian lines.

In this respect, it would be interesting to study the resources, which helped the Sinebrychoff family to feel at home in the originally foreign culture, strengthen their positions and self-identity on a continuous basis. From a family perspective, it is necessary to analyse various sides of the resource interaction: making business decisions, economic and entrepreneurial effectiveness, and family-business balance.

### *III Article – the Ahlstrom dynasty's family business corporate identity:*

Within the frames of this research, a definition of the corporate identity was in the selected intergenerational enterprise with the remarkable sesquicentennial history of business development and unchanged traditions of the family ownership. At the same time, owners have wide plans for development that were determined from the first years of the enterprise's existence by the founder.

The studied distinct features of Finnish culture in the enterprise, which chose an orientation on the international market from the first years of its operations, make it possible to observe a unique enterprise culture. The main emphasis in this culture is made on the familiness within the family besides the notion of the economic entrepreneurial development.

An evolutionary development of the family business and its gradual transformation in the business dynasty made it possible to understand the essence of the reciprocal influence of three systems – ownership, business, and family – through the annual reports that were universally analysed, collected

together, and interpreted in the systemic harmony of its conclusions and recommendations. An exclusive focus on the textual information made it possible to achieve a greater depth of the made conclusions, and more effectiveness from the carried qualitative analysis.

Moreover, it should be noted that although the period of analysis embraces XX century, roots of the family business corporate identity cover XIX, XX and first decades of XXI centuries. During this long period, Finland transformed from a dependant state into an independent republic with dynamically developing political and economic lines. In addition to that, even after achieving international success, the Ahlstrom family preserved its familial value of owning a business.

#### *IV Article – intergenerational value changes in Russian (Soviet) families:*

A structure of family values of Russian families has been broadly studied from the perspectives of sociology, family science and economics. However, family represents the main and unique resource for creating family-owned enterprises.

Since Russian business in its family constituent is still at the stage of its conception (i.e. to be more precise, this stage should be named rebirth, or renaissance, taking into consideration the great development of family entrepreneurship in pre-Revolutionary Russia in the second half of XIX – first decades of XX centuries), it is necessary first to cognise the structure of family relations via its value content.

Since not only present businessmen have a potential of running a family business, but also people who work as employees, it was decided to focus on the individuals' family life who work in family-owned businesses without their division into the owners' and employees' classes. It was a decisive step for the future complete perception of the family form of entrepreneurship and family business culture.

Taking into consideration that any business is a kind of child (i.e. brainchild of its creator), our research interest was on those individuals who were both physically and morally ready to give birth to such a brainchild. Therefore the age frames were set between 35 and 50 years' old. In addition to that, such an age limit was made also due to the fact that a required maturation of personality occurs in this age. An individual between 35 and 50 years' old can evaluate the role of his parents (i.e. a parental family) more objectively, understand their position in his upbringing, and compare experiences of the old and present generations of the family. One can also understand the levers and main instruments of the family continuity in such age, since a level of their personal and family responsibility increases tremendously after giving birth to their children or beginning their marital life.

Value frames of this research are structured and conceptualised applications of the earlier theoretical development of the values theory made by Rokeach, Schwartz, Allport, etc. Additionally, validity of the given value orientations accepted and widely-spread in the Western countries is tested in Russia. Russian history, a contribution of the emotional line of building family relations, a patriarchal and communitarian lifestyle, values of the Orthodox

culture, and an influence of the western moral norms and freethinking were laid in the value frames of the present research.

*V Article – the Sinebrychoff family dynasty – generational value shift:*

Departing from the resource-based approach and fully focusing on the value understanding of the family line between the generations in the selected family business dynasty, there is a question about the evolutionary development of family values. Taking into consideration that the Sinebrychoff family moved from one cultural environment to another cultural environment and completely changed its lifestyle, professional and social orientations, a circle of contacts, conditions of material income, and necessity to assimilate in either event in the new foreign culture, a the value changes at the family level need to be analysed.

National peculiarities of the family construction and family business formation with Russian preferences of the Orthodox vision of the world, parental continuity, systemic embeddedness of the entrepreneurship relations in the totality of the family intergenerational vision puts a particular imprint on the presentation of the data in this research.

A choice in favour of the extended understanding of the family can be considered effective in the present analysis, since both relative and in-laws glorified the Sinebrychoff family dynasty in the financial, social, cultural, and related fields. Pavel Sinebrychoff became one of the richest people in Finnish history, his wife Anna was for years the main social grantor of the destitute people, their son-in-law Carl von Wahlberg was selected as the Director General of the Finnish Medical Board, their daughter-in-law Anna Nordenstamm helped to connect the Sinebrychoff and the Mannerheim families, and their son Paul with his wife Fanny Grahn collected the biggest art collection in Scandinavia. In addition to that, the Sinebrychoff family created one of the most successful Scandinavian family businesses in the three consecutive generations of family ownership until the complete thinning of the family branch.

*VI Article – the concept of the family business good – entre-pology of Russian family-owned businesses:*

A system of the family ownership relationship in its value understanding in Russian family-owned enterprises represents the thematic frames of the present research. At the same time, an exclusive value is the existence of the emotional-economic connections between four studied families of owners apart from the inter-family connections. It means that their relations are formed historically not only in the economic-material direction, but also family members bear extra-economic values in the determination of the business principles.

In order to more deeply understand the processes of creation of the family enterprise culture, four enterprises were selected. They were all formed at the dawn of Russian business and are still continuing its existence in the form of family-owned businesses with the required preparations of business succession to the next generation of business owners.

The selected value-based approach made it possible to evaluate the constituent parts of the family business goods in the aggregate of its subsystems – family, ownership, and business. Distinct peculiarities of the two consecutive generations of business ownership became clearer by means of the in-depth interviews with all business owners.

In turn, semantic connections of the generations, disunion, and combination of family members' opinions and beliefs of their family and business past, present and future helped to receive the fundamental elements of the family enterprise culture.

Moreover, the semantic content of the research represents an emotional ECG of the business where every answer showed the rhythm of the family business heart in its present (i.e. the first and second generations jointly), past (i.e. the first generation) and future (i.e. the second generation).

## 5 OVERVIEW OF THE ARTICLES INCLUDED IN THE DISSERTATION

### 5.1 Overview of Article I: owner's responsibility - legal-economic perspective

The first article studies a legal-economic perspective of owning a family business across generations. In particular, zones and fundamentals of the owners' responsibility are found and applications of the relevant instruments of the transgenerational estate planning are provided. Extensions of the legal-economic perspectives are also analysed in terms of the purely economic and family-related sides of the owners' responsibility. A synthesised description of the article is given in the following table (Table 1).

TABLE 1 Synthesised key points of the first article

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Title</i>	Legal-Economic Ownership and Generational Transfer in Family Business: Facets of Owner's Responsibility
<i>Authors</i>	Nemilentsev, M.
<i>Research Motive</i>	to study facets of the family business owners' responsibility from a legal-economic perspective taking into consideration a transgenerational nature of family businesses
<i>Research Question</i>	What are the fundamentals and zones of an owner's responsibility in the transgenerational family business from a legal-economic perspective?
<i>Theoretical framework</i>	Concepts of the owner's legal rights and responsibilities, economic-profitability considerations of the business image, family business continuity, ownership attributes, estate planning, and distribution of ownership and control compose a theoretical framework.
<i>Data</i>	Since this paper is conceptual by nature, no empirical data was selected; the main emphasis was made on the semantic matching and further development of the selected theoretical material.
<i>Methodology</i>	Methodological principles of the qualitative theoretical inquiry were followed (i.e. a literature analysis).



TABLE 1 (continues)

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Main results and conclusions</i>	1. Owners' responsibilities evolve over time. 2. Owners' fundamentals transfer between the delineated zones. 3. Fundamentals are dynamic and need to be treated as prospective phenomena. 4. Transitions between the zones go in both directions. 5. Reconsiderations of the family business philosophy were made. 6. A legal-economic strategy of owning a family firm across generations was developed.
<i>Contribution</i>	1. A synthesis matrix of the zones and fundamentals of the owners' responsibility in a family-owned business during the generational transfer was designed. 2. Zones and fundamentals of the owners' responsibility could be exploited as a backbone for analysis of the ownership dimensions and particularly multifaceted nature of the owner's responsibility in a multigenerational family business. 3. Critical steps and required tools of the estate planning for an effective legal-economic ownership transfer in a family-owned business were provided.
<i>Publication</i>	Electronic Journal of Family Business Studies (2010), 2 (4), 115-132

## 5.2 Overview of Article II: the Sinebrychoff family dynasty's resources

The second article analyses a successful intergenerational Finnish-Russian family business dynasty – the Sinebrychoffs – from a resource-based perspective in order to define its unique resources. These resources are believed to influence on the longitudinal success of the selected family business dynasty. Implications and main results of the third article are presented in the following table (Table 2).

TABLE 2 Synthesised key points of the second article

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Title</i>	Resource Based View on Multigenerational Family Dynasty: Study of Sinebrychoff Merchant and Industrial Family in the Grand Duchy of Finland (1809-1917)
<i>Authors</i>	Nemilentsev, M., Kirmanen, M., & Kansikas, J.
<i>Research Motive</i>	to trace the roots of the unique culture-specific resources in the Sinebrychoff multigenerational family dynasty that made an economic, cultural and political influence in Finland, Russia, Poland
<i>Research Question</i>	What are the roots of the family dynasty's resources in late Russian Empire?
<i>Theoretical framework</i>	A combination of the resource-based view, sustained competitive advantage in family business, social capital theories and familiness as a specific resource of the family-owned businesses reveals a theoretical framework.
<i>Data</i>	primary data from Finnish Central Business Archive and secondary data on the history of the Sinebrychoff family business dynasty in Russia and Finland
<i>Methodology</i>	a historical case study method based on the primary and secondary data for understanding the unique culture-specific resources in the family business dynasty
<i>Main results and conclusions</i>	1. A historical analysis of the successful Finnish business dynasty with Russian family roots was made. 2. A strong emphasis on family values, Orthodox religion, and proactive ownership was made. 3. Orthodoxy and responsibility were defined as the cross-generational uniting factors;
<i>Contribution</i>	1. Paths for the family business survival in Late Empire Russia were found from the resource-based view; 2. Cross-generational uniting factors of the Sinebrychoff family dynasty were found in leadership, social capital, financial capital, decision making, culture, relationship, governance, knowledge, and financial, entrepreneurial and social performances.
<i>Publication</i>	Karjalainen, K., Solankallio, T., and Kauko-Valli, S. (Eds.), Yrittäjän ystävä: professori Hannu Niittykangas 60 vuotta. Jyväskylä: Jyväskylän yliopisto, taloustieteiden tiedekunta, 1457-036X, n:o 179, 38-67

### 5.3 Overview of Article III: the Ahlstrom dynasty's family business corporate identity

The third article investigates the cornerstones of the family business corporate identity in the Ahlstrom family business dynasty. A qualitative content analysis of the Ahlstrom's annual reports of the Board Meetings was made for a deeper understanding of the distinct longitudinal features of the corporate identity in the family-owned successful intergenerational business. Main results of the study are presented in the following table (Table 3).

TABLE 3 Synthesised key points of the third article

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Title</i>	Understanding family dynasty: Nurturing the corporate identity across generations
<i>Authors</i>	Kansikas, J., & Nemilentsev, M.
<i>Research Motive</i>	to find the cornerstones of the cross-generational corporate identity and factors of the intergenerational success in the family business dynasty
<i>Research Question</i>	What does constitute a corporate identity of the multigenerational family business dynasty?
<i>Theoretical framework</i>	Considerations of the distinction of family-owned businesses, non-financial resources in family businesses, spousal relationship of family business ownership, corporate changes during and after ownership and management succession as well as tacit knowledge for succession formed the theoretical framework.
<i>Data</i>	Annual reports of one publicly listed family corporation Ahlstrom (1946-2007) and text descriptions were primarily selected.
<i>Methodology</i>	The qualitative content analysis model suggested by Bell and Bryman (2007) represents the methodological reasoning in terms of the qualitative thematisation and interpretation of the findings
<i>Main results and conclusions</i>	1. The tone of the family business corporate identity is found to be progressive (i.e. active and entrepreneurial) and realistic (i.e. all negative circumstances, such as recessions, are reported). 2. Values that reflect family business corporate identity are stakeholder thinking, active behaviour and actions, and a long-term orientation. 3. Principles are profitability, competitiveness and international expertise. 4. Practices of the family business corporate identity are internationalisation and recruitment of the best possible non-family and family members.
<i>Contribution</i>	1. A conceptual framework of the family business corporate identity was developed. 2. Key constituents (i.e. tones, values, principles, and practices) of the family business corporate identity in the Ahlstrom's multigenerational family business dynasty were found. 3. A qualitative textual analysis with the use of the continuous sequence (1946-2007) of the Ahlstrom's annual reports was fulfilled. 4. A cross-generational corporate identity was empirically tested in terms of the family business dynasty
<i>Publication</i>	International Journal of Business Science and Applied Management (2010), 5 (3), 31-42

## 5.4 Overview of Article IV: intergenerational value changes in Russian (Soviet) families

The fourth article focuses on the socio-economic perspective of the cross-generational changes of family values in Russian and Soviet families by analysing 206 individuals who all work in the family businesses placed in St.-Petersburg, Russia. An analysis is quantitative, although the required qualitative conclusions and interpretations are provided. A concise version of article's bullet points are given in the following table (Table 4).

TABLE 4 Synthesised key points of the fourth article

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Title</i>	An Intergenerational Study of Russian (Soviet) Family Values
<i>Authors</i>	Nemilentsev, M.
<i>Research Motive</i>	to investigate an intergenerational succession of family values in Russian and Soviet families by means of the quantitative analysis
<i>Research Questions</i>	1. How do values of Russian (Soviet) families change across generations? 2. What have reasoned a reconsideration of family values in Russian (Soviet) families?
<i>Theoretical framework</i>	Considerations of the value concept, socio-economic view of values, attitudes and needs, value systems, Russian family values and spirituality, as well as the state modernisation's impact of values in Russia form the theoretical framework
<i>Data</i>	Questionnaires based on 46 values were answered by 206 individuals between 35 and 50 years' old who all work in Russian family businesses.
<i>Methodology</i>	Descriptive statistics, data reduction, multiple linear regression techniques were used as the methodological framework.
<i>Main results and conclusions</i>	1. An existence of the strong sets of values in both Birth and Present families of Russian respondents was found. 2. Values' continuity leads to a creation of the new beliefs and norms. 3. Children are considered as a binding element of the family existence in the present and future. 4. Key factors that anticipate the cross-generational changes in values of Russian (Soviet) families were found.
<i>Contribution</i>	1. A graph of the leading factors that affect the continuity of family traditions in Russian families was built. 2. Four leading value orientations (i.e. material-economic, social-collective, social-personality, future-continual) that encompass intergenerational family values were outlined. 3. Transformation of Russian family values in the context of political, macro-economic and social changes in post-Soviet Russia was conceptualised. 4. Alternative elements of the instrumental and terminal family values were compared in Russian sample.
<i>Publication</i>	Journal of Family Business Strategy (to be submitted)

## 5.5 Overview of Article V: the Sinebrychoff family dynasty – generational value shift

The fifth article investigates a continuous nature of the Sinebrychoff family business dynasty's family values and generates a concept of the generational value shift, tests it using the primary historical data from Finnish and Russian historical archives and libraries. The main findings and concise content are presented in the following table (Table 5).

TABLE 5 Synthesised key points of the fifth article

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Title</i>	Generational Value Shift in the Sinebrychoff Family: A Study of Late-Empire Russian Capitalists
<i>Authors</i>	Nemilentsev, M.
<i>Research Motive</i>	to analyse family values that constitute the family entrepreneurship culture on the example of the Sinebrychoff family dynasty; to theoretically understand the evolution of family values via the concept of generational value shift
<i>Research Questions</i>	How do family values of a multigenerational family dynasty change across generations?
<i>Theoretical framework</i>	The general value theory, systems theories, family's holistic understanding, theories of family development, Russian Orthodox culture, Russian family capitalism form the theoretical framework
<i>Data</i>	an extensive set of primary historical documents from the multiple value perspectives and secondary analytical studies for recreation of the genealogical tree and past value representation of the Sinebrychoff family
<i>Methodology</i>	Dogmas of the qualitative-research culture, post-modernist research traditions, dynamic and reflective recreation of the foregone epochs reflect the methodological framework
<i>Main results and conclusions</i>	1. Intergenerational family values that constitute the family enterprise culture were analysed at the conceptual level. 2. Intergenerational family values were empirically studied on the example of the Sinebrychoff dynasty. 3. Preconditions of the generational value shift were found at both theoretical and practical levels. 4. Value perspective of family and work solidarity, religious traditions and family respect were analysed using the historical primary material.
<i>Contribution</i>	1. Development of the three-layer value cluster's model; 2. Introduction and elaboration of the concept of the generational value shift; 3. Analysis of the value portraits of the prominent Sinebrychoff family members; 4. Development of the intergenerational graph representation of the structural value changes; 5. Calculation of the relative effect of the value shift on the male and female family lines of the Sinebrychoff family
<i>Publication</i>	Working Paper Series. University of Jyväskylä, School of Business and Economics (2013), N:o 374/2013

## 5.6 Overview of Article VI: the concept of the family business good – entre-pology of Russian family-owned businesses

The sixth article studies the concept of the family business good from the value-based anthropological perspective. A concept of the entre-pology of family business is presented. Formulas of the goods' keys are empirically generated. Eight owners (i.e. representing two consecutive generations) of Russian family-owned businesses are analysed using the qualitative triangulation methodology. Conclusions and main results are presented in the following table (Table 6).

TABLE 6 Synthesised key points of the sixth article

<b>Constituent Parts</b>	<b>Synthesised Key Points</b>
<i>Title</i>	The Concept of the Good in the Context of Family Entrepreneurship Culture: Entre-pology of Russian Family-Owned Businesses
<i>Authors</i>	Nemilentsev, M.
<i>Research Motive</i>	to work out a concept of the good from the family, business-ownership and state-social perspectives in the context of the family enterprise culture
<i>Research Questions</i>	How is the concept of the good described in a family-owned business from the perspective of family enterprise culture?
<i>Theoretical framework</i>	Ontological facets of the good, work-family relations in the family business environment, emotional side of entrepreneurship, cultural inheritance, communitarian good of Russian family businesses, as well as anthropological theories constitute the theoretical framework.
<i>Data</i>	Eight owners who form four owning-enterprising families are studied in the context of the family entrepreneurship culture.
<i>Methodology</i>	Triangulation of the qualitative in-depth, cognitive interview and anthropocentrism are elements of the methodological framework.
<i>Main results and conclusions</i>	1. A family business philosophy was understood through the entre-pological (i.e. cultural-business-family) lenses. 2. Constituents of the family business good were found. 3. Formulas of the goods' keys were provided in relation to each studied owner. 4. An anthropological perspective of owning a family business across generations was considered.
<i>Contribution</i>	1. Conceptualisation of the family business good was made and empirical birth of the formulas of the goods' keys in family business was given. 2. Cultural elements of entrepreneurship relations were conceptualised. 3. A concept of the entre-pology of family business was introduced. 4. A development of the anthropocentrism and in-depth perspective of family business was made.
<i>Publication</i>	Working Paper Series. University of Jyväskylä, School of Business and Economics (2013), N:o 377/2013

## 6 LIMITATIONS

Limitations of the dissertation will be presented in the interconnection of its six articles and semantic consistency.

*I Article – owner’s responsibility – legal-economic perspective:*

Since it is mainly a conceptual work, the first research question deals with the applications of the developed model (i.e. a synthesis matrix) in practice: to be more precise, to what extent the made conclusions fit the realities of daily life. It is therefore quite understandable that the examined instruments are applied in practice in the developed countries. For instance, the appearance of the distinct but simultaneously supplementing forms of trusts and ownership agreements was preceded by the practical troubles of family-owned businesses. There was a subsequent owners’ demand, since they were not able to achieve the desired effectiveness and levels of satisfaction during the inter-generational transfer. Moreover, practices of the consulting work with family-owned businesses as well as its specific attributes predetermine the estate instruments’ selection.

If one views the dimensions of the owner’s responsibility, it can also seem *ex facte* a simply-ordered system, since an owner is a key figure in the family business who usually bears the full responsibility of ownership and management in the first generation. His managerial responsibility is thus focused on the economic results, whereas his ownership responsibility is connected with the non-economic results. What does the latter notion include? Probably, it includes the aggregate of human, mainly family relations. Therefore a family constituent of family business significantly forms such an over-economic result. Therefore it may seem at first sight that there should not be any limitations in relation to the legal-economic instruments of the estate planning or spheres of the owner’s responsibility.

As a matter of fact, if one connects the context of the present research with the main topic of the dissertation, it will become clear that effectiveness of the considered instruments of estate planning depends first of all on how maturely owners understand the meaning of running their family businesses. If their family business is just viewed as a business system, then probably it is required to build a time-destination algorithm of these instruments in the concrete

market and clearly separate the emotional issues from the business ones. However, if an owner includes a harmonious intertwinement of the three main systems (i.e. family, business, and ownership) in the notion of family business, and managerial goals evidently exceed the economically created value (i.e. net profit and dividends to the shareholders or partners), there is already a slightly limited application of the present material.

First of all, it is necessary to ask whether society is ready to accept an inter-generational perspective of the family business ownership. Secondly, one needs to clarify what the government understands by the notion of family business. It seems to be a relevant step especially for the developing countries where family historically plays a leading role in society (including the sphere of business relations), but the weak institutional environment considerably lowers a general positive perception of the family entrepreneurship.

Thirdly, extensionality of the national legislation can exclude the necessary instruments from frequent use and forbid over-economic relations of the owner with his object of possession (i.e. a family business). Fourthly, it is necessary to accept the relevance of the quantitative analysis of the legal-economic and emotional-family zones of the synthesised matrix via the delineated instruments of estate planning. Instruments which are placed on the junction of these zones represent a particular interest. Therefore these instruments should be analysed from the perspective of the inter-generational family business continuity.

#### *II Article – the Sinebrychoff family dynasty's resources:*

Any historical event can be interpreted in different ways. There is a risk of making subjective conclusions and recommendations, an insufficient depth of the material, a lack of theoretical and professional skills in processing the collected data. Doubtless, when a family (i.e. not a single person or group of persons) is studied in the past time span, it is necessary to grasp the meaning of family relations.

Besides, the research is devoted to the economic entrepreneurial activity of the family from the perspective of available resource. Therefore a cultural stock of knowledge, lineage, and ethnic closeness of the research with the cognised object represents a prior significance.

In the historical measuring, there is a risk of the incompleteness of the collected archive data. Moreover, conclusions and recommendations can be made without orderliness and comprehensibility even with the correctly selected data.

The inability to converse with the representatives of the studied family personally represents an additional limitation, since they can tell their primary experience of the cultural perception of their family enterprise relationship.

Presumably, the selected time frames of the research do not completely embrace all family events. First of all, the Sinebrychoff family was researched in the resource meaning of its activity in the Grand Duchy of Finland. However, another family branch still remained on the territory of modern Russia (in Moscow region, Gavrillov Posad). Besides, the Sinebrychoff family also had



economic relations in Russia prior to the immigration to Finland. Inside these relations, the explaining regularities of the applied family-specific resources can be found. Nevertheless, the supporting secondary sources coordinated a search of the primary information making it possible to evaluate the Sinebrychoffs' contribution in the development of their family enterprise culture.

There is also a withheld potential of the quantitative comparison of the selected and described resources of the Sinebrychhoff family. It is also preferable to compare the present state of the Sinebrychhoff family (i.e. which is although completely purchased by the Danish concern Carlsberg) with its past achievements. However, a unique family wholeness of the family enterprise culture can be lost due to the time incompatibilities.

In conclusion, it should be noted that the present understanding of the family business in Russia significantly differs from what was perceived in imperial Russia. In XIX century principles of capitalism were already founded, and the level of family enterprise's development in that time exceeded the present level, at least, in some aspects.

### *III Article – the Ahlstrom dynasty's family business corporate identity:*

The power of words is tremendous, although it is always better to support words with actions. It is not fully known how much the words used in the annual board meetings correspond to the actual fulfilment of the planned tasks and achievement of the delineated objectives. In the world of business practice, there are multiple instances when companies had bright slogans on the walls of its factories but a lack of righteous actions in practice. Doubtless, one of the possible limitations of the present research is an absence of personal communication with the current owners of the Ahlstrom businesses about the actual state of affairs.

It is necessary to note that both qualitative and quantitative data that is contained in the annual reports should be better interpreted jointly. Every conclusion about the business effectiveness is to be correlated to the respective calculation or proportion. Therefore disuse of the potentially rich quantitative material complicates the process of analysis and further evaluation of the corporate identity's level.

Besides, only one business (i.e. although it has been developing over one and a half century) was presented in the given research. In the context of the justified results, information is provided about the completed contracts of merges and takeovers of other enterprises in the adjacent or distant market segments. Therefore a corporate identity of the Ahlstrom enterprise should be compared with the corporate identity of the newly purchased enterprises. Moreover, such comparisons can be made in different time intervals during the studied one and a half century of the family business' development.

Finnish business culture is oriented on internationalisation due to the relatively small sizes of the internal market, distinguished mentality, and specific language orientation of the majority of the populace. In this respect, it is necessary to account for the quantitative and qualitative constituents of the

influence that Western business cultures made on the formation of the corporate identity of the selected enterprise.

Finally, over the studied one and a half century, the semantic meaning of the created annual reports could have changed, since textual requirements and composition of the board of directors as well as the influence of stakeholders evolved substantially. An only unchanged constituent of the Ahlstrom family business is an actually high composition of owners who represent the Ahlstrom family.

*IV Article – intergenerational value changes in Russian (Soviet) families:*

First of all, a sample of the study can be considered insufficient. However, due to the lack of the state statistics of family-owned enterprises, absence of any corporate or national regulation and support of family enterprises, we could only rely on those businesses, which are personally known as family-owned. This fact preconditions a concentration of the analysis on one North-Western region of Russian and St. Petersburg in particular. Doubtless, this study would benefit from the regional, international, and intercultural comparisons of family values.

Besides, it should be pointed that the list of values can be continued. The narrowing (i.e. or, on the contrary, widening) criteria of the original forty six values can be, for instance, a region of research, a sample size, a distribution of the quantitative and qualitative shares of analysis in the research, a willingness to receive the in-depth answers of the respondents, and finally a time structure of the research. Although the selected four orientations include basis values, we understand that the list of the additionally entered values and the outlined selection criteria can be changed over time.

In addition to that, there can be a subjective historical bias of the given information in the evaluation of the respondents' parental families. Respondents can hide the true state of affairs in their families, smooth certain uneven places or, on the contrary, dramatize excessively and give an intentionally understated scores.

There is also a risk of differentiated answers due to the age differences. Doubtless, 15 years (between 35 and 50 years' old) is a relatively small period for the changes in the respondents' mentality. However, some respondents are already grandparents with their vision of the mechanisms of family morality, continuity of values, and life in the united families. In turn, some other respondents have not created their independent families yet, thus satisfying with the short-term relations. It brings a considerable effect on the possibilities of generalisation of results in the given research.

There is certain incompleteness in the delineation of Soviet past. Soviet system made a considerable influence on the formation of opinions of the family life and its inter-generational continuity. Therefore, it will be necessary to make an additional analysis and question parents and grandparents of the respondents personally, compare answers of both groups (i.e. children and parents) between each other for a better transparency of the made conclusions.

*V Article – the Sinebrychoff family dynasty – generational value shift:*

First of all, there is an analysis of one enterprising family including all in-laws who actively participated in the creation of family, social relations and inter-generational business. Probably, it is necessary to analyse families of these in-laws more completely as well as Russian branches of the Sinebrychoff family. Besides, it should be understood how the Sinebrychoff family lived prior to its immigration in Finland, clarify the motives of their move, and evaluate the structure of family relations in peasant Russia.

A phenomenon of Russian spirit that was borne by the members of the Sinebrychoff dynasty across generations could be compared with the phenomenon of Finnish spirit on the basis of historical documents. It is necessary to understand factors that predetermined the Sinebrychoff family's successful embeddedness in the system of Finnish lifestyle, Finnish family perception, and Finnish economy across the generational boundaries.

There is a risk of the incompleteness of the collected historical information. Certainly, there is an unused potential of the personal communication with the living representatives of the Sinebrychoff family (i.e. the dynasty's posterity). However, since their business in the family understanding ceased yet in 1921 after the demise of Fanny Grahn, one may suppose that a potential value of the collected information will be quite low after conversations with the descendants.

The key calculations that were made in this research represent a simulation of the historical evaluations. There is a risk of the incorrect or, to be more precise, incomplete interpretation of the Sinebrychoffs' family values, especially in the late third generation when descendants bore more Finnish-Swedish traits than Russian traits and preferred to position themselves as Finnish people.

*VI Article – the concept of the family business good – entre-pology of Russian family-owned businesses:*

Limitations could occur due to the size of the research sample. In the pursuit of the quantity of the respondents, however, it is hard to understand the genuine core of the phenomenon. Since family business at the legislation level has not received the due development yet, there is no point in saying about the extensive semantic fullness of the family entrepreneurship in Russia. However, there was a clear understanding of the essence of entrepreneurship among the selected representatives of two consecutive generations of owners. They also perceived their value essence and their individual value contributions.

A simultaneous appearance of the representatives of the two consecutive generations also puts certain limitations. The system of upbringing of the first generation of owners included Soviet mentality, with the censorship of word, economic unfreedoms, but at the same time a clear idea of moving forward, building the modern society, values of the collective basis, and willingness to preserve the hidden faith in the family, remember their kin, and act with the orientation on the future respecting their historical roots.

At the same time, the young generation of owners selected for this research had mainly combined upbringing in the last phase of Soviet restructuring (i.e. Perestroika) and the newly-created Russian state. There is a clear absence of the ideological wholeness of the second generation, presence of different freedoms, duality of interests, and a clear orientation on the material goods.

In this respect, there is a risk of the improper interpretation of the core results, insufficiently integrative conclusions in the connection of these consecutive generations. Finally, this research could benefit from comparison of the similar families of owners with other post-Communist countries where the processes of the recurrence of entrepreneurship and family business went in different ways.

## 7 CONCLUSIONS AND DISCUSSION

### 7.1 Key results and main conclusions

*I Article – owner’s responsibility – legal-economic perspective:*

A legal-economic perspective of the family business ownership was conceptually described. In addition to that, the key constituents of the estate planning (i.e. the fundamentals are trusts, ownership agreements, fairness and justice, psychological commitment, stewardship attitude, acknowledgement of emotionality, legal consultations, ownership retirement, and external directorship) were considered in relation to a multi-generational family business. Besides, a concept of the owner’s responsibility (i.e. the zones are legal-economic (i.e. business) and emotional (i.e. family)) in the multi-generational family business was delineated from a legal-economic perspective. Finally, a synthesis matrix of the zones and fundamentals of the owner’s responsibility was worked out in relation to the generational succession in family business.

*II Article – the Sinebrychoff family dynasty’s resources:*

First of all, factors of family business’ survival across generations were found and explained from the resource-based perspective. In a way, the Orthodox religion and values of the Russian spirit were found to be dominating in running the Sinebrychoff business across generations. Secondly, intergenerational success of the Sinebrychoff family business dynasty was explained from the resource perspectives of leadership, social capital, financial capital, decision making, culture, relationship, governance, knowledge, financial performance, entrepreneurial performance, and social performance. Thirdly, roots of the Sinebrychoff family business dynasty’s resources were investigated using the historical case study methodology.

*III Article – the Ahlstrom dynasty’s family business corporate identity:*

A conceptual framework of the family business corporate identity was developed. Additionally, key constituents of the family business corporate

identity on the example of the Ahlstrom's multigenerational family business dynasty were defined. In the end, a qualitative analysis of the annual reports of the Ahlstrom's family business dynasty was conducted using the content analysis' methodology.

*IV Article – intergenerational value changes in Russian (Soviet) families:*

The key family values that evolve over generations in Russian families were initially defined. After that, the leading value orientations were conceptualised using the developments of the value researches and culture-specific studies on Russian socio-economic development. As a concluding step, a quantitative analysis of the survey's results was carried out and it was found out how family values change over generations in Russian families. Respect for the family, responsibility and internal faith were found to be the uniting values of the two studied generations. As for the key differences, a level of innovativeness and ambitions has significantly grown in the younger generation.

*V Article – the Sinebrychoff family dynasty – generational value shift:*

As the first step, intergenerational family values that form the family enterprise culture were analysed. After that, elements of the family enterprise culture were outlined and compared on the example of the Sinebrychoff family business dynasty. At last, a concept of the generational value shift was developed and tested for theoretical understanding of the evolutionary nature of family values.

*VI Article – the concept of the family business good – entre-pology of Russian family-owned businesses:*

A concept of the family business good was developed from the perspective of the family enterprise culture. In addition, constituents of the family business good (i.e. the family good, the business-ownership good, and the state-social good) were anthropologically analysed. Finally, the entre-pology of family business was conceptualised from the anthropocentric perspective.

Altogether, characteristics of the value-based family enterprise culture from the family perspective may be summarised in the single in the following figure (Figure 6).

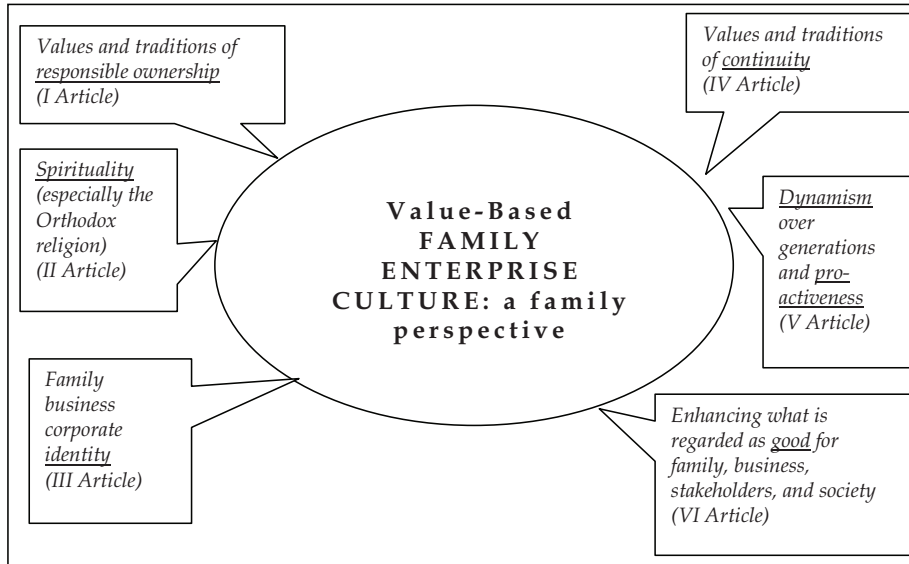


FIGURE 6 Value-based family enterprise culture: key characteristics from the family perspective

In accordance with the main research question (i.e. how is value-based family enterprise culture built from the family perspective), we identified an enhancing culture-specific path, onto which a responsible, pro-active owner can build a successful family enterprise culture in his or her enterprise (see Figure 7).

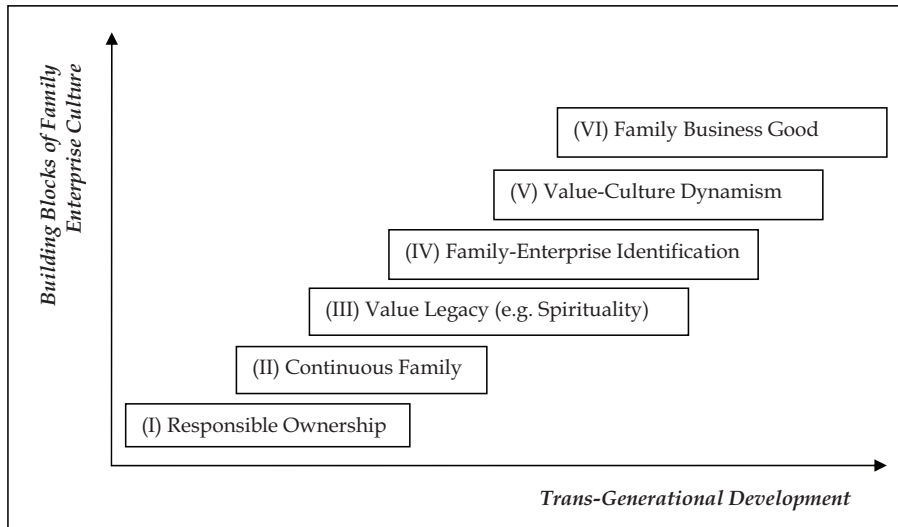


FIGURE 7 Building family enterprise culture from the value-based perspective

Trans-generational development of the family business and construction of its family enterprise culture could go in the way described below. However, we should understand that it is our vision based on our theoretical and empirical investigations as well as practical experience of working in and with family-owned enterprises.

1. Norms of responsible ownership are transferred from the previous generations to the next one. However, such norms' continuity progresses differently depending on the age and maturity of the family business. In the first-generation succession of ownership, entrepreneurial orientations of the founders dominate over the process of decision making (Kuhmonen, 2007; Miller & Le Breton-Miller, 2006; Short, 2012). However, in the course of time innovativeness and emotionality of the founders are substituted by the formal rationalism of the next-generation family members: norms of responsible ownership become more predictable (Carlsson, 2001; Nordqvist & Melin, 2010; Rivers, 2005).
2. Values and traditions of family continuity are secured for the family enterprise' future. The longitudinal nature of family and family ownership can be expressed in the delicate attitude of the next-generation owners to the family enterprise's key stakeholders kept from era of the currently retired or gone owners (Craig et al., 2008; Micelotta & Raynard, 2011). Values framing the family enterprise culture are created and re-created depending on the dominating family and other non-economic traditions that mark out the family enterprise from the wide range of its allies and competitors (Steier, 2009).
3. Value legacy (i.e. spirituality as one of the leading elements of the value legacy was found in the studies concerning the Sinebrychhoff family business dynasty as well as contemporary Russian family businesses) has a strong impact on family values, and family values have a strong impact on the family enterprise culture. Value continuity articulated within and beyond the family enterprise extends the horizons of personal responsibility shared by the members of the owning family (Masuda & Sorthiex, 2012). Depending on the national context of the dominating family value in business, spirituality can be attributed to the Eastern European countries to the largest extent (e.g., Karandashev, 2009). Russian family business have been historically associated with the big family and strong emphasis on the ideological (i.e. spiritual) peculiarities as shown by Donahoe and Habeck (2011), Ardichvili et al., (2012), Sprenger (2000), etc.
4. Family enterprise culture is strongly related to family business corporate identity. Values reflecting corporate identity are for instance stakeholder thinking, pro-activeness, and long-term orientation. Construction of the business identity represents one of the strategic streams and consists of both economic and non-economic elements (Astrachan & Jaskiewicz, 2008; Gomez-Mejia et al., 2011). By means of



understanding their own place in the business (Micelotta & Raynord, 2011), family business owners develop their entrepreneurial opportunities and stakeholder thinking in a more effective way (Alvarez & Barney, 2013; Shane, 2012).

5. Although family values are dynamic and can change over generations, inter-generational family values constitute family enterprise culture to a great extent. Dynamism of the leading family values strengthens the enterprise's cohesion from generation to generations (Bengtson et al., 2009; Min et al., 2012), and sets priorities of whether economic or non-economic relations will be dominating in the construction of the family enterprise culture in the coming future (Vauclair et al., 2011; Webb, 2011).
6. Comprehension of what is regarded good for the family, family-owned business and society is present in the family enterprise culture. Children learn and reconsider their parents' evaluation of the values that represent the ethical fundamentals of the foregone epochs (Roest et al., 2010; Schwartz, 1992), which secures the continuity of the family ideology in the family enterprise's context (Koiranen, 2002). Value guiding points increase the total quality of perception of the modern life (Tanaka & Lowry, 2011), regulates relations between the enterprising family and society (Vedder et al., 2009). As a result, family enterprise culture is positioned in accordance with the spirit of time (Inglehart, 1990; Vedder et al., 2009)

## 7.2 Theoretical Contribution

### *I Article – owner's responsibility – legal-economic perspective:*

First of all, a concept of the owner's responsibility in a multi-generational family business was developed from the legal-economic perspective. Secondly, a conceptual intertwining of the fundamentals and zones of the owner's legal-economic responsibilities was undertaken in the synthesis matrix. Findings contribute to the modelling of the more formal economic view of business, family and ownership relations outlined by Morck and Yeung (2003) and Schulze et al. (2001). The financial considerations included by Astrachan and Jaskiewicz (2008) in the construct of the total value of family business find wider applications. Finally, effectiveness of the family business ownership is considered within two out three 'A's (i.e. actors and activities) outlined by Nordqvist and Melin (2010).

### *II Article – the Sinebrychoff family dynasty's resources:*

Inter-generational family business survival strategies were conceptualised from the resource-based perspective. Additionally, roots of the family dynasty resources were theoretically and historically analysed. The joint influence of the family business resources on the longitudinal success of the dynasty widens the

area of effectiveness of the entrepreneurial activity (Wilderding et al., 2012). Additionally, analysis of the resource-dependencies of the activities of the younger-generation owners is considered as the contribution to the recent study of Zellweger, Nason et al. (2011).

*III Article – the Ahlstrom dynasty’s family business corporate identity:*

Family business corporate identity was developed on the junction of the theoretical developments of the corporate identity and corporate visual identity. After that, qualitative textual analysis was developed in relation to the family business corporate identity using the content analysis’ methodology. These results contribute to the creation of the phenomenon of the family business culture developed by Sharma et al. (1997), Sorenson et al. (2009) and McKenny et al. (2011). In addition to that, the field of organisational culture (e.g., Foreman & Whetten, 2002; Micelotta & Raynard, 2001) wins in the explanation of the national peculiarities of the long-lasting Finnish family business dynasty.

*IV Article – intergenerational value changes in Russian (Soviet) families:*

First of all, the leading value orientations were theoretically developed based on the intergenerational evolution of family values. As the next step, a graph of the leading factors that affect the continuity of family values in Russian families was built that extends the description of the Russian national value portrait done for instance by Puffer and McCarthy (1995) and Holt et al. (1994) from the viewpoint of inter-generational dynamism and change.

In the end, transformations of Russian family values in the context of political, macro-economic and social changes in post-Soviet Russia were conceptualised. It broadens an understanding of the consequences of the institutional and democratic reforms analysed by Ardichvili et al. (2012) and characterise the national perception of the Russian people studied by McCrathy and Puffer (2008) and Bollinger (1994) to a greater extent.

*V Article – the Sinebrychoff family dynasty – generational value shift:*

A three-layer value cluster’s model was developed. Additionally, a concept of the generational value shift was introduced and elaborated. Construction of the evolutionarily dynamic value portraits accounted for the historical economic, political, social, family and personality processes studied by Karandashev (2009) and Vauclair et al. (2011) based on the value principle laid by the Schwartz’s value theory.

Finally, there was a conceptualisation and historical analysis of the family value portraits of the Sinebrychoff family business dynasty. Impressive outlook of the past enterprising dynasties contribute to the further building of the integral family code of morality with the national imprint initiated by Heilman (2010) and Kirby (2010) in their research.

*VI Article – the concept of the family business good – entre-pology of Russian family-owned businesses:*

A concept of the family business good was created and formulas of the goods' keys in family business were originated. Use of the new concept, which has obvious philosophical roots, responds to the call made by Short (2012) and Zachary et al. (2011) about the introduction of the theoretical novice in the field of family business research.

Additionally, cultural elements of the entrepreneurship relations were specified. A concept of the entre-pology of family business was introduced. Finally, an anthropocentric in-depth perspective of family business was elaborated. It added anthropological implications and brought some clarity to the socio-psychological socio-cultural anthropological implications of Kuhl (1981) and Levi-Strauss (1966).

### **7.3 Practical contribution**

*I Article – owner's responsibility – legal-economic perspective:*

The research generates critical steps and required tools of the estate planning for an effective legal-economic ownership transfer in a family-owned business.

*II Article – the Sinebrychoff family dynasty's resources:*

Culture-specific resources and strategies were worked out for the inter-generational survival of family-owned businesses.

*III Article – the Ahlstrom dynasty's family business corporate identity:*

Tones, values, principles and practices of the family business corporate identity in a multi-generational Finish family-owned business were presented. Additionally, constituents of the corporate identity in large corporations are designed in relation to the human resource management, customer relationships, quality management and family business ownership.

*IV Article – intergenerational value changes in Russian (Soviet) families:*

Factors of the inter-generational change of values were defined using the data set of Russian (Soviet) family values. In addition to that, perspectives of the inter-generational continuation of family values and life principles of modern Russian families were empirically investigated.

*V Article – the Sinebrychoff family dynasty – generational value shift:*

An evolutionary shift of family values is determined in a multi-generational family business. Elements of the family enterprise culture were found out for a continuous understanding of the multi-generational family business

*VI Article – the concept of the family business good – entre-pology of Russian family-owned businesses:*

Strata of ownership power within the blocks of the family business culture in four owning-enterprising families were outlined. Additionally, formulas of the family business goods' keys were generated for an entre-pological continuous understanding of modern family business. Finally, family, business-ownership and state-social perspectives of owning a family business were empirically analysed in four selected, inter-generational family businesses.

## 7.4 Suggestions for further research

### *I Article – owner's responsibility – legal-economic perspective:*

- to work out quantitative measures for anticipating the interconnectedness between the legal-economic and other perspectives of owning a family business;
- to analyse the effectiveness of the presented legal-economic instruments of the estate planning via interpersonal interviews with the family business owners;
- to study an overall impact of the business-specific values and traditions on the legal-economic owners' responsibilities;

### *II Article – the Sinebrychoff family dynasty's resources:*

- to conduct an empirical analysis of the certain family values (i.e. religion; cohesion; love; motivation for labour; harmony; integrity) on the continuity of the outlined family business resources;
- to project in-depth interviews with the relatives of the Sinebrychoff family business dynasty;
- to fulfil a quantitative analysis of the impact of the outlined historical resources of the Sinebrychoff family business on its present performance (i.e. although the Sinebrychoff business is presently a part of the Carlsberg concern);

### *III Article – the Ahlstrom dynasty's family business corporate identity:*

- to carry out cross-regional, cross-national and cross-cultural comparisons of the constituents of the inter-generational family business corporate identity;
- to include a quantitative part of the annual reports in the explanations of the corporate identity in the Ahlstrom's family business dynasty;
- to make semi-structured interviews with the living representatives of the Ahlstrom's family business dynasty in order to compare historical roots of the family business corporate identity with the present-day realities;

### *IV Article – intergenerational value changes in Russian (Soviet) families:*

- to carry out a demographic analysis of the consecutive generations of the studied families;
- to compare Russian family values with EU, North-American and Asian countries;

- to organise in-depth interviews with the selected respondents for their subjective evaluation of the value continuity in their present families;

*V Article – the Sinebrychhoff family dynasty – generational value shift:*

- to study political and social influence of the Tsar's milieu in the times of Russian Empire on the development of the Sinebrychhoff family business dynasty;
- to analyse a continuous nature of family values across generations by comparing the past and present states of the Sinebrychhoff business;
- to analyse a transformation of the family values and family business values under the influence of the political processes in the early XX century after the monarchy's overthrow;

*VI Article – the concept of the family business good – entre-pology of Russian family-owned businesses:*

- to compare conceptualised formulas of the goods' keys of family businesses in the cross-cultural settings;
- to study an evolutionary development of the family enterprise culture in CIS countries from the anthropocentric perspective;
- to find quantitative measuring of the conceptualised family business good's concept and its constituent parts (i.e. the family good, the business-ownership good, the state-social good).

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## SUMMARY IN FINNISH

Väitöskirjan päätavoitteena on arvoperusteisen perheyrityskulttuurin olennaisien osien määrittäminen perhenäkökulmasta. Kulttuuriset, historialliset sekä yhteiskunnallis-taloudelliset edellytykset perustelevat enimmäkseen arvoperusteisen lähestymistavan sekä perhenäkökulman käyttämisen nyky-yhteiskunnassa.

Kuusi toisiinsa yhteydessä olevaa tutkimusta tarkastelee perheyrityskulttuurin elementtejä, tekijöitä sekä ominaisuuksia kvantitatiivisten ja kvalitatiivisten menetelmien avulla. Sen lisäksi, kirjoittaja keräsi laajoja historiallisia ja ajankohdiltaan alkuperäisiä ja sivuaineistoja akateemisista kirjastoista ja arkistoista Suomessa ja Venäjällä. Osa tutkimuksissa käytetyistä alkuperäisistä tiedoista tulee puoli-strukturoiduista perheyritysten omistajien haastatteluista. Voidaan kuitenkin ehdottaa, että väitöskirjassa tehtyjä päätelmiä ja suosituksia voidaan hyödyntää kansallisista ja kulttuurisista näkökannoista riippumatta.

Väitöskirjan keskeiset tulokset ja kontribuutio ovat seuraavat: omistajan vastuun perusteet ja osa-alueet sukupolvien välisessä perheyrityksessä laillistaloudellisesta näkökulmasta; perheyritysdynastian keskeiset kulttuuriset resurssit; sukupolvien välisen perheyrityksen korporatiivisen identiteetin elementit; arvojen jatkuvuuden tekijät venäläisissä perheissä; sukupolvien välinen arvojen muutos; ja hyvyyden ja entre-pologian käsitteet perheen omistuksessa olevassa yrityksessä.

Päätulosten lisäksi väitöskirjassa käsitellään perheyrityskulttuurin uudelleen luomiseen liittyviä kulttuurisia, historiallisia ja yhteiskunnallis-taloudellisia edellytyksiä Venäjän yhteiskunnassa.

Venäjän taloudellisen ja poliittisen kehittymisen uudella aikakaudella on ehtinyt syntyä paljon perheyrityksiä. Sovittuja sääntöjä, normeja ja vakiintuneita arvoja oli laajalti levinneinä EU-maissa ja Yhdysvalloissa, mutta Venäjän yhteiskunta koki seitsemänkymmenen vuoden tauon yksityisessä yrittäjyydessä ja perheomistajuudessa Neuvostoliiton aikana. Siitä syystä perheyrityskulttuurin kehittymiseen ja uudelleen luomiseen liittyvät kysymykset nousevat priorisoina esiin tässä väitöskirjassa.

*Avainsanat:* perhe; perhearvot; perheyrityskulttuuri; Suomi; Venäjä; ylisukupolvinen perheyritys;

**ORIGINAL ARTICLES**

**I**

**LEGAL-ECONOMIC OWNERSHIP AND  
GENERATIONAL TRANSFER IN FAMILY BUSINESS:  
FACETS OF OWNER'S RESPONSIBILITY**

by

Nemilentsev, M. (2010)

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## **ABSTRACT**

In the following paper a conceptual framework of the owner's responsibility is created in order to study the transgenerational legal-economic ownership in the family business. Responsible ownership involves a sense of accountability and entrepreneurship to some extent. However, legal and social responsibilities naturally supplement each other in the family firm. Owners by means of personal relationships and financial guarantees are responsible for carrying out daily business operations and maintaining a balance with the stakeholders. The certain constituents of the estate planning are evaluated through the lens of responsibility. As a final step, the following study provides a synthesis matrix of the zones and fundamentals of the owner's responsibility in the family firm during the generational succession.

*Key words:* estate planning; family business; generational transfer; legal-economic ownership; owner's responsibility.

## INTRODUCTION

Legal and economic ownership makes a sizeable imprint on the whole history of family businesses. Modern circumstances force owners of the family firms to focus on issues stretching beyond the areas of finance or bookkeeping: legal responsibilities are supplemented by a 'softer' side of the firm's economy - psychological accountability and personal attributes. In order to provide an overall stability for decades to come, owners adopt the formal economic principles in accordance with the necessity to keep social values in the business.

This article provides a profound outlook on the search for a compromise within a family firm by answering the following research question: "What are the fundamentals and zones of an owner's responsibility in the transgenerational family business from a legal-economic perspective?" As the first stage of a longitudinal study on perspectives of owning a family firm, the primary focus is on working out a conceptual framework that will be used as a basis for the future empirical study. Though theoretical by nature, this paper though provides a synthesis matrix of the owner's responsibility during the family business generational transfer.

## LOGIC OF LEGAL-ECONOMIC OWNERSHIP IN FAMILY BUSINESS

Traditions of interpreting ownership in family firms, already described yet decades ago (e.g. Hansmann, 1988; Bethel & Liebeskind, 1993), lead to a distinction between a strict legal perspective and a balanced combination of embedded values, cultural awareness, accountability and willingness to contribute in and for society. A legal entitlement to the unit of possession is considered to affect the principles which individuals act upon (Hannah, 2004). That is why an economic meaning adds to a normative definition in a certain way. There are also difficulties in describing "family business responsibility".

An additional stream of interest occurs with an explanation of the legal drivers for those owners who are likely to be preoccupied in other ventures than owning the parent's family firm. In principle, a legal ownership encompasses an economic ownership: the former implies a legal title coupled with an exclusive right to possession, whereas the latter deals more with the outright risks and rewards from the legal entitlement (IMF Committee on Balance of Payment Statistics, 2004). Moreover, a transformation in the legal ownership leads to inevitable changes in the economic ownership. In case of family firms the legal ownership remains safe even in those situations, when changes of the economic structure take place (Tan & Fock, 2001). However for the benefits of this study, a title to possess and seemingly observable economic rights and rewards of control are intertwined and further on used as two components of a single whole.

Perhaps the central idea of owning a family firm is a possibility to continue business activities in future generations. However, a personal attachment to an enterprise does not provide owners with all ready answers. There is also a place for legal-economic procedures in a transgenerational family firm (Chrisman et al., 2004; Hansmann, 1996). The way, in which the ownership gets redistributed, broaches upon a subject of who is responsible for a certain part of the business. From another angle, successors are in charge of giving a decent sustenance for their aging parents and close relatives. Usually problems emerge due to the lack of skills of the young leaders.

Knowledge, merits and future orientation are factors that the family is reluctant to assess when it rearranges the ownership stock. In fact, a transfer of the family business to the next generation involves two key issues: founder's retirement from the immediate governance and from legal ownership rights (release of shares). In the present paper critical steps and required tools for an effective legal-economic ownership transfer in a family business are further described, starting with the estate planning process.

## CONCEPT OF THE OWNER'S RESPONSIBILITY IN FAMILY BUSINESS

Behavioural, emotional and psychological relations were found in connection with the legal ownership (Pierce, Kostova & Dirks, 2001, 2003). Understanding a psychological perspective of the family business ownership (e.g. values, ideals, internal dialogue etc.) helps a person unequivocally understand 'what is his/her?' not by law but rather emotionally. To clarify the previous statement, personal responsibilities are perceived on the personal (individual) level, whereas legal rights and obligations are acknowledged by the whole society (collective level) (Brown, 1998; Koiranen, 2007a). Legal and social responsibilities thus naturally supplement each other in a family firm.

Family and non-family businesses are regularly compared on various matters. In terms of the responsibility, it has been found that family firms are more responsible or more committed because their owners put more weight on the firm's image and its reputation (Dyer & Whetton, 2006). By acting in a socially-responsible manner businesses extract positive effects measured by an increase in profitability with a slight time lag (Waddock & Graves, 1997). The firm's annual profits, however, feature only one of the possibilities created by the fulfillment of obligations: money serve as the means for the attainment of social values (Bowen, 1953; Donaldson, 1982; Rawls, 1971; Wartick & Cochran, 1985). In this respect, according to Maclagan, irresponsibility starts when voices of stakeholders cannot any longer be heard by the owner (Maclagan, 1999, 2003).

The inclusion of the time variable goes even further to describe the notion of the owner's responsibility: unreasonable behavior in the past causes inevitable consequences for the future. Therefore the owner's responsibility is used as a 'prospective' phenomenon. Achieving reciprocal agreements stemming from the later ownership contracts explains another facet of the responsible behavior: by reaching beyond the legal terms, owners provide a ground for mutual trust and move these relations to a more transparent level. Coupled with the time variable, an open dialogue with self-assessment creates a moral atmosphere: easier 'digestion' of the formal agency principles by the competitive environment (Finch & Mason, 1993). What really makes a dialogue such an effective form of facilitating a responsibility among owners is its principle of communicating the truth and possibility to amend conditions when it is necessary.

The notion of a 'responsible owner' involves at least the owner's capabilities and emphasizes the association with the owned object (Carlsson, 2001; Koiranen, 2007b). To some extent responsible ownership involves a simultaneous sense of accountability and entrepreneurship. Additionally a criterion of profitableness characterizes of what turns out to be critical for the ownership continuity in a family firm. As a result of the responsible ownership added value emerges for both owner and other stakeholders. Added value can

mean a legal-economic surplus as well as emotional benefits, for example enjoyment to be felt towards the family heirloom, regardless of whether it generates financial value or not (Koiranen, 2007b, 23).

In general, to be responsible, or accountable, means to be obliged to answer, if one asks why we did (i.e. active responsibility) or did not do something, although we should have done it (i.e. passive responsibility). Responsibility may be personal, collective or, for instance, firm-level (corporate). The latter means taking into account interests and needs of other stakeholders and maintaining a balance by means of financial results. Thus responsible ownership is simultaneously an obligation and requirement to be reliable from the economic-legal viewpoint. From a moral ethics' perspective, owner's responsibility relies on values. Owners by means of relationships, personal and financial guarantees are responsible to ethically approve business operations and maintain a balance with the stakeholders in renewing the business. Although an owner has legal rights to delegate a part of his/her functions to others involved, there is his/her outright responsibility for improper decisions.

On a broader scope, owner's responsibility in a family firm is logically divided into several groups (Koiranen, 2007b, 30). An economically responsible owner divides profits in a way that ensures continuity of the business and competitiveness in the market: if activities are in red, owners take the full responsibility for losses and consequences that caused such a state. An owner's legal [juridical] responsibility varies between the legal forms of an enterprise. Owners become additionally responsible when they serve as Board chairs or executive directors. Being socially responsible, owners as well as employees stick to existing ethical criteria, since the support of the personnel and its professional development facilitates an after-transfer recovery. Finally there exists an overall responsibility of an owner, which unites economic, legal, social and mental dimensions. By taking and maintaining such responsibility actively, owners acquire the legitimate right to exploit power, augment wealth and feel joy for practicing successful ownership.

In the previous research, emotions and ownership were theoretically and empirically studied as two constituents of the socio-emotional wealth. Astrachan, Eddleston, Jaskiewicz, Kellermanns and Zellweger carried out a number of joint as well as independent studies on the impact of financial and especially non-financial (emotional) aspects of owning a family firm. For instance, Astrachan and Jaskiewicz (2008, 139) develop a concept of 'emotional value' by showing that family ties, existing between the groups of owners, have both positive and negative effects on the family's well-being. In accordance with their proposal, financial results are to be adjusted by the difference of emotional returns and emotional costs (Astrachan & Jaskiewicz, 2008, 142-143).

An achievement of emotional satisfaction does not although predefine financial benefits: for instance, employment of incompetent family members or legal obligations of avoiding interpersonal conflicts might be to the detriment of the business (Eddleston, Kellermanns, & Sarathy, 2008; Zellweger, 2006).

Empirical evidence of the impact of cognitive and relationship conflict on the legal ownership continuity are found from the study of Eddleston, Otondo, and Kellermanns (2008, 456, 462-464). Finally, Zellweger and Astrachan (2008, 349-350) elaborate the concept of socio-emotional wealth by modeling a situation when owners plan to sell their businesses and thus express the non-financial value of ownership in monetary terms.

Across three consecutive generations of the family business, owners' responsibilities vary to a certain extent (Lehti, 2007). At the firm's founding stage, owners are indebted both personally and enterprise-wide. In addition to bringing up children in accord with the family philosophy, there are issues of profitability and operations. Ownership attributes in the first generation are mainly revealed from an entrepreneurial angle (Kansikas & Kuhmonen, 2007; Robinson et al., 1994), with a greater role of the founder's individual provision in accumulating sources and developing values for the company. If grown-up children bear honorably their family name, family business takes on certain attributes of a long-term asset, an ultimate value of which is only growing in the years to come (Carlsson, 2001). Come time for the second generation, certain informalities get lost; however an official context of the collaborative work gives more opportunities than earlier and secure future compromises with the unsatisfied family members (Rivers, 2005; Steier, 2001). Such a compromise during the ownership succession appears in the elders' wisdom to respect the wishes of their children and exploit funds for their benefits.

In the course of time psychological attributes of legal owners undergo a further growth. However, second-generation family members often prefer to be treated as executives, rather than owners (perhaps, due to a greater responsibility of the latter). Having once agreed to continue the 'business' of their fathers, the second-generation owners gain a greater responsibility for keeping that business going in the long run. Owners are not deprived of illogical behavior and a dependence upon their parents' and grandparents' will. In the later generations of family firms ideas of the common good and family harmony come to the front (Davis, 2005; Kansikas, 2006).

Personal gains are less regarded as prior motivators to continue (Koiranen, 2002; Koiranen & Chirico, 2006; Lehti, 2007). Customers, family members, ownership principles, social relations, long-term objectives - these are all zones of owners' responsibilities. Beyond the generational border, psychological elements are representing a 'glue structure' binding together a 'family' and a 'business.' These arguments illustrate responsibilities taken on by owners of later generations and contribute to the pre-understanding of why only about one tenth of all businesses survive past three generations (Chua et al., 2003).

After the definition of the distinctions of owner's responsibility in a family firm, its applications are further considered with respect to the ownership transfer and the post-transfer period. In other words, key constituents of estate planning, such as trusts, ownership agreements, evaluation and distribution processes are perceived through a responsibility lens.



## **ESTATE PLANNING AND OWNER'S RESPONSIBILITY**

### **Facilitating a Responsible Attitude towards Estate Planning**

In general a family business transfer to the next generation includes two steps: ownership and management succession (Aronoff et al., 1995; Astrachan et al., 2002; Ward & Dolan, 1998). To facilitate the process, a suitable estate plan is drawn up to figure out how owner's holdings (i.e. immobile property, investments, businesses etc.) will be allocated after his/her death. One of the challenges in estate planning is to rationally look at one's own mortality. For that purpose the typical blunders of estate planning are further analyzed. Estate planning, however, features only the first block in the pyramid of the family business' initiatives when a generational transfer looms. To express that in legal terms, negligence (as a display of an owner's passive responsibility) is considered as a crime; and the guilty one is the inactive owner. Preparations for the ownership succession are not limited with filling the successor's position: retiring owners are also tested for giving up the authority they do not obviously need any longer.

A clear line is drawn between what is regarded emotional and logical. Children differ in qualities related to their participation in business. In a way parents, who want to be really fair with their children, treat them according to their merits (Davis et al., 1997). Pseudo-equality will more probably lead to a layer of new conflicts, solutions to which are problematic to find. The harmony balance is fragile in nature, and even smallish attempts of retiring owners to oblige successors with an equal distribution of rights undermine a sense of satisfaction and trust. Egoistic considerations emerge in minds of family members as well as among newcomers (multiple in-laws and family members deciding to reap the benefits from their outright participation). As a result, fairness leads to an imbalance of votes and veto right is seemingly to be used by the minority stockholder groups.

Owners do not although realize that by their leaving, regardless of whether it's caused by illness, retirement or untimely death, a change is inevitable in the company's legal status. Therefore right before the departure, there is a possibility for the founders to start an evaluation process of what core values mean for the family and where sources for the growth are to be found. A failure to update an estate plan results in undermining working principles and methods of teaching. Those children, who see upcoming changes, are ready to respond to arising demands in the future. As Poza et al (1998) advise, estate planning is like a painting, whose parts are subject to constant renovations; hence pencil and eraser are powerful instruments for the process. All in all, estate planning provides more questions than set solutions. An ability to learn from others' mistakes matters at this stage.

## **Instruments of Estate Planning through the Lens of Responsibility**

Estate planning involves using certain instruments, among which there are trusts, ownership agreements, notes for the retiring owners and non-family members as well as buy-out schemes for successors (Davis et al., 1997; Hall, 2004). An owner's responsibility while designing these instruments is analyzed in more details.

In order to dispel owners' fears on the matter of who, when and how will take care of the family business after the transfer, ownership stock agreements as well as voting trusts are established. Reasons for organizing a trust in a family firm are partially correlated with the succession looming over the ageing owners and their reluctance of thrusting a bundle of responsibilities in the immature hands of their own children or other relatives. Traditions of establishing trusts are more common in North America, although some European countries find trusts more attractive for securing the family business' long-term perspectives in comparison with the traditional transfer schemes (The Executive Newsletter of The Official Board, 2009).

Despite being fully in charge of the trusted property, trustees are still liable for serving in accordance with the grantor's interests: typically a fiduciary responsibility touches upon every trustee enacted in the family firm. Owners also benefit from running a trust in a way of economizing on the estate taxes that are postponed for the time being. A relative unpopularity of trusts in Europe might be partly explained by the absence or affordable scale of the estate tax. Besides securing a family firm against the legal duties, family members also get a diversified ownership structure with control in the hands of diligent individuals.

In general, trust is initiated by a grantor (i.e. owner of a family firm) who temporarily delivers an object of possession (e.g. business of the family) to another party. On behalf of the family firm, trustees are in charge of owning the family property, investing family capital in new projects, paying dividends and compensations to the interested parties, and dealing with the retired owners and their spouses. The duration of a trust depends upon a case's specificity varying from a few months to several decades. However, the longer the owners rely on the decisions made by the trustees the less energized the successors are to take the business over.

Trustees are regarded as shareholders in the company, since owners endow them with certain voting rights. Members of the trust are in charge of pulling family business ownership and control apart. Not infrequently, though, trustees collaborate side by side with the external CEOs (and not directly with the family members) in order to gain a greater impartiality of the decisions made within the family firm. 'To look before you leap' is a proverb that describes a style upon which a panel of trustees operates in and for a family business. Accompanied by skilled professionals, family firms choose out of specific trust schemes, some of which are further presented (The Family Business Succession Handbook, 1997, 2001). As a contribution for the following study, zones of owner's responsibility are described in each case. Moreover,

despite the U.S. backgrounds of the mentioned trusts, zones of responsibility are considered in regard to the trust's applicability in the EU-countries, where estate taxes are either low or abolished completely.

In a grantor retained income trust owners are primarily responsible for selecting those investment targets, which will be beneficial to the forthcoming generation of family members. Another owner's duty is to secure the equity capital from the unplanned withdrawals.

Since the terms of the revocable living trust are under amendment by owners during the trust's duration, owners' primary responsibility is to maintain the selected course of actions, long-term by nature, and weather temporary drawbacks in accumulating financial assets (McCullom, 1992). The complexity of relations between owners and other family members is under consideration as well.

An establishment of the irrevocable living trust suggests the owner will make no alterations of the trust's terms in the future. Therefore the responsibility for possible mistakes in outlining the operational tasks is eventually growing (Sorenson, 2000). With respect for the owner's progeny, such trust scheme is regarded as risky for a first-generation transfer, even though property at the trustee's premise is not a subject to estate or capital gain taxes.

By originating a crummy trust, owners allow a successor to extract the definite capital out of the pool with an agreement of trustees on a yearly basis (Perricone et al., 2001). Simultaneously the main owner takes the ultimate responsibility for any consequences caused by an improper use of money by the young-generation family members.

In case of setting either qualified terminable interest property trust or bypass trust emotional (relational) issues come to the front. A retiring owner is accountable for a decision to leave out his/her children in favor of his/her living spouse for a specific period of time. Despite the temporary reallocation of funds from the next generation to the current one, communication is a way to gain a mutual understanding, because the successor has no legal rights to exploit ownership neither financially nor operationally during the whole duration of these trusts.

A division of equity and growing returns are yet another forms of securing family firms during and after the ownership succession. Under the marital trust, an owner is responsible for preserving the equity capital intact for the family progeny as well as for stimulating trustees to make profitable decisions for the benefit of the owner's living spouse.

An owner's social responsibility is presented in the charitable remainder trust's terms: while satisfying family needs by means of the pro-active policy, the remaining property is given to a certain charitable organization. After the owner's and his spouse's death beneficiaries gradually take over rights for the capital proceeds (Dumas, 1990). Hence the owners are responsible for giving up a part of the business in favor of other family members. There is also a financial

gain stemming from a diminishing business value (as a result of the continuous donations).

Benefits from rendering services to the trustees are in a constant balance of the internal capabilities of maturing children (Levy, 2008). However, excessive protective actions of trustees undermine the owners' chances to be effective in the future. Another stream of parental concern stems from the irresponsible behavior of certain stakeholders: these individuals influence on the successors' will to act independently for the benefit of the external parties or rivals involved. A gradual necessity of the owners to assign equity to the trustees outweighs hypothetical inflows from economizing on taxes. Since owners are in charge of more than one generation of the family, trusts represent a vital source of preserving the business intact for owners' children and grandchildren (Lansberg, 1999; Levy, 2008).

Family businesses in the second and later generations extensively acquire the attributes of formality. By means of ownership agreements an arrangement of roles between those with the legal title is made. For better understanding of the legal-economic role of ownership agreements and consequent zones of owner's responsibility, several schemes are considered in more details.

At the stage of designing a stock redemption agreement, owners are responsible for not only calculating the deal price (usually based on the fair market value or mark-to-market value), but also for selecting assets, which will be further used as collateral. As an outcome, reserves are divided into those contributing to the ownership growth and those set as immobile during the transfer. Owners are also responsible for the justice of the stock transactions, called the buy-sell agreements (Khalil et al., 2008; Kuratko & Foss, 1994). A positive reaction of holders primarily depends on an owner's ability to communicate what the fair price for the deal is and how this certain transaction contributes to the family well-being.

Non-business assets are created for the non-participating family members. Gradually, as the family company evolves in the market, owners invest the proceeds from the main activities in real estate, non-business equipment etc. Dividends and non-voting shares as such compensate inactive members but guarantee no legal rights for the family heritage. In a way, owners withdraw their direct responsibility for satisfying the needs of the non-active relatives. In addition to the non-business assets, restricting provisions are made for the older generation.

Any attempts of the retiring owners to shift to a competing firm or open up a new enterprise are usually prohibited with the covenant not to compete. In order to provide the retirees with a decent income, a deferred compensation plan is drawn up (Khalil et al., 2008). Moreover to ensure that payments to the retiree's spouse will be continued after his/her passing, a survivor benefit is an option. So ownership agreements render practical help to the family members and neutralize personal conflicts through the legal notes. However, owners bear the ultimate responsibility for designing such agreements and possible negative consequences.

A protection of income for a retiring owner is a matter of honor for the successor and a practical issue for the retiring owner him-/herself. Beside the emotional claims, legal documents are processed, where the clear guarantees, payout schedules and financial limits for successors and their immediate family members are allowed for. Such precautions do not call for a vote of confidence, but, quite the contrary, initiate a thought-out planning. Owners of the long-lasting businesses are considered to be the masters of their destiny and forge their income by saving subtle annual installments aside the main business.

Periods from seven to ten years before the transfer are regarded as sufficient for amassing the required funds (Rivers, 2005). Owners relinquish part of their responsibility by giving successors personal promissory notes to be subsequently repaid. Right after the legal ownership transfer, inheritors are responsible for maintaining the free cash funds (in order to avoid loans at the time of capital investment). However if family members fail to meet the legal expectations of the retiring owners, an association of creditors or an attendant bank might impose restrictions on the debt-to-equity ratio or historical showings (Koeplin et al., 2000). There is also an additional security against the unexpected actions of the buyers: until the buyers repay due debts for the business they purchase, possession rights are saved by the family. On the economic level, a supermajority provision (e.g. when owners hold only one fifth of the voting shares, other family members need more than four fifths of the same shares to put the idea into action) helps the retiring owners spread the responsibility and keep an eye on the successor's actions.

A generous allotting children with voting rights, however, makes them feel indebted or trapped into the family business. In this respect a buyout is advantageous for owners, since the free cash is amassed on their accounts and collaborative traits among the children are continuously developed. The same effect is hardly achieved via outright gifts of voting rights. A psychological justice is created via the leveraged buyout (cash-out): by selling the firm for the fair market value to an interested child and giving non-active family members the immobile property or other non-business assets, parents sustain fairness and again responsibility. Buyout agreements are especially effective for successors who strive to obtain exclusive ownership control and diminishing dividend payments to stockholders. Possible claims during the evaluation process are resolved by either enlisting to an impartial arbitrator (i.e. a person who defines a fair price by the compulsory decision) or working out a possible agreement independently by choosing the most suitable price. These alternatives give owners a chance to escape from long and generally expensive legal procedures.

After the first-generation transfer owners also become responsible for the objectivity of the decisions made. It is hardly possible to approach decisions impartially when the decision makers are family members only. For this reason, non-family directors are invited aboard (Strobel, 2007; Young & Quintero, 1995). A psychological portrait of an external director suggests that s/he prefers to be equally rewarded for the same work done as by the family members.

However for those CEOs with the corporate market backgrounds ownership does not represent a sufficient source for remuneration (Cohn & Pearl, 2000). A responsible owner develops special rewarding packages without a dilution of the family stake.

Following the logic of economic-legal responsibility, owners give an opportunity to the external members to beneficially purchase non-voting stocks by means of an incentive stock option. In some cases such a right is donated even after executives' leave from the family firm (i.e. companion stock redemption agreement). Additionally a special type of securities, phantom shares, is designed for satisfying the outsiders' needs, while giving the family members a sense of safety. Phantom stocks do not give any direct voting rights, however one gets a stable income from its rates' variations.

An altruistic nature of relations between owners and external board members leave the former feeling morally indebted to provide a decent post-work living for the latter. Various pension programmes as well as private retirement plans are consequently designed. That is to say, a transitory stage of the family firms involves both multiple claims of the next-generation family members and psychological challenges of the chosen successor. To some extent an availability of the formal ownership agreement releases arising tensions without the serious ramifications for the future.

## **DISTRIBUTION OF OWNERSHIP AND CONTROL: PSYCHOLOGICAL IN LEGAL**

Legal-economic ownership of a family firm surprises with its multi-sidedness: formal ownership principles are permeated with personal and psychological attributes. In general a sense of owning something in a socially-responsible way leads to an improvement of personal habits. Society itself leaves an imprint on the object of possession: stakeholders and interest groups create closer ties with the owners and develop a social interaction with both retirees and succeeding generations (Nordquist, 2005). These relations exemplify a psychological and socio-symbolic side of the legal-economic ownership. In the family business context, ownership has always been a cornerstone, with respect to both generating greater profits from a legal-economic perspective and satisfying loyal employees and aging family members with the option ownership rights from a psychological viewpoint (Almeida & Wolfenzon, 2006; Daily & Dollinger, 1992).

At a certain stage of the business development a necessity emerges to understand what sort of ties hold the legal ownership in the hands of a certain family. Hall proposed that 'emotional capital' positively affects all other elements in the family business (2003). In addition to that Nordquist (2005) has developed a mature concept of the socio-symbolic ownership, explaining a family business distinction through a special way of social interaction and creation of the non-financial attributes (Pierce et al., 2002).

In growing family firms, owners acknowledge the influence made by the relatives with voting rights. On principle an owner's responsibility does not necessarily consist of the equal stock distribution among the family members. The reverse may be true: provided everyone in the family possesses an equal set of shares, resentment is about to occur. Without a formal entitlement, family is forced to decide, who the main owner (i.e. the holder of the number of controlling shares) is. Relationships based on ownership make successors respect also those with minimum set of shares; by means of that an unjustifiable criticism to the minor shareholders is overcome.

One of the eternal problems of the human choice - between what is regarded fair and socially justifiable - was reflected by the Nobel winner Milton Friedman in saying that a social responsibility of an owner of a small company opposes to the well-being of himself and his family (1970). Achieving fairness in the family business goes beyond the equal distribution of shares. Using the term 'rough justice' (Ayres, 1990), practitioners usually hint at the possibility to satisfy less active members of the business family with immobile assets or cash reimbursements instead of obliging them to take part in a real and frequently adverse business life. By having received the same amount of shares those who have never acted as directors benefit as equally as those who have spent long hours at work and contributed to the firm's progressive development over the

preceding years. From an equal distribution unequal opportunities arise (Cohn & Pearl, 2000).

Owner-parents deal with the business evaluation right before the transfer of ownership rights to their children: one of the critical owners' or trustees' responsibilities is to measure the firm assets as low as possible for the time being. At the finish line, the business will be less favorable for outside takeovers. However a lack of liquidity makes family firm low-marketable, with few chances to increase its profitability in the future. From another viewpoint, when going public owners gain the liquid assets and a compliance with all required standards. Markets for new groups of target customers widen as well.

If owners feel confident in their maturing children, family partnership is an option to keep the level of family relations untouched and ownership safe. Under these conditions, business assets are ascribed to a succeeding generation, and parents keep the right to intervene in the investment and ownership redistribution processes. Inside this partnership, value of the ownership transfer is preserved with no forthcoming changes: for children paying estate or property taxes such an innovation improves accounts, since any augmentation in value is not a subject to estate or gain taxes. Along with the formal precautions, a communication process keeps owners responsible for the family firm's future.

A legal constituent of ownership, with all duties and responsibilities granted by law, is supplemented by an increased emotional attachment, psychological attributes of which positively correlate with the successful governance (Koiranen, 2007a). Together these two elements form values of the family business ownership, helping to explain the principles of those families running their companies for more than one generation. Thoughts of possessing something beyond the legal frames broadens the mindsets of the family business owners and facilitates a common awareness of the necessity to stay together and step further, marching arm in arm and being ready to struggle for the family interests (Koiranen, 2004).



## CONCLUSIONS AND DISCUSSION

This theoretical analysis helped answer the research question stated in the beginning of the article: "What are the fundamentals and zones of responsibility in the transgenerational family business ownership from a legal/economic perspective?" Through the following key steps of the estate planning and devoting an owners' attention to the social and psychological aspects, legal owners will only benefit in the long term by taking on a sense of responsibility and awareness. The following study as a final step provides a "synthesis matrix" of the zones and fundamentals of an owner's responsibility in a family firm during the generational transfer (Table 1). Such a matrix is regarded as a viable instrument that could be exploited as a backbone for analysis of the ownership dimensions and particularly multifaceted nature of the owner's responsibility in a multigenerational family business. Since the owners' responsibilities evolve over time, its fundamentals transfer between the zones, or in other words, fundamentals are dynamic and need to be treated as a 'prospective' phenomenon. In accordance with the Table 1, in countries with no estate taxes, reasons for establishing trusts or drawing up ownership agreements are not solely financial. For example, marital or bypass trusts could have a primary objective of securing emotional well-being of the spouse. Stock redemption agreements can also be explained from an emotional perspective, since retiring owners are also stewards, willing to protect the original number of equity shares for their grandchildren. However, a transition between the zones does not exclusively go in one direction. Next-generation owners might become dependent on the free cash flow or return on equity ratios in the course of time, thus preferring to reconsider the family business philosophy from a more financial/economic viewpoint. For this reason, emotional capital will give its place to the economic capital. The fundamentals of the owner's responsibility belong to either legal-economic, emotional or both zones that can be found in the following Synthesis matrix.

TABLE 1 Synthesis Matrix. The fundamentals and zones of the owner's responsibility during the generational transfer

<i>Zones</i>	<i>Legal-Economic zone (Business zone)</i>	<i>Emotional zone (Family zone)</i>
	<i>Mix of Legal-Economic and Emotional zones</i>	
Trusts	irrevocable living trust revocable living trust grantor retained income trust charitable remainder trust marital trust qualified terminable interest trust bypass trust crummy trust	
Ownership agreements	stock redemption agreement buy-sell agreement buy-out agreement	
Fairness & Justice	creation of non-business assets	
Psychological commitment	family business philosophy family ownership	
Stewardship attitude	personal promissory notes	
Acknowledgement of emotionality	emotional capital self-identity	
Legal advisors	value of advice	
Retiring owners	survivor benefit supermajority provision covenant not to compete pension program private retirement plan	
External directors	incentive stock option plan companion stock redemption agreement phantom stock	

Findings of the study are expected to be proved by means of the empirical research. Psychological drivers of owners' behavior, hence, have an impact on the legal-economic strategy of owning a family firm. In the present paper legal and economic ownership is combined without making a distinction in the effect of socio-symbolic and psychological aspects on them. For this reason, in the future studies it would be beneficial to find quantitative measures for

comparing economic and legal ownership between each other. Coupled with the country-specific legislation on family businesses, analysis of family ownership in two-three different countries features a prospective venue for future research.

In addition to that, an owner's responsibility and schemes of ownership distribution are possible to interpret from both legal-economic and non-economic viewpoints. For a better understanding of factors, which explain owners' motives during the process of designing the transgenerational strategy, emotional aspects need to be taken into account. By means of face-to-face meetings with the owners (before and after the transition) non-financial costs and returns will be collected. In its turn, quantitative analysis is preferable on the stage of comparing sources of responsibility in family versus non-family businesses. With the help of the time variable in a calculation process, we could see in what generation responsibilities are 'prospective' or 'bygone' phenomena. Finally, emotional attachment of owners has to be critically assessed.

Behavioural patterns of the non-active family members in the later generations and their role in changing the future of the family business is under-researched. In this respect, diversified and concentrated ownership structures feature a scientific interest, especially in the context of the owners' missed opportunities. However for a greater contribution to the academic society, additional sources of inquiry are included. Based on current doctoral research on family traditions and key value-sets in multi-generational families, social beliefs and religious convictions with its overall impact on the legal-economic ownership feature a new stream of research interest. Religion and traditions, preserved from one generation to another, make it easier to figure out whether the family or business side dominates, especially among the insufficiently studied newly-created family firms from the Eastern Europe. To specify, in the forthcoming paper there will be an attempt to combine findings from the present article with the historical analysis of the orthodox Russian family business dynasty, actively participating in business and social life of the Grand Duchy of Finland on the verge of 19th and 20th centuries. The aim of that study is to find out the roots of the legal and economic ownership among the Russian family firms.

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## II

### **RESOURCE BASED VIEW ON MULTIGENERATIONAL FAMILY DYNASTY: STUDY OF SINEBRYCHOFF MERCHANT AND INDUSTRIAL FAMILY IN THE GRAND DUCHY OF FINLAND (1809-1917)**

by

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## ABSTRACT

In the research paper historical inquiry will be conducted in order to trace the roots of family dynasty resources in the Late Empire Russia. To be precise, one successful, Russian origin, merchant and industrial family that made its business in the Grand Duchy of Finland will be analyzed. Major purpose lies in defining core resources and culture-specific attributes of family dynasty.

The Russian merchant and industrial class on the verge of the 20<sup>th</sup> century represented the most powerful and financially efficient layer of business community, contributing yearly the lion's share to the gross national product and employing thousands of former peasants in the Russian Empire. That is to say, after the liquidation of serf dependence first two decades of the 20<sup>th</sup> century (until the monarchy's overthrow in 1917) were the most successful period for the Russian economy hitherto. With a great autonomy both economically and politically within the Russian Empire, Grand Duchy of Finland was practically a fertile field for multiple Russian entrepreneurial families to test innovative methods of production, establish good rapport with Western subcontractors and elaborate family business ownership in accord with international market terms.

The results of the study show that resources in leadership, social capital, financial capital, decision-making, culture, relationships, governance, and knowledge, are needed in family business dynasty to survive from one generation to another.

*Key words:* family business; dynasty; merchant family; industrial family, multigenerational family business, resource based view.

## INTRODUCTION

The aim of this study is to understand long term family business resources in multigenerational family business, Sinebrychoff. The study compares Sinebrychoff generations between 1809 and 1917 and tries to understand what kinds of resources family business dynasty needs. Empirically, the study is based on primary data from archives.

Theoretically, the study is rooted into the resource based view. Sinebrychoff human, social, financial, and psychological capital, might offer explanations what kinds of resources dynasty needs. Resource based view, together with both agency and stewardship theories, has widely discussed why family businesses survive through generations. Table 1 below illustrates the differences between agency and stewardship theories. It shows that the two theories concentrate on the behavior of the firm's owners and managers. However, observing merely the relationship between the principals and their trusted managers, and their traits and behavior can not yield a comprehensive picture of the competitive advantage of a firm. The firm's strategy, resources and possessed skills have significant impact on the competitiveness as well. Moreover, agency and stewardship theories discuss the cost reduction achieved by the alignment of interests of owners and managers, or by the collectivistic behavior of the steward. Naturally, competitive advantage has also other factors than mere cost reduction; firm's ability to effectively utilize its unique resources affects significantly its competitive advantage (Habbershon & Williams 1999, 6-7).

TABLE 1 Comparison of Agency Theory and Stewardship Theory (Davis et al. 1997, 37)

	<b>Agency Theory</b>	<b>Stewardship Theory</b>
<i>Model of Man</i>	Economic man	Self-actualizing man
<i>Behaviour</i>	Self-serving	Collective serving
<b>Psychological Mechanisms</b>		
<i>Motivation</i>	Lower order/economic needs (physiological, security, economic)	Higher order needs (growth, achievement, self-actualization)
<i>Social Comparison</i>	Extrinsic	Intrinsic
<i>Identification</i>	Other managers	Principal
<i>Power</i>	Low value commitment	High value commitment
	Institutional (legitimate, coercive, reward)	Personal (expert, referent)
<b>Situational Mechanisms</b>		
<i>Management Philosophy</i>	Control oriented	Involvement oriented
<i>Risk orientation</i>	Control mechanisms	Trust
<i>Time frame</i>	Short term	Long term
<i>Objective</i>	Cost control	Performance
<i>Cultural Differences</i>	Individualism	Enhancement
	High power distance	Collectivism
		Low power distance

The term “resources” refers to tangible and intangible assets, possessed capabilities on the firm level and on the employee level, organizational processes, firm attributes, information, knowledge etc. that the firm controls, and which positively affect its efficiency (Barney 1991, 101). Obviously, not all of the firm’s resources contribute to the competitive advantage. For example, firm’s employees are a resource, but if they are incapable or lack motivation, they create no advantage for the firm. According to Barney (1991, 105-106), a resource must have the following characteristics, in order to provide *sustained* competitive advantage:

- (a) it must be valuable, in the sense that it exploit opportunities and/or neutralizes threats in a firm’s environment,
- (b) it must be rare among firm’s current and potential competition,
- (c) it must be imperfectly imitable, and
- (d) there cannot be strategically equivalent substitutes for this resource that are valuable but neither rare or imperfectly imitable.

Let us observe the condition (c), resource’s imperfect imitability, more precisely, because in the context of Sinebrychoff family business it has significant

implications. In order to be imperfectly imitable, a resource cannot be acquired by other firms. A firm can have imperfectly imitable resources for one, or a combination, of these three reasons: a) firm's *unique historical conditions* provide the ability to acquire the resources, b) there is a *causally ambiguous* connection between the resources and firm's sustained competition advantage, or c) the resource is *socially complex* (Barney 1991, 107). Obviously the resources, which provide sustained competitive advantage are often firm specific, i.e. these resources are unique and cannot be transferred as such to another company. This heterogeneity of resources may give competitive advantage to a particular company (Habbershon & Williams 1999, 8).

Despite the unique and valuable resources a particular firm possesses, it probably will not achieve sustained competitive advantage, if the firm's managers are unable of managing the resources effectively. Effective resource management is a continuous process. Sirmon and Hitt (2003) proposed a three-level process model for resource management: a) resource inventory, b) resource bundling, and c) resource leveraging. (Sirmon & Hitt 2003, 344-353.) Resource inventory is like any raw material inventory; its value fluctuates in the course of time. Therefore, the resource inventory must be continuously evaluated, non-valuable resources must be discarded from it, and new, valuable resources must be added to it. Family businesses and small, young and entrepreneurial firms rarely possess all of the resources that creating a competitive advantage requires. In order to gain access to the absent resources, these firms should approach their networks and create alliances. Additionally, the obtained resources in the inventory must be bundled in to groups, which then must be effectively leveraged. Finally, the firm's competitive advantage is created through the strategy, which the managers develop by using these resources (Sirmon & Hitt 2003, 344-353).

## RESOURCE BASED VIEW AND FAMILY BUSINESSES

Family businesses have been described with such adjectives as unusually complex and dynamic, and they have been noted to hold a great amount of intangible resources. These characteristics have attracted family business scholars to apply the RBV of competitive advantage to the analysis of the family business (Habbershon & Williams 1999, 3). Furthermore, one can without difficulty observe that Barney's (1991) conditions for imperfectly imitable resources apply to family businesses, and especially their human and social capital.

Habbershon and Williams stress the inimitability of family businesses' resources. They state that family businesses do have *historically unique conditions*, such as reputation, or the organizational culture, which is based on the family's values. The authors continue by listing some of the resources that are especially related to family businesses; examples of *socially complex resources* are "deeply embedded formal and informal decision making processes in family management", unique mentoring relationship between generations, and relationships between the family and the stakeholders in the supply chain. Additionally, the authors claim that family firms "may have numerous intuitive-based resources not accounted for in the everyday assessment of their competitive advantage", meaning that they definitely possess *causally ambiguous* resources, which are difficult to discover and analyse. Thus, family businesses have the potential to obtain imperfectly imitable resources, which in turn will create sustained competitive advantage (Habbershon & Williams 1999, 12).

Sirmon and Hitt (2003) categorized family businesses' unique resources and attributes to five classes that provide competitive advantage. They are: a) human capital, b) social capital, c) patient financial capital, d) survivability capital, and e) governance structures and costs. Human capital refers to resources of individual employees of the firm, i.e. knowledge, skills and capabilities. In family firms, human capital has complex characteristics due to the simultaneous family and business relationships. On the one hand, this trait has the potential to decrease the family businesses competitive advantage, due to nepotism. On the other hand, unique relationships between family members and between family and business have been noted to create unusual commitment, and enhanced transfer of firm-specific tacit knowledge. Sirmon and Hitt conclude that human capital is the most valuable resource of a family business.

Another important resource is social capital, which includes the relationships between individuals or between organizations, and the utilities acquired from these relationships, such as access to resources held by the alliance. Patient financial capital refers to family business owners' long investment horizons, which allows family businesses to employ creative and innovative strategies, which are hard to apply, when investors are requiring fast profits and quarterly results. Family businesses' survivability capital refers to

business family members' collectivistic goal setting, i.e. the actions, which family members are willing to do for the good of the business. These include, for example, altruistic loaning, contributing, and sharing. Governance structures as a resource means that family businesses unique governance structures frequently result in low agency costs (Sirmon & Hitt 2003, 341-352).

## FAMILINESS AND FAMILY SOCIAL CAPITAL - RESOURCES UNIQUE FOR FAMILY BUSINESSES

Habbershon and Williams (1999, 11) categorized the firm level resources to four classes: *physical capital resources*, e.g. plant, raw material, and intellectual property, *human capital resources*, e.g. knowledge, skills, and training, *organizational capital resources*, e.g. culture, policies, controls, and information, and *process capital resources*, e.g. leadership, the team, and commitment to communication. According to the authors, family business literature has identified attributes of family businesses from all of the above-mentioned categories. They continue by employing the concept of "familiness", which they define to be "the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business." The concept of familiness forms a "unified systems perspective on family business", meaning that it provides a mechanism for researchers to investigate the performance of family businesses, which are noted to include "complex arrays of systemic factors that impact strategy processes and firm performance outcomes", and to lack definitional clarity (Habbershon & Williams 1999, 11; Habbershon et al. 2003, 352).

As mentioned above, not all resources provide competitive advantage. Also familiness is not inevitably a creator of competitive advantage. If its not managed and maintained, or the firm does not consider it as a valuable resource, and neglects its improvement and nurturing, familiness may become a burden. The concept of "constrictive familiness" refers to this familial burden (Habbershon & Williams 1999, 13).

The potential for competitive advantage is provided by so called "distinctive familiness". Distinctive familiness creates familial advantage, which results in inimitable offerings appreciated by the customers (Habbershon & Williams 1999, 13). Habbershon et al. (2003, 461) proposed that the wealth-creating performance of family businesses is generated by advantages provided by the distinctive familiness, which is a key-concept in their unified systems model of firm performance. Chrisman, Chua and Litz (2003, 467) commented Habbershon's et al. (2003) model, and proposed that mere wealth creation is too narrow a view of family businesses' defining function. According to their opinion, in the family business context, wealth creation, i.e. economical profit, has value only as a mean to an end. As a consequence, Chrisman, Chua and Litz (2003) substituted value creation for wealth creation in Habbershon's et al. model, and justified this approach with prior research, which has indicated that unique resources can be influenced by non-economical considerations.

According to Bourdieu (1986, p.51) "*Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition...*" Social capital is a resource, as alliances, contacts, and networks, in innovative ecosystems. (Coleman 1988). Social capital can be divided into bonding and

bridging social capital (Putnam 2000). Bonding social capital is based on ties between individuals within a group (such as ties within an owning family in a family business), while bridging social capital are the external contacts outside a firm. Both are needed, as resources, to develop sustainable innovations (Adler and Kwon 2002).

Social capital has been analysed in business studies in the contexts of networks and social contacts (Manolova et al. 2007), references and their usage (Packalen 2007), strategic alliances and ties (Yiu and Lau 2008), trust (Lei-Yu et al. 2008), networks (see for example Chua et al. 2003 or Lockett et al. 2006) and networking (Greve and Salaff 2003; Downing 2005; de Bruin et al. 2007). Individual factors such as experience, and the age of entrepreneurs, increase the quantity and quality of social capital. Social capital influences the creation of new firms and business ideas. Entrepreneurs utilize social capital to start new firms and to run existing enterprises (Greve and Salaff 2003; Davidsson and Honig 2003). Social capital, in a combination with human, financial, physical and psychological capital, is needed in innovation ecosystems. Cumulative social capital increases the likelihood of opportunity recognition, and seizing business opportunities through combining entrepreneurial actions.

Promoting attitudes, and intention to become an entrepreneur, has created a basis for entrepreneurship education. Learning to become an entrepreneur is a resource (like social capital) consuming process: it contains desirability (ideas, attitudes, beliefs), feasibility (business planning), and creation of businesses. It challenges entrepreneurship educators to teach students at different stages of an entrepreneurial career (Gasse and Tremblay 2006). While entrepreneurial culture - through entrepreneurial orientation and entrepreneurial self-efficacy - is promoted since 1980s in education, skills to increase, activate, and nurture social capital have been missing. Learning to manage social capital seems to be one of the future goals in educating entrepreneurs in innovative ecosystems. Through educating entrepreneurial orientation among students - behaviour, attitude and actions based on innovativeness, competitiveness, proactiveness, risk taking, and autonomy - entrepreneurial culture can progress through increasing entrepreneurial self-efficacy.

Sirmon and Hitt (2003, 341-352) listed five categories of unique resources, which are often linked to family businesses' competitive advantage, one of which was firm's social capital. The authors gave an example of social capital's value by referring to alliances between organizations, which provide, for example, resources that are not held by all parties of the alliance. However, social capital as a resource includes much more. Social capital's development in an organization requires four factors: time, interaction, interdependence, and closure. Evolution of lasting social structures requires time and stability. These social structures, e.g. networks, develop norms of cooperation and high levels of trust. In the course of time, roles and duties in the network become clear. Parties of social structures commit to the continuity of the relationship, and by doing so, enhance the development of other factors of social capital. Interaction, on its part, is the tool for maintaining social capital, as reciprocal interaction



within a social structure consolidates the structure's social capital. Furthermore, social capital's development depends upon mutual interdependence within a social structure. Interdependence increases the effects of cooperation, and encourages risk-taking by extending the benefits of actions from the individual level to the social structure level. Lastly, existence of closure in a social structure has been shown to positively affect the development of norms, identity, and trust.

According to Arregle et al. (2007, 76), "closure is the extent to which actor's contacts are interconnected, which affects the observance of behavioural norms." A closure separates members of the social structure from non-members, thus strengthening the norms and codes of conduct inside the closure, which in turn result in mitigated opportunism inside the social structure. Therefore, a closure creates a dense social network, which improves the transactions between network members (Nahapiet & Ghoshal 1998, 257-258; Arregle et al. 2007, 76).

Advantages that social capital provides are numerous. Nahapiet and Ghoshal (1998) identified from prior literature that social capital enhances the effects of the actions taken in the organization. They continue by noting that social capital has also been stated to reduce opportunism, due to high levels of trust it creates, resulting in cost reduction as monitoring costs decrease. In addition, researchers have found that social capital increases organizational learning and encourages innovativeness in the organization. Moreover, the authors state that social capital has a crucial role in the creation of organization's new intellectual capital. Social capital definitely has the characteristics of an inimitable resource, thus the authors suggest "in their ability to create and exploit social capital" (Nahapiet & Ghoshal 1998, 245, 260).

Family business literature has made an extension to social capital theory with theory of "family social capital" (Arregle, Hitt, Sirmon & Very 2007, 76) or "family capital" (Hoffman, Hoelscher & Sorenson 2006), which are basically two similar concepts with different names. In this study, it is referred to as family capital. Habbershon and Williams (1999, 12) noted that family businesses hold inimitable resources, which are, inter alia, causally ambiguous, i.e. it is difficult to comprehend, how the resources create the sustained competitive advantage. Hoffman et al. (2006) have proposed a model of family capital, which should assist in understanding this ambiguous link. Also Arregle et al. (2007) have formed a theory of family social capital, which, such as Hoffman et al.'s model, is based on the theory of social capital.

In the core of the social capital theory are the relationships between individuals and organizations, and the advantages gained from these relationships. These individuals and organizations form social structures, which act as incubators for social capital. An archetype of a social structure is a family, which is known to include stronger, more intense, and long-lasting ties, i.e. relationships, than other social structures. Therefore family capital can be considered to be a special form of social capital, which does not exist outside

the family structure. Furthermore, like social capital, also to family capital needs to be nurtured, maintained, and developed (Hoffman et al. 2006, 136).

Family capital manifests itself through internal and external information channels, dense closure, and family norms. Internal and external information channels refer to social networks that link them to their external environment, and which exist inside the family and the business. Efficient internal information channels may lead to high network centrality and to access to unique resources. Moreover, cohesive information channels inside the family and the business enhance communication, the transfer of tacit knowledge, and creation of new knowledge. External information channels refer to family businesses' interaction with outside organizations and professionals. Because of strong internal information channels and the family history, families are able of creating a dense closure. Dense closure enhances the evolution of family norms, since a closure mitigates its members' intentions to violate the closure's norms. Family norms form the guidelines for expected and accepted behavior of family members, and, later in the family business, they are applied to the employees as well.

Ultimately family norms will strengthen the reputation of family business, by increasing its trustworthiness in the eyes of customers and other stakeholders. In addition to the reputation, family norms intensify the collective trust, by allowing family members to rely on each other and work in cooperation. Collective trust encourages family members to contribute to the family's efforts, since they know that family will help back, when its members need it to. Lastly, family norms include identity and moral infrastructure. Identity means the separation of "us" from "them", which is enhanced by collective goals and group norms, i.e. closure. In a social structure without identity, little information will be shared or knowledge created. Moral infrastructure is "...identified as the interpersonal structure or network that reinforces beliefs about self, family, business, and the larger community and how these entities should relate" (Hoffman et al 2006, 137-139).

According to Arregle et al. (2007, 78) family social capital, i.e. family capital, influences the development of organizational social capital in family businesses. As the family is the dominant group in the firm, because of its ownership share and management positions, it has the ability to decide the direction of the firm (Arregle et al. 2007, 78). Thus, family capital is a crucial factor in family businesses competitive advantage. In line with Arregle et al.'s (2007) views of family capital is Hoffman et al.'s (2006, 137) notion that family capital in family businesses is available sooner than social capital in non-family businesses. This results from families' intense, immediate and enduring relationships. Therefore, especially beginning, family businesses do not need to develop social capital, as non-family firms do. Furthermore, family capital is unique in every family business, so non-family businesses do not have the possibility to duplicate it.

Family capital has the ability to decrease transaction costs, because of the prevalent family norms, closure, and information channels. In addition,

reputation is a valuable resource that stems from family businesses trustworthiness in the eyes of customers, and creates additional value for the family business. In conclusion, family capital is an enduring strategic resource, which probably enables family businesses to achieve competitive advantage over non-family businesses (Hoffman et al. 2006, 137-141).

## DATA AND METHODOLOGY

For the present study originally historical and cultural primary data was collected from both the Finnish Central Archive of Business Activity (ELKA) in Finnish, Swedish and Russian languages. Since the study is economic by nature, historical and cultural sources were processed from the perspectives of the transgenerational family business as well as resource-based view described previously as the theoretical preunderstanding.

In particular, data was derived from the Finnish edition of the biographic book *"Sinebrychoffit"* (Mäkelä-Alitalo et al. 2009), where the rare building schemes and portraits helped recreate the commercial spirit of the past. The internet portals *"Biographiakeskus"* and *"Sinebrychoffhistoria"* played also a decisive role in understanding social status of the Sinebrychoff family members. For increasing transparency of judgments on Sinebrychoff's merchant significant in the Finnish society, additional literature pieces were investigated. *"Venäläiset kauppiat Helsingin historiassa"* ("The Russian merchants in the Helsinki history") tells about other families, connected or non-connected with the Sinebrychoffs, who performed on the front of the Finnish industry. Another edition of *"Venäläiset Suomessa 1809-1917"* ("The Russians in Finland 1809-1917") reveals the meaning of the Russian spirit in Finland as well discusses on the cultural impact of the Russian merchants in the Great Duchy of Finland.

To find out whether the Sinebrychoff family set of values remained in the forthcoming generations, the number of end-of-year reports before merger with the Carlsberg concern was researched (Oy Sinebrychoff Ab, Toimintakertomus 1978-1979, Vuosikertomus 1980-1988). Finally, the critical reviews of the historical data as well as modern outlooks on the brewery history were received from the corporative newspaper *"Oluen Ystävät: Oy Sinebrychoff Ab:n asiakaslehti"* (1996-1999), where historical sage about Sinebrychoff founder, Nikolai, was presented.

Thus methodological choice was following: historical case study based on primary and secondary data available to understand resource based view in the Sinebrychoff family dynasty.

# **THE SINEBRYCHOFF FAMILY: FINNISH BREWERY DYNASTY WITH RUSSIAN ROOTS**

## **FAMILY BACKGROUND**

The Sinebrjuhovs emigrated from the Gavrilov district (that is located near Yaroslavl, Russia) to Vanha Suomi (Old Finland) province in Finland and were serving as army food suppliers in the end of 1790s (Kuhlberg, 2002). There was a general practice for the Empire Helsinki and Viapori to enlist to the services of Russian businesses and subcontractors (Kurkinen, 1984). Commercial success of the Sinebrychhoff family dynasty was preconditioned by an energetic start of the brewery founder, Nikolai Sinebrychhoff. Nikolai together with his brothers, Ivan and Pavel, made fortune in the Great Duchy of Finland, facilitated cultural development of the Finnish capital and brought up the next generation of family members in compliance with Orthodox traditions and family set of values.

## **1<sup>ST</sup> GENERATION OF SINEBRYCHOFF FAMILY**

First generation of the Sinebrychhoff family business, namely Nikolai, Ivan, Pavel and Anna, put the foundations, core principles and sense of responsibility to their progeny. They owned brewery and other family assets accountably to their own employees, community and Church. Success of Pavel Sinebrychhoff and outright crash of his son Nicolas are better perceived through the generational peculiarities (not the differences) and ownership strategy of each of the family members.

## **NIKOLAI SINEBRYCHOFF (1789-1848)**

Nikolai Sinebrychhoff was the elder child of the poor Russian peasant Petr Sinebrjuhov (Sinebrychhoff, around 1750-1805). It became clear that after his father's demise in 1805, 16-year-old boy, Nikolai, took full responsibility of the business activities (Mäkelä-Alitalo, 2009). Young and brave, entrepreneur open-mindedly widened the business.

Nikolai Sinebrychhoff made personal reserves both as a Helsinki merchant and, first of all, as a Viapori wine dealer and brewery owner. In Viapori Sinebrychhoff quickly increased his ownership stake. Ownership plans of Nikolai broached a possibility to saturate the market and bear the competition by means of family ownership stake beyond the alcohol sector. In 1819 as a result of the auction Nikolai purchased the monopolistic right for brewing, and two years later, in 1821, the construction of the plant in the heart of the Finnish capital had begun. In 1833 Nikolai got permission for foreign trade from the city administrative court.

His brother Pavel Sinebrychhoff worked as a translator. With the outlet to international, global in a sense, markets the Sinebrychhoff family started systematically augmenting ownership stake. Working shoulder by shoulder

with his brother, Pavel gained so required business experience to his majestic flair of socially demanded activities.

Nikolai Sinebrychoff operated in several directions simultaneously, and appropriately he was the first family member awarded with the title of Counselor of Commerce in 1835 (Oluen Ystävät, 3-4/1996, 4/1997). Business aspirations of Nikolai Sinebrychoff stretched also to Russia and Poland. Additionally, he was the chief contractor of the Uspensky Cathedral in Helsinki (the main Orthodox Church in Finland). Considerable ownership that was created by Nikolai Sinebrychoff consisted not solely of the brewery industrial investment. He was also engaged in the direct international ownership. He subcontracted stone, sand and steel to Tsarskoe Selo and Nikolaevskaja rail road building site.

On the forest tracks Nikolai found and then bought half price the fallen trees, and then sold them at a much higher price as logs for railroad ties. Export of vine was mainly into Russia and Poland, and Ivan Sinebrychoff acted as his brother's representative salesman in those countries (Oluen Ystävät, 1,4/1998). Nikolai was interested in panning for gold in Siberia. Nikolai Sinebrychoff contracted "with own materials and masters". 'Pecking order financing', or unwillingness to be dependant on the lenders' capital, was a peculiarity of the Sinebrychoff family also in the forthcoming generations.

Although Nikolai had not ever learned Swedish or lived in the mansion on Bulevardi street, he was all the time within the community circle. He had managed to establish strong liaisons with all authoritative figures in the capital. Nikolai's care of the next generations of family owners and necessity to fulfill moral functions towards the Finnish society (i.e. control the operational and sale processes in Viapori) affected Paul's and later on Nicolas' ownership style (Oluen Ystävät, 1, 2/1999).

Gross ownership value that Nikolai left to his offspring in Helsinki was about 99,300 silver rubles (according to estate inventory deeds). Two thirds (nearly 67,000 rubles) of this amount formed real estate and lots. Value of products and belongings of brewery and winery numbered 28,000 rubles that was a quarter of what was left after Nikolai's death. There were also debt notes primarily from banks (44,000 rubles).

#### **IVAN SINEBRYCHOFF (1790-1879)**

Ivan Sinebrychoff became a forceful merchant, with the assistance of his brother Nikolai. Fame of the main family business value - Sinebrychoff brewery owned by Nikolai - eased other business sectors' development and allowed Nikolai's brothers to spread web of contacts at greater speed. Nikolai had managed to broaden family success to Russia and especially to Poland.

For younger brothers, Ivan and Pavel Sinebrychoff, a new stage in life began after Nikolai's death in 1848. Ivan Sinebrychoff worked in Helsinki from 1848 until 1852 as a managing director at the brewery that belonged earlier to Nikolai (Mäkelä-Alitalo, 2009). Ivan and Pavel Sinebrychoff first of all drew a wise agreement with the husbands of their sisters: brothers-in-law were

regarded to be excluded out of all family legacies. So the family equity was not under distribution. Provisions were made for keeping family property untouched. After that brothers decided to distribute inheritance among them: Ivan received 3/4 of Nikolai's businesses and Paul - 1/4 (Kuhlberg, 2002, 152-156). Ivan Sinebrychoff received all Nikolai's Polish and Russian enterprises, whereas Pavel Sinebrychoff was endowed with the Finnish businesses. So Ivan Sinebrychoff moved to Russia, St.-Petersburg. However, brothers were taking also family liabilities to the fullest extent: in this sense, ownership was regarded as not only rights and profits, but also liabilities and responsibility.

As members of the Sinebrychoff family noted, Ivan was ill-tempered and autocratic by nature. This observation well correlates with the division of legacy, or namely with its percentage allotment. However by the end of his life, Ivan was really rich and later became the zealous believer. Ivan was remembered by the Finnish community in connection with his generous gift - Aleksandr Nevsky icon - to the Kotka Orthodox Church. Ivan Sinebrychoff died in 1879 at the age of nearly 94. Religious aspirations of the brothers passed to their children, but the core principles of the owning the family firm in accord with religion and family traditions remained safe across generational borders.

#### **PAVEL SINEBRYCHOFF (1799-1883)**

In addition to strong Russian cultural backgrounds and orthodox religious values, all members of the Sinebrychoff family easily assimilated to the circle of Swedish-speaking elite and other bourgeoisies. So was Pavel Sinebrychoff, younger brother of Nikolai and Ivan.

Commercial and financial success of Pavel started only after his brother's, Nikolai, demise in 1848. Pavel Sinebrychoff continued business of his elder brother both in Helsinki and Vyborg (Jääskinen, 2009). In the same year Pavel got married with Anna (whose contribution to the dynasty prosperity will be discussed in more details). There were born four children in their family: Maria, Anna, Nicolas, and Paul Jr. Although law made a wife of lower status than the spouse, she could influence husband's decisions at home and be a productive decision-maker at work. Behind successful males there have often been wise women. Collaboration work of the spouses, Pavel and Anna, was imbued with the strong feeling of emotional ownership and key sense of reliability towards each other (Mäkelä-Alitalo et al., 2009, 44-47). Emotional endurance of the business matters is expected to make economic growth of the family enterprise possible.

For more than fifteen years Pavel was the monopolist in wine industry. But the situation drastically changed, when exclusive trade right was given to license agency, what consequently prohibited the Sinebrychoff winery to produce: a number of competitors occurred to be reckoned with. Pavel Sinebrychoff recognized that time had come for massive investments. He was among almost every erected business beside the brewery. *Hufvudstadsbladet* (the Swedish language Finnish newspaper) wrote that Pavel Sinebrychoff

generously sponsored other developing family enterprises (<http://www.kansallisbiografia.fi>).

After limits on beer and wine production had been imposed, it was a wise decision to invest family funds into arising ventures. Pavel Sinebrychoff bought real estate from different sites of the city, bought stake in Helsinki dockyard and also acquired controlling interest in Turppa gun-powder factory, spa-hotel 'Villensauna'. As a result of diversifications of main businesses and creation of retail chain, Pavel had succeeded in multiply increasing company's turnover. And again, strategic foresight aligned with pro-active in-time ownership steps eased achieving the dominant positions in the Finnish capital niche. By the moment of his death in 1883, Pavel left for his descendants 3.7 million marks of net ownership, half of which included real estate rights (Mäkelä-Alitalo et al., 2009, 108).

As a brewery' head, Pavel belonged to most powerful citizens of Helsinki. For several years in a row he was the person with the greatest income. Moreover, in 1870s he was the biggest taxpayer in Finland, and only the Finnish Bank paid more for the state (<http://www.sinbrychoff.fi/tiedostot/sinebrychoffit.html>). Apart from business activities Paul Sinebrychoff participated in cultural development of Helsinki. In 1853 in the capital negotiations were proceeding about building of new theater. Additionally, Counselor of Commerce Pavel Sinebrychoff founded pension trust, what was a breakthrough in the Finnish social system, since there had not been any government pension provided yet. For employees Pavel constructed rental apartments and built a school for personnel's children.

Contrary to his brother and business partner Nikolai, Pavel Sinebrychoff learnt Swedish, which made possible to easier win respect and fame among the cultural elite. Advantageous marriages of daughters Maria and Anna even greater strengthened family business lead positions. Pavel Sinebrychoff was multisided, socially pro-active person. He belonged to the Helsinki city council and open-handedly helped the Orthodox Church. Pavel also participated in the activities of the Helsinki Russian Parish, donated considerable amounts to the building of the orthodox churches and rearmament as well as sponsored the iconostasis. However the Sinebrychoff family social conscience was not at all for public attention.

The Orthodox Russian patriarchic instances influenced the owning style of Pavel Sinebrychoff, although for decades of competition he learned how to make in-time radical decisions. As a distinctive feature of Pavel Sinebrychoff, he had a capability to combine traditional Russian everyday religiousness with hard-headed business principles (Vupiska, 1804). He featured more Russian religious philosophy (Tynkkynen, 2001, 68-69; Koukkunen & Kasanko, 1977), than the practicality of the big beer and vine manufacturer. Unlike contemporary Nikolai, Pavel bore more the Russian spirit.

Irreproachable family life and unfeigned respect for everyone contributing to the common good complete the attributes of Pavel's and Anna's Sinebrychoff set of values, moderate and mature in principle. There was a respect for



employees at its high, but disregard and malpractices from subordinates were instantly suppressed. Labor force was regarded by family as one of the key factors of business continuity across generations. There were legends about especially farther relations of Paul Sr. to factory employees and lower status person

Frequent fits forced Pavel Sinebrychoff, who was approaching to his 80th anniversary, to leave governance of the family firm in late 1878 and make transfer to the next generation - to his 22 years old first-born son Nicolas. Generational succession was significantly eased with establishment of a new legal structure - public limited company. So it was seen as one of the innovative steps in estate planning of that time. One of the main reasons for joint company was a possibility to retain stock within a family for future generation. Notes of proactive ownership might be considered in this respect. Apart from legal reorganization, principles of brewing did not change. On the contrary family business went on producing up-quality beer with long traditions of taste.

Pavel died in 1883. The burial service was read in Uspensky cathedral that was constructed by Pavel. Thousands of people followed the burial procession from the Uspensky cathedral to the Russian cemetery. The press underlined all achievements of the Sinebrychoff family business in the reign of Pavel were obliged to his hardworking and social status in the community.

#### **ANNA SINEBRYCHOFF (1830-1904)**

Ownership of a family enterprise usually involves creating an elaborate system of values and principles, which family members consequently rely on. In the Sinebrychoff family dynasty, in its two most prominent generations, Anna Sinebrychoff featured that value-creator and largely contributed to the international fame, both economic and social, of the brewery.

Anna was socially open and charitable person, who had taken every day's responsibilities for the common good. Anna Sinebrychoff loved and appreciated her husband, who raised their family to the unprecedented heights. Paradoxically, how only 19-years-old Anna, whose mother was a housekeeper in the Sinebrychoff's mansion, became at the age of 50 an extremely rich owner of her spouse's estate. Anna Sinebrychoff turned out to be a talented business partner and worked in pair with her husband for more than 33 years that was their whole marital life.

Anna Sinebrychoff became an influential person for the whole Helsinki city. Her business acumen and management sense were critical for widening her husband's numerous ventures. And at the age of 53, being already a widow, Anna was promoted to the position of the chief executive of the incorporated enterprise (Jääskinen, 2007). She doubled the personal property for only 20 years behind the wheel after her spouse's death. Inheritance capitals were wisely invested into more valuable government securities that gave regular increases in income. Consultants played a critical role in ownership planning of the whole family. Anna showed much sympathy towards deprived social groups, but did it mainly in private, thus avoiding public appreciation. She

constructed the school for employees' children, bought cloths for poorest pupils, supplied elders with food, and was generous at giving interest-free loans.

According to the will, Anna Sinebrychoff established two trusts, one of which was targeted at subsidizing poor pupils and another – for elder people. In the neighborhood with the Hietalahti factory Anna established the hospital in 1870s, where factory employees and members of their families could get free of charge medical treatment (Mårtenson, 1969). Additionally residents of the surrounding village were using the services of the hospital (Oy Sinebrychoff Ab:n työterveyshuollon tausta ja kehitys, 1985). Hospital had a strong social meaning. As far as is known, other factory medical points and social activities in Finland of that time were not a patch on it.

There is no reason in comparing after-demise belongings of Anna Sinebrychoff with her husband's 3.7 million marks, because descendants kept also corporation's ownership. After establishment of joint-stock company business assets were regarded differently from that of the private assets of family members. Progeny of Anna Sinebrychoff received twice as much compared to personal holdings of Pavel Sinebrychoff.

## **2<sup>ND</sup> GENERATION OF SINEBRYCHOFF FAMILY**

Second generation of the Sinebrychoff family inherited considerable ownership with fine perspectives for future success. However external forces, such as market competition and political pressure played its role in later development of the business. Nicolas' drawbacks together with Paul's saving challenges are considered in greater details to show the survivability of the Sinebrychoff businesses and role of social constituent of ownership in the industrial development.

### **NICOLAS SINEBRYCHOFF (1856-1896)**

Nicolas had not become a true businessman as was his uncle (Nikolai), rather the contrary. The elder child of the rich family grew up as a mischievous, spendthrift boy, who would have probably brought the whole corporation to bankruptcy. Due to unexpected illness of his father, Nicolas headed the business in 1878. In precious few months in the end of 1870s, however, production levels rocketed. Brewery strengthened its competitive positions and its market share in the country's scope increased to one fourth. There was a proposition that successful disposition of the Sinebrychoff business under the reign of Nicolas resulted from Pavel' and Anna's cooperative ownership in the preceding decades.

Upon the old business traditions, Pavel Sinebrychoff sent his son to acquire merchant experience in Lubeck to the Piehl & Fehling enterprise (Mäkelä-Alitalo, 2009). Inability, or rather unwillingness, of Nicolas to pursue business formal education affected his future indebtedness and passionate attitude to social affairs to a certain extent. When Pavel Sinebrychoff was forced to leave the business due to old age and bad health, Nicolas became a business

chief executive. In the same year he married to Miss Anna Nordenstamm and got connection with one of the most influential persons of that time, general Johan Mauritz von Nordenstam (Kuhlberg, 2002, 166-171).

As a general outlook, brewery and other ventures flourished during the Nicolas' time. New winery was opened in 1880, critics in the newspapers were favorable towards the vine's quality standards. During the reign of Nicolas there were built additional facilities for the brewery, created new malt and yeast storage facilities, bought extra land lots (Mäkelä-Alitalo et al., 2009, 65). Finally in 1884 the electricity encircled the whole manufacturing. Nicolas was also interested in shipbuilding and was one of the owners of Hanasaari and Blekholmen dockyards (<http://www.sinbrychoff.fi>).

Nicolas Sinebrychoff was a social person and he succeeded in cultural life as well as publicity. Upon the family archive correspondence, older family members were even concerned by Nicolas' greater interest in sailing, hunting and reading, than owning a multigenerational business. Nicolas and his wife Anna were engaged in philanthropy and so continued the old traditions of the Sinebrychoff family. In confirmation of these words, Nicolas presented to the Aleksander male gymnasium 2000 Finnish marks, which were planned to be used on acquisition of books and course materials.

One could only guess, whether reorganization of family business into public limited company in 1888 was Nicolas' merit or guilt. A few years earlier he was forced to travel abroad to improve his health – because he suffered pneumonia – and when the corporation form was settled, the Paul Sinebrychoff occupied general manager's position. Probably Nicolas was preparing some renovations of governance mechanisms, but final results did not though come up to his expectations. When enterprise went public, its joint assets were distributed in 240 shares, which total value exceeded 15,000 Finnish marks. Mother Anna Sinebrychoff retained 140 shares and every out of four children (Maria, Anna, Nicolas, and Paul) got only 25 shares. This testament had been questionable, if children would have wanted to intervene in the distribution of property, but the social and business reputation of Anna Sinebrychoff mother was so high, that no one really dared to questions their father's decision. Additionally business acumen of Anna Sinebrychoff gave profits to the whole enterprise, and everyone clearly perceived that fact. Anna Sinebrychoff hence worked as a chairman of the family business board of directors.

Such an ownership distribution led Nicolas to remarkable indebtedness, in contrast with family business' success. He mortgaged all his shares as collateral to his mother in 1888 and got a monthly provision with 1,500 marks as well as additional financial assistance. Nicolas then was taken under his mother's guardianship, and business activities led to triumvirate of Anna Sinebrychoff, Paul Sinebrychoff and Emil Kjöllfeldt. Nicolas was still on the board during 1888-1889 and served as an auditor 1891-1896 up to his decease. Together with his wife Anna Nordenstamm, Nicolas lived in Erottaja, outside the family manor house on Bulevardi.

Severe financial problems of Nicolas and simultaneously far-sightedness of his mother are better understood after calculations of remainder left for Nicolas' progeny. Mother Anna Sinebrychoff, who held under personal control all shares of her son and made payments only from these shares' income, managed to transfer to the next generation more than 300,000 marks of Nicolas' estate. Not only family ownership was not under question, but streams of extra capital entered a family harbor.

Nicolas' reign was featured by the dominance of the Sinebrychoff multiple businesses within Finland and beyond the national frontier. However excessive involvement in social activities made Nicolas the most questionable figure in the family history. With proper job trainings and contemporary strategy thinking, Nicolas perhaps did not wish to become fully engaged in the ownership of an enterprise. With assistance of his mother Anna and younger brother Paul the Sinebrychoff corporation still survived and continued into future generations. To complete the 'father-son' comparison of Pavel and Nicolas, one more member is involved: Paul Sinebrychoff, Nicolas' younger brother and prominent leader during the most complicated stage in history of the family dynasty. Transgenerational success is, hence, alleged to be a synergy of ownership principles of two generations of the Sinebrychoff.

#### **PAUL SINEBRYCHOFF (1799-1883)**

As the youngest child, Paul was the genuine family favorite. Paul's Jr. character differed from that of Nicolas: hot-tempered and unsociable, he although nobly carried family debts and continued traditions of charity by amassing pieces of art into remarkable collection (Kartio, 1994). Young Paul Sinebrychoff increased its importance among the Swedish-speaking city elite. Studies in the high school promoted Paul's language skills and after business practice abroad, he grew into an up-to-date businessman with international orientation and passion for art's collection. He kept liaisons with the Orthodox Church, held icons at his home and spoke always Russian with his compatriots (Jääskinen, 2009).

Paul's Sinebrychoff zest for honor had an effect on the spouse's selection. He fell in love with the actress of the Swedish theater Fanny Grahn. In 1883 21-years-old Fanny got married to 24 years old Paul Sinebrychoff (Kuhlberg, 2002, 174-175). With no children, Fanny concentrated more on the widening their family masterpieces and also on the philanthropic mission like her mother-in-law, Anna, did. In the surrounding social and political environment, Fanny and Paul perceived polarization of opinions, bless for being rich and curse for inability to fully affect social injustice. They got streams of money, whereas many others beggared and felt misery.

For nearly ten years, from the second half of the 1890s down to 1905-1910, the Sinebrychoff brewery production share dropped by nearly one third. Economic power of the business still grew due to in-time ownership purchases. In the 1890s during the crisis time the directory board chose Paul to face market difficulties and respond to overall competition. Paul Sinebrychoff skillfully managed the inherited multiple businesses in the period of the period of radical

changes. Managing director Paul Sinebrychoff composed a so-called triumvirate along with his mother Anna Sinebrychoff and his son-in-law Emil Kjöllnerfeldt, who both died in 1904 (Mäkelä-Alitalo et al., 2009, 83-85). In last years of his life, Paul was a single owner-manager. Family corporation had its own directorate, but it acted more as a deliberative body.

Paul Sinebrychoff was a skillful administrator as well as business renovator. He was for sure a mother's boy and inherited her financial acumen and investment far-sightedness. Paul also participated in activities of other non-family businesses and was the chairman of the Finnish Public Bank council 1907-1916 (Mäkelä-Alitalo et al., 2009, 113). Alike his father, Paul Sinebrychoff was awarded with the title of Counselor of Commerce. Unfortunately for the enlarging ideology, glorious innovations and struggling character there were not found accepted fields in the business. To Paul's ideas, pleas and arguments, proud and sometimes coarse civil servants did not have any certain reactions, so collaboration between business and prohibiting authorities failed.

Paul Sinebrychoff's wealth comprised both bank and industrial stocks. Paul bought among others voting shares in paper factory in Walkiakoski, metal company Fiskars and cotton plant in Waasa. In his stock portfolio there was additionally shares of steamship company Höyrylaiva Oy southern Finnish intercity telephone company Etelä-Suomen Kaupunkienvälisen Puhelin Oy. Dockyard in Hietalahti belonged to earlier family investments. Being major owner, Paul Sinebrychoff was elected as the governance member in Fiskars and Finnish steamship line Suomen Höyrylaiva. Bonds numbered about one tenth of Paul's security capital. All in all in the joint stock portfolio there were bonds of Finnish hypothec corporations, Finnish and Russian governmental promissory notes, and Helsinki city bonds as well industry low-priced papers.

Paul Sinebrychoff's life ended dramatically because of the heart attack in 1917. To his descendants, Paul left the biggest art collection in the Scandinavia that contains more than 700 artists' names. For the next several decades family descendants occupied leading positions in the business. However after 1970 in the management of the Oy Sinebrychoff Ab corporation there were no more representatives of the Sinebrychoff family. Nevertheless the Sinebrychoff name stays in perpetuity in the Finnish cultural and business history.

## **RESULTS**

In accord with the resource-based view on commercial success of the Sinebrychoff family, 'resource pool' first suggested by Habbershon and Williams (1999) will be used as a pattern for description of case's results. Role of leadership, capital, decision-making, culture, relationships, governance, and knowledge are analyzed to describe development of the family business.

### **LEADERSHIP**

Across the described generations of owners, leadership positions in the Sinebrychoff business were sequentially occupied by ambitious, wise, motivated and mature individuals. Transfer of leadership positions was made according to business qualifications and readiness to face market competition as well as to amass value and wealth for current and future generations. Despite the consanguinity of all owners in charge, nepotism barely existed in its direct sense: Nicolas and Paul were treated from their birth as possible inheritors, but still were treated with all seriousness, got qualifications in and outside Finland, proved own aptitude to their parents. Taking into consideration closeness of relationships between two consecutive generations, there were formal and informal leaders in the family. For instance, mother Anna Sinebrychoff not only assisted her spouse, Pavel in business and social endeavors, but also was sincerely respected by every family member.

The same attitude was granted to Nikolai, Pavel and Paul. When Nicolas was in financial troubles, the whole family united and mother Anna took decisive steps towards securing family future perspectives as well as personal ownership of Nicolas. Leadership in the Sinebrychoff family was supplemented by proactive ownership, in particular by accumulation of property around the family main asset, brewery. During 19<sup>th</sup> century, Sinebrychoff possessions spread beyond the Finnish borders in Russia and Poland, Sweden and Central Europe. Moreover, Pavel Sinebrychoff as owner-manager patronized the whole industrial development of the Finnish capital, personally participating in new ventures.

### **SOCIAL CAPITAL**

The Sinebrychoff family was an outstanding example how social interaction influences on business and ownership diversification. Partly due to mixed marriages with the powerful family branches and partly through assimilating into the Finnish cultural and political circles, members of the Sinebrychoff family gained respect and trust among the mighty of this country. Nothing out of these achievements, however, was free of charge. Stepping into new networks, family members had managed to protect their own family capital untouched. Affecting others' decisions, two generations of the

Sinebrychoffs followed the same traditional principles, relied upon the unchanged value set.

Evolution of the family dynasty features accents on commercial networking largely in the first generation, whereas the second-generation owners focused more on winning social acknowledgement and status for themselves and their progeny.

### **FINANCIAL CAPITAL**

Capital had always been a critical stone in the family business construction. There was a strict division between the equity capital and that of commercial activities. Family capital, further divided into 240 shares and consequently modified, was presenting the pledge of family independence. Flexible schemes of ownership and management of the family holdings allowed family members to preserve also the most part of the acquired assets.

Capital also played a decisive role in the ownership transition from the first to the second generation: with in-time formalities about the legal status change, family stock featured the distribution of power. Active participation in enterprises from various industries allowed securing ownership positions for years in a row.

### **DECISION-MAKING**

Power of decision-making was a collaborative meaning: across generations, no one was deprived of facilitating own ideas and putting them into practice. Nikolai Sinebrychhoff, brewery's founder and family pace-setter, defined key business principles, whereas his brother Pavel showed how ownership decisions affect the family well-being. Mother Anna Sinebrychhoff was a talented decision-maker and during all her life assisted to family members and in-laws. Younger representatives of the family branch, Nicolas and Paul, had different decision patterns, however contributed to cultural, financial and industrial growth of Helsinki.

### **CULTURE**

For the Sinebrychhoff family culture was an advantageous point: even in later generations, not described in the following study, owners of the brewery looked back to cultural impulses made by the founders. Nikolai, Paul, Anna together their children and relatives demonstrated the Russian heritage. However the cultural impact of the Russian merchant family on the territory of the Great Duchy of Finland causes number of questions. Traditionally in Finland there were prejudices towards Russians due to the cultural and religious differences.

Finnish businessmen were afraid of the possible increase in competition between the Russian merchants. The history shows that quite often Russian merchants succeeded well abroad. Social anxiety was also based on the

conqueror ideas of the Russian state towards Finland: at least after 1908 these spirits were in the Finnish masses. Also religious views differed from what Finns were accustomed to: long beards of the Russian merchants and overall appearance gave ground for biases. All in all, the Sinebrychoffs considerably contributed to building social infrastructure, cultural life of the Finnish capital and internal ethics of family employees.

### **RELATIONSHIP**

Relational unity and conformity with business interests facilitated quicker acquaintance with the foreign environment. There was a discipline in the relationship in-between family members as well as in the factory floors. Additionally number of family representatives, such as Paul and mother Anna, Anna Nordernstamm and Paul demonstrated their father attitude towards factory employees. Even in relationship with the authorities and tsar, the Sinebrychhoff family visually demonstrated advantages of proactive ownership and sense of measure: results and not flattery were the symbols of establishing good rapport with the officials by Sinebrychhoff members.

### **GOVERNANCE**

Governance was mainly aligned with the ownership functions. In the later form of corporation, the Sinebrychhoff brewery set up the advisory and directory boards, however their tasks were more deliberative, since the true power was concentrated in the main owner's hands. In the first generation, governance was distributed between three brothers, although Nikolai had also an ultimate power of all holdings. After Nikolai's demise and in future generations, ownership of the Sinebrychhoff family concentrated in St.-Petersburg, Helsinki and Poland. The Sinebrychhoff family also actively participated in the other enterprises' governing and owning. With the change of its legal status, the Sinebrychhoff brewery was still governed by closest family members.

### **KNOWLEDGE**

Being mainly practical, rather than theoretical, members of the Sinebrychhoff family acquired necessary knowledge through personal engagement into the commercial process and cooperation with the elder representatives of the industry. If the second-generation owners received proper education and honed their skills abroad, founders of the family firm gave credit for long years near production, positive impact from the growing network. Family members became wiser due to comprehending the many-sided nature of business ownership: financial and legal side was quickly understood as a mean for fulfilling social good in and for a community.



## **FINANCIAL PERFORMANCE**

As a result of collaborative occupation into the brewing sector along with participation in overall industrial development of the capital, the Sinebrychhoff family gained financial stability and even prosperity: with radical governmental measures for protecting state monopoly rights, family was able to increase its wealth due to timely investment in securities. Thus financial setback in one niche was compensated by steady increase in the other.

## **ENTREPRENEURIAL PERFORMANCE**

Entrepreneurially oriented family leaders created business value, which consisted of financial and non-financial (i.e. social) parts. Business acumen of the first-generation owners allowed family business to be creative in the later years and pro-actively face the competitive environment. In this case the success of Pavel father and failure of Nicolas son might be clearer traced: with no primary interest in governing family company, Nicolas put the longitudinal perspectives at stake. Mother Anna Sinebrychhoff, brother Paul and brother-in-law Emil with their entrepreneurial talent came to the rescue of Nicolas.

## **SOCIAL PERFORMANCE**

Finally, apart from direct involvement in firm's ownership, two generations of the Sinebrychoffs achieved the social success: their advice was listened to, their opinion counted and their participation in construction of hospital, theater, establishment of pension fund, renovation of churches perpetuated the family name in the Finnish history.

## CONCLUSIONS AND FUTURE RESEARCH

The following study historically analyzed on the most famous Finnish business dynasty, whose roots come to the Russian province. Strong emphasis on family values, Orthodox religion and proactive ownership resulted in building a corporation that was the industry brewing leader, social system pioneer and cultural standard for developing enterprises. The story of the breathtaking success and further difficulties was given in accord with the resource based view. The uniting factor for two generations of the Sinebrychoff family is eventually regarded to be based on the common religious conviction and sense of responsibility for family, society and future. Such observation gives fertile field for further research.

Orthodox Church traditions modify the life of an orthodox family and its everyday routines. Preservation of traditions gives people a possibility to favorable use positive experience of the past generations. Expectations of the new owners are also in accord with years of traditions and faith in life. The Church taught the theological values' meaning, so widely used by the members of the Sinebrychoff family. The Sinebrychoffs assimilated into the Finnish society completely and all family members received the Finnish citizenship, the Russian religious traditions were preserved and honored by the family.

In general, the Orthodox religion has gathered Russians together. Within the parish the role of the parson is in uniting believers: it represents the true power. Ties between parishes and merchant families were deep. Church traditions were found in the Russian sense, and financial sponsorship of the Church was a display of faith and socially it was a praiseworthy activity. So the contribution of the Russian merchants was remarkable especially in the development of their district parishes. Nikolai, Ivan and Pavel were still Russian at heart and spoke Russian. However gradually, due to mixed marriages, family stepped further and further towards the Swedish-language circles and Swedish culture. Eventually next generations were completely Swedish-speaking and Western-oriented.

So in the following paper an empirical influence of religious beliefs on ownership style and overall business performance will be studied. In-depth interviews are expected to be reinforced by the quantitative analysis of modern family enterprises, where religion represents one of the cornerstones of ownership philosophy.

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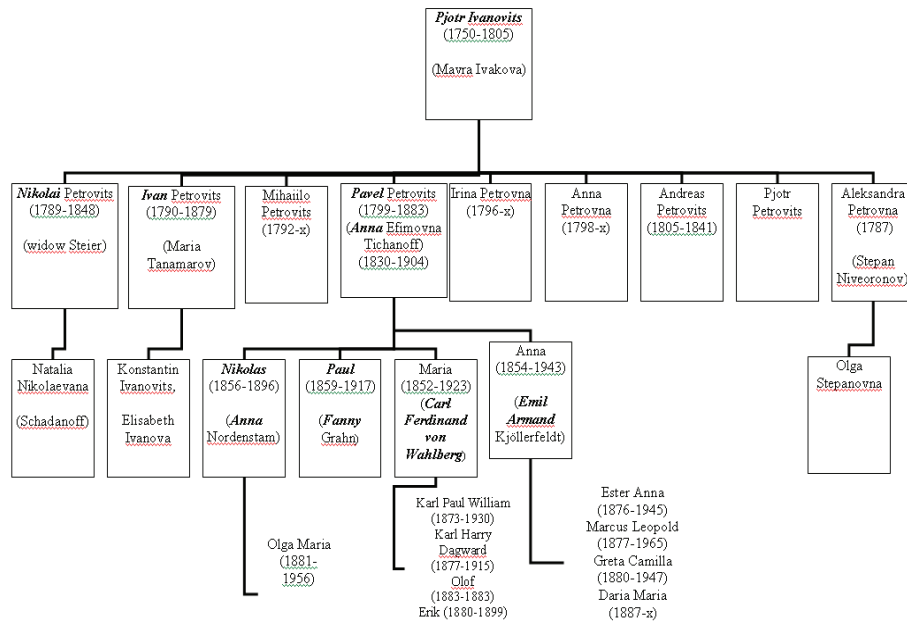


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# APPENDIX 1

## FOUR GENERATIONS OF THE SINEBRYCHOFF FAMILY

(Source: Kuhlberg, 2002, 199)



### III

## **UNDERSTANDING FAMILY DYNASTY: NURTURING THE CORPORATE IDENTITY ACROSS GENERATIONS**

by

Kansikas, J., & Nemilentsev, M. (2010)

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## **ABSTRACT**

This study aims to analyse the Ahlstrom annual reports. The content analysis contributes to family business corporate identity. According to the results family business corporate identity is based both on history and on the future. Human resource management, customer relationships, high quality, and also family ownership reflect corporate identity in large family corporations. Modern family business corporate identity is based on continuously developing the business concept and its core competency. Meeting the needs of customers and technical quality standards combined with upgrading and developing the business idea characterises family business corporate identity.

*Key words:* corporate identity, family business, annual reports, content analysis.

# 1 INTRODUCTION

The aim of this study is to analyse corporate identity in the context of multigenerational family dynasty. The study is based on conducting a content analysis of annual reports. Corporate identity among one publicly listed family corporation, Ahlstrom, will be analysed. Like Leuthesser and Kohli (1997) note the annual reports share the corporate values with stakeholders. Corporate identity can be constructed with programmes and strategic decision-making. At the same time, annual reports include mission statements: strategy in the contexts of marketing, human resource management, and supplying are described annually. Shareholders are informed about the current and future prospects.

Family businesses have a role in socializing and encouraging next generation to be entrepreneurial. Family firms have been and still are business entities with critical individualism and unpredictable fate. Sudden changes, flights and drops, occurring in the family business concern also every family member: the whole existence of the company leaves an eternal imprint on the minds of owners and their descendants. It is worth starting the discussion about the challenges awaiting family companies from the very succession – about half of all companies throughout the world undergo management and ownership transition (Danco, 1975). The latter could be proved from the historical occasions: coming out of succession proudly holding the family flag is the characteristic of only half of the family firms. There are much turmoil, internal conflicts, and absence of knowledge so particular to transformation of the business (Poza, 1997). All in all, succession might be named as one of the main challenges for the family firms ever existed.

The interest in studying family firms can be explained not only by the sheer quantity of them (in several countries more than half of all firms are family firms, Astrachan & Shanker 2006, 62), but especially by the characteristics of them. Successions are nowadays a challenging issue practically, politically, educationally and academically, as thousands of firms will face succession during the next few years. It has been estimated that the next Finnish “peak” in successions will take place between 2010-2011 (Discussion, Family Business Network Finland 2007).

Family firms need the appropriate knowledge so as to handle the successions. At the same time, family firms represent one dimension other firms do not have – family as family members, teams, owners, managers, board members and employees (see Moores & Craig 2006, 209). This is related to what Sharma (2006, 45) calls a “*family firm filter*”: the combination of the family, management and organization studies. Family brings emotions, transferred knowledge and expertise, traditions, conflicts, family harmony, and founder-successor dilemmas to business and ownership.

Succession partly defines family business management. It seems to be one of the challenges to family business continuity. Le Breton-Miller, Miller and

Steier (2004, 305) in the context of Ward's (1987) and Birley's (1986) studies, suggest that only 10-15 % of all family firms survive to the third generation. The growth from a small family firm to a family corporation is a unique process, which usually takes decades and even generations. Acquisitions, management buy-outs and management buy-ins convert family firms to non-family ones and vice versa. Family influence is still strong in management, product development and daily business operations even if the family has sold the business to non-family investors (see for example the study by Steen & Welch 2006, 299).

Fast growth is sometimes a challenge for family firms due to deeply rooted traditions and internal culture that prevents changes, opposes to risk taking and conducting turnaround strategy. Like Upton, Teal and Felan (2001, 67-69) describe, fast growing family firms share a vision and information with employees and managers on business goal setting and goal achievement. Small family business success can be explained by precise and systematic planning and the controlling of goal achievement and goal setting by the family business owner-manager (Miller, McLeod and Oh 2001, 84-86).

The conceptual definition of what a family firm is has been under active debate in recent years. Family firm is used in this study as a synonym for family business and family enterprise. In some recent research (Koiranen 2002, 178), family business has also meant the family business system (family, business and ownership). Family firms can be small, medium and large firms. Like Tourunen (2007) has analysed, 46 % of medium sized firms in Finland are family firms. Out of large corporations, every third (30 % of all large corporations) is a family corporation. Numerically speaking, most family firms are small businesses (just like the majority of all firms in Finland are small firms).

Ownership, succession, size, generation, management structures and family offer explanations about the build-up and nature of a family firm. However, like Moncrief-Stuart, Paul and Craig (2006, 216) mention, there is no generally accepted universal definition for the concept of family firm. One of the earliest descriptions of what a family firm is was made by Tagiuri and Davis (1996) which describes a family firm to be a system of ownership, family and business. These dimensions overlap in family business. Succession among the family dimensions is a typical characteristic for family enterprises. Like the early studies by Handler (1992; 1994) have suggested, succession is an interaction between the founder(s), the successor(s), the family firm (key stakeholders like top managers) and the environment (conditions and resources).

## 2 FAMILY BUSINESSES AND THEIR CHARACTERISTICS

Astrachan, Klein and Smyrnios (2006, 167) argue that firms should not be analyzed as family firms and non-family firms ("black or white"), but with a continuum of family business characteristics. On the F-PEC-scale they have suggested that firms should be analyzed in the contexts of power (P), experience (E) and culture (C). This means that family firms represent generational, managerial and cultural scales that must be analyzed in order to achieve an understanding of the family influence, as Astrachan, Klein and Smyrnios (2006) call it.

The family has a synergic impact on family business operations (Habbershon, Williams & MacMillan 2006, 78): it collects and utilizes resources and capabilities from the existing environment. Especially family business founders, have resources in the form of alliances and networks, which represent unique family resources and expertise locally and industrially. According to Heck *et al.* (2006, 86), sustainability is one of the family business goals that must be based on resource exchanges. The family and its networks help gather flexibly resources when the family firm particularly needs them.

Family business has also non-financial resources among key members and networks which are adopted and nurtured over decades. Tokarczyk, Hansen, Green and Down (2007, 29) call these resources '*familiness*', and they suggest it has an influence on the business operations and marketing in family firms. Familiness can be a reflection of family interaction and key family members' expertise. Aldrich and Cliff (2003, 590) have analyzed the role of family profile in the context of creating new ventures in family business. They argue that not only changes in family relations (marriages, funerals, birth of children, divorces and economic changes in the family), but also cultural dimensions have an impact on family business venture processes. Family characteristics challenge also resource allocation and opportunity recognition and seizing in the family business. According to Olson, Zuiker, Danes, Stafford, Heck and Duncan (2003, 659-660), family impact on business operations in the family business is much greater than the influence of business and industry on family.

Commitment, as van Auken and Werbel (2006, 58-60) suggest in the context of spousal entrepreneurship, decreases conflicts and other motivational problems in the family firm. At the same time, commitment among family members contributes to increasing overall profitability. The spousal relationship and also the whole family unity and shared values positively affect family firm performance (Lee 2006, 187). Conflicts however can have an altruistic nature (Kellermanns & Eddleston 2004, 220-222) and consequent negative impact on financial results. Like Kellermanns and Eddleston argue, family business needs sometimes conflict on the governance level. It must be tailored to firm's characteristics, ownership structure, family influence, and

strategic directions, which are based on family business culture, traditions, and future vision.

Family business topics cover such themes as succession, next generation, firm performance, founder-driven firms, family dynamics, ownership, family business management, corporate governance in large family corporations and family business growth (for a more detailed list of family business topics researched during recent decades see the article by Sharma 2006). The existence of family in business influences on management education and training as well as on academic education in business schools: the family in business makes family enterprises distinct from non-family firms (Steier & Ward 2006, 893). Family business ownership, management and business operations might differ in part from non-family firms. This can have an influence on family business education and management training. Like Craig and Dibrell (2006, 283) argue, family firms are very adaptive to environmental changes. They are very flexible that finds its reflection in changing goals and strategic goal settings.



### **3 CORPORATE IDENTITY - WHAT IS IT IN PUBLICLY OWNED FAMILY CORPORATIONS?**

Corporate identity is based on communication and interaction. It answers the question "who are we?" It can be seen as the behavior of individual and organisations. Also, symbols within an organization offers concrete explanations regarding what corporate identity looks like (Leuthesser and Kohli 1997). In family business, symbols can be the color and the name of the family. At the same time, family business reflects its values. Individual stakeholders identify themselves with the corporation through corporate identity. Flags, colors, music, logos, and other symbols might increase identification and its construction (Morsing 2006). Corporate identity is obviously a part of leadership and commitment creation: members' identification with a certain organization eventually increases motivation.

According to van den Bosch, de Jong, and Elving (2004), corporate identity is a part of corporate visual identity. Corporate visual identity is an umbrella of concepts at the strategic, operational and production levels: it covers communication as corporate image, brand, and the whole design process of marketing communication. While corporate identity is a formulation of behavior and symbols, corporate visual identity has its roots in communication science. Corporate visual identity is effectively managed by tools and assistance (van den Bosch, de Jong and Elving 2006), however it is not a project-based, linear and mechanical set of activities (Suvatjis & de Chernatony, 2005). On the contrary, it is born over the long term in family firms. According to Melewar, Karaosmanoglu and Paterson (2005), corporate identity can be influenced by planning and implementing strategy. Vision and mission statements, in both written and oral forms, concretely represent blocks of corporate identity. In its turn, annual reports are part of the corporate visual identity: they are concrete, printed leaflets of corporation existence. They create corporate identity, "what we will tell about ourselves" to stakeholders. As such, annual reports represent corporate identity as words and phrases.

David, Kline and Dai (2005) argue that corporate identity has a dual nature: it is a mix of both management expertise and values that exist in a corporation. They suggest that in marketing, corporate identity plays a role in attracting customers by understanding their behavioral patterns and collecting more revenues. Corporate social responsibility, as values, influences customers' decision-making when comparing corporate identity. However, this moves towards image: how companies are seen by outsiders. As such, corporate identity cannot be seen as a synonym for image or brand, purchasing products and services. Gray and Balmer (1998) see the roles of corporate identity and corporate visual identity differently. They suggest that corporate identity is a part of the overarching corporate reputation building process. As such, corporate identity, viewed through communication at all levels of the company, creates reputation, and the image of the company. Gray and Balmer mention

that this process is unique for each corporation, just like corporate identity, which seems to be unique for each organization.

Corporate identity as annual reports is not equal for every case, it is generally assessed by the top managers. Like Murphy (2002) mentions, these decision-makers are often male, and on average experienced managers. In family businesses, this might include family members who are active in family company management. In addition to that, corporate identity is a culturally constructed phenomenon. It reflects not just the founder's and family's culture in a family company, but also the local cultural environment and circumstances in society. According to Schmitt (1995), language and meanings as linguistic questions, and cultural understanding should be analyzed in international business operations. Corporate identity, especially in founder generation family firms, might need development and planning before entry strategy and decisions.

Like Stuart (2002) summarizes, corporate identity is presented by a company's top managers themselves, but it is not part of the visual identity. Just as in the case of annual reports, corporate identity is carefully planned and reported to all stakeholders. Annual reports document the financial data of companies in addition to mission and vision statements. Corporate identity in the context of annual reports is considered as being fully documented, planned, strategically sophisticated and showing an inner picture.

According to Stuart (2002), organizational identity differs from the corporate one by the subjects and their experiences. Organizational identity is initially created by the joint experiences of an organization and further formulated by employees. It. Corporate identity is more often developed by managers and the main strategic decision-makers. It is also visible to all stakeholders, while organizational identity can only be experienced through membership or a job at the firm.

Dowling (2004) mentions that corporate reputation, corporate image, and corporate identity were seen as synonyms in some of the 1980s and 1990s research literature. However, in recent years both the concepts of reputation, image, brand, and corporate identity have been diversified and defined more precisely by the marketing and management literature. Like Dowling (2004) suggests, corporate image is people's understanding of the firm itself. It can cause negative or positive feelings and experiences as reputation. As such, corporate identity together with its symbols and behavior reflects values stakeholders have about the business and industry itself. Corporate identity is a mix of behavior, symbols and statements in a family firm. It is decided on, managed and monitored by the top management. Corporate identity describes for stakeholders the picture managers want to share with them. At the same time, corporate identity is accountable: it is both influenced by financial data, and the quality expectations of customers and competitors.

Like Uhlander (2006, 126) mentions, a family firm can be defined as a firm *"in which the majority of the ownership resides in the hands of one family and in which at least two members from the same family either own/or manage the firm together"*.

Family dynamics and relationships, business operations, ownership plans and actions overlap in a family business. Uhlener (2006) suggests that family creates a long-term focus for the family business operations. The family interactions finally create more stability and responsibility in decision-making.

The concept of a family business can be approached through the lens of resource-based theories. The latter analyze family impact on business operations (Chrisman, Chua & Sharma 2005, 562-563). Family firms possess and manage resources which cannot be found in non-family firms, especially in the form of family capital. Like Sirmon and Hitt (2003, 345) explain, resources in the form of capital can be divided into the dimensions they have labeled as "*human, social, patent financial, survoivability and governance structure and costs*". Hence, family business resources are not only financial, but also non-financial, such as human capacities and organizational resources in the form of structures. These include managerial capital, which has a positive influence on the internationalization of a family firm (on the managerial capital's positive impact on family business internationalization see the study by Graves and Thomas, 2006:221). On the whole the resource-based view has an impact on wealth creation in family business (Chrisman, Chua & Zahra 2003, 359-360).

## 4 METHODOLOGY OF THE STUDY

This study is based on analyzing annual reports with qualitative content analysis. Annual reports were collected from the Jyvaskyla University Library and the Economic Central Archives of Finland (ELKA, located in Mikkeli). Ahlstrom's annual reports covered the years 1946-2007 (the following years are missing: 1995, 1997, 2000-2004). Only those annual reports which had descriptions and text concerning the company (instead of only financial data) were selected for the research.

Content analysis is typically preferred for understanding advertisements and printed documents (Singh and Schoenbachler 2001). Content analysis is also widely used in communication sciences. Media and news are often researched through the content analysis approach (Semetko and Valkenburg 2000). Annual reports are adopted for content analysis in order to understand family business corporate identity. Contents as phrases and words will be analyzed with qualitative methodology. Unlike Gibson and O'Donovan (2007), this study does not focus on the numeral data of annual reports. Only the written sentences, words, and phrases will be studied for deeper understanding family business corporate identity.

Content analysis can be applied to printed materials, such as mission statements, as Peyrefitte and David (2006) show in their quantitative analysis: it has both a quantitative and qualitative nature. In quantitative research content analysis can be based on generalizing the contents of the chosen research data. On the contrary, in quantitative content analysis, descriptive statistics on frequencies and on thematising the contents are conducted (Singh and Schoenbachler 2001). Codes for categorizing the data can be formulated (Farrell and Cobbin 2000). As such, quantitative analysis generalizes findings from the documents.

This study is based on qualitative content analysis due to the research topic being corporate identity. Corporate identity is better comprehended through qualitative analysis, and not by measuring the annual reports. Secondly, this study attempts to increase awareness of family business corporate identity. The qualitative approach, which thematises and interprets the findings, offers possibilities for achieving the research aims of this study. The qualitative content analysis model suggested by Bell and Bryman (2007) will represent the methodology ground. The tone of the annual reports will be taken into consideration. In general tone can be based on the research question or the research aims of the study. In addition to tone, values, principles, and practices will be analyzed in this study. *Values* reflect the contents of annual reports as corporate social responsibility. *Principles* are statements which guide the family business corporate identity. *Finally practices* are concrete acts which reflect family business corporate identity as everyday business operation. Altogether these three blocks feature the themes of family business corporate identity.

Direct quotations, like Calder and Aitken (2008) suggest, will be used in this content analysis to interpret the findings. The aim of the direct quotations in this study is also to make the results of the study accountable in the research process. Accountability in findings eventually legitimizes the qualitative analysis.

## 5 INTERNATIONALISATION FROM THE EARLY YEARS ONWARDS

Annual reports of Ahlstrom Oyj were chosen for the research. The reason for selecting Ahlstrom Oyj as a case was to understand the corporate identity in a large family business, which was recently listed on the public stock exchange (2006). Today, approximately 75 % of all shares are still owned by the Ahlstrom family branches.

Typically, annual reports also included descriptions on the current business operations, marketing and the future prospects. International business, high quality and customer needs were emphasized as the backbones of the Ahlstrom corporation (1969-1970, these years refer to Ahlström's annual reports). The family itself is viewed especially in the context of history. Ahlstrom's annual reports include the history of the factories and the family business, dating back to original stories 1850s of the founder Antti Ahlström in the 1850s. As a part of the family business corporate identity Ahlström was introduced in Noormarkku 100 years ago: *"A. Ahlström Ltd's home is in Noormarkku, which is located about 15 kilometers from Pori to the north. The name of the place is linked closely to the company's history and its development... The founder of Ahlström, farmer's son Antti Ahlström, started his business career on the Isotalo farm in Merikarvia in 1851. The business was based on forestry: the cutting down of trees and selling of the cut wood."* (1970-1971). History was also a source for inspiration for the business: *"Just like our company's founder did over 100 years ago, we will also sail to Asia to develop our teams there and to be a part of the future of that area."* (1994).

The Iittala glass factory bought by Ahlstrom was founded in 1917 (1971-1972). Iittala is a well-known brand of the Finnish glass design. Ahlstrom's corporate identity, hence, was built on the traditions of a well-known Finnish design as well as on heritage and local circumstances. Although Ahlstrom's corporate identity was based partly on history, it was connected at the same time to the present. When family ownership by the founder's descendants was mentioned along with the 140 years history, the company's modern product category, research and development, and increasing expertise was described (1988).

During the 1960s and the 1970s the role of the political decisions and society's regulations was emphasized in the business actions. Corporate social responsibility is a part of family business corporate identity. Also, stakeholder thinking was a part of the corporate social responsibility in Ahlstrom: *"Our good starting points, capable employees and positive relationships with the stakeholders, create for us hope in believing that we can cope with the changing environment."* (1987).

This was also seen as creating team spirit and an organizational culture which would be collaborative: *"Ahlström celebrates its 140<sup>th</sup> anniversary in 1990. Our industrial traditions are unexpectedly long. It must be noted also that the company*

*had been owned by the same family all the time... We are proud to continue these long industrial traditions. We will serve also in the future our customers by using our organizational expertise of engineering and business. We will trust people and they will trust Ahlström – together we will learn and develop to serve the customers even better.”* (1990).

In the 1960s and the 1970s financial politics and political decisions were reflected in the annual reports (for example annual reports of 1969-1970, 1970-1971, 1971-1972 include descriptions of political circumstances and the family business's role in them). Annual reports were based on realism. Also negative circumstances were traced: lack of demand, recession in the economy, and unemployment were described (1974-1975).

The role of employment was viewed in the corporate identity context. As such, employment was considered to have a crucial role in family business corporate identity: *“At the factories more attention was paid to employment education and the increasing of expertise. New employee recruitment is linked to education.”* (1974-1975). *“Our employees are capable and they work closely together with our customers, whom we have known often for a long time. We are trying to maintain long and trusting relations by serving our customers as well as possible during and after the delivery.”* (1987).

Employees were further groomed through education: *“Ahlstrom's group-wide performance excellence program called aPlus is designed to consolidate the know-how and experience of Ahlstrom employees and to incorporate best practices across the organization. The ultimate target is to ensure the effective running of all industrial operations in a safe working environment.* (2007). The annual reports from 2005-2007 were available in English. Direct quotations from annual reports before 2005 are translated from Finnish to English.

In the mid-1970s during the world economic crisis the role of the management in connection with the family business' future was described in the following way:

*“In autumn 1975 the board of directors accepted a strategic program. The main goal is to guarantee enough profitability in the long-term... by analyzing and recognizing future business directions Ahlstrom's top management try to guarantee the traditional position of the company as a wealthy Finnish large corporation and employer.”* (1975-1976).

Ahlstrom celebrated its 125<sup>th</sup> anniversary in 1976. The chairman of the board of directors, Börje Ahlström, described also family business traditions. He wrote that every family member who wants to work at Ahlstrom should be at least as good as any other applicant who applies for a selected position. The family business itself does not 'give' a career to any of the family members. Ahlström was also aware that the size of the family branches were increasing and that the family business might lose its nature as a family corporation. He mentioned that: *“A. Ahlström was founded as a family business... many employees who have worked at the company have expressed their gratitude for being able to work in this particular company...they work much better in a business, which has got a clear concept – in this case family – than in a company owned by thousands of shareholders, which can be anonymous and impersonal. Maybe there is something secure in a family*

*business. Due to Ahlström being a family business I can see that there are a lot of benefits for the family and for the business, and I hope that it can stay this way as long as my generation is alive... I can see that after my generation the family will have grown so large that it cannot keep the family business unity and traditions alive."* (1975-1976).

The family plays a major role in large family business corporations, as is mentioned in the following: *"Ahlström's family has remained loyal to their company, while many other family companies' holdings have changed to being faceless and heterogeneous. Antti Ahlström's descendants own about 80% of the company. Family brings continuity and patience to the business. It can be seen for example in internationalization. The company did not sell or quit the international business operations although the first years were difficult..."* (1990).

Continuous improvement was one of the goals Ahlstrom had. Renewal and technological improvements were reported in the annual reports as being issues of extra importance. Also future directions were evaluated: *"Continuous marketing, increasing productivity, product development, and precise cost monitoring were key factors in developing Ahlström and its profitability for the future."* (1980). *"Ahlström has for 135 years successfully operated as a family business. We will celebrate this by continuing to work for and maintaining the quality of the products and by serving our customers well. We believe this is the way to thank our customers for the trust they have placed in us over the long-term."* (1985).

Part of the corporate identity can be explained by entrepreneurship, and by the continuous renewing of the business and organization: *"Ahlstrom is strategically positioned on six continents. In order to provide global service to its customers, Ahlstrom is continuously evaluating opportunities to expand both its sales network and production capabilities into growing markets such as Asia, Latin America and Eastern Europe."* (2007). Ahlstrom already had international business operations from the early part of the 1900s onwards. The company evolved in the middle of the internationalization of employment and business: *"The growth of the corporation and internationalization has increased the need for employees who speak different languages, who are qualified, and who have good work motivation, at the different levels of the organization. For this reason, even more attention has been paid to human resources and on educating employees to perform more demanding tasks."* (1984).

The family business focused on core competency instead of delegating resources to different industries, as was done before the 1990s: *"Dedication to the manufacture of purely fiber-based materials and the company's global presence have helped Ahlstrom to achieve a leading position in several market segments."* (2005). *"Ahlstrom's knowledge of fibers, fiber processing, and chemicals is based on over 150 years of Ahlstrom entities operating in paper and fiber markets. The company has extensive expertise in the use of natural and synthetic fibers, their various combinations, and a wide range of chemicals."* (2006).



## 6 DISCUSSION

Based on the content analysis, tone, values, principles and practices were evaluated in the context of family business corporate identity. The chosen family business corporation, Ahlstrom started in 1851. The company has survived several successions and remained a family owned large corporation. Family members have been involved in management and on the board of directors. Ahlstrom represents a company, which has been influenced by the same owning and managing family for over 150 years.

The tone of the family business corporate identity is progressive. The family business is seen as a company which should be developed to meet future demands. *Pro*-activeness in technical research and development has sustained success of the family business. The family business corporate identity, as a tone, is active and entrepreneurial. At the same time, traditions guide the future.

Survival and continuity in the context of corporate social responsibility can be seen as a part of the family business corporate identity at Ahlstrom. The tone is also realistic, as it should be, in the annual reports, which inform shareholders and stakeholders for the better and for the worse: all negative circumstances, such as recessions, are reported.

The values which reflect family business corporate identity are

- 1) Stakeholder thinking,
- 2) Active behavior and actions, and
- 3) Long-term orientation.

Customers, employees, and the existing environment are stakeholders which guide corporate social responsibility in family business. Activeness, in decision-making, internationalization, recruiting and technical development have been some of the values which describe family business corporate identity. Being active in developing the business concept is part of the entrepreneurial family identity: every generation adopts once again the family business values. Long-term orientation in its turn is one of the values which can be seen as a part of the family business corporate identity. As a result there is an unfeigned respect for past traditions, but also an understanding that the business should be kept alive and innovative.

Principles, based on family business corporate identity, are competitiveness and international expertise. Ahlstrom's main goal has been to remain competitive by making decisions proactively: the future expectations and the current situation guide family business strategy. Profitability, even in the hard times of the 1970s, has been one of the basic principles in the family business. Family business corporate identity was based on practices such as internationalization. Ahlstrom has always been, even from the founder generation, international. Recruiting the best possible non-family and family persons to the company sustains the future of the family business.

In accord with the resource-based perspective, deliberately outlined by Habbershon and Williams (1999), awareness of non-financial resources, mostly

familial in nature, contributes to more thorough outlook of the advantages of the firm to be family-owned. Statements of mission, tones of annual reports, value settings - all this indicate the future competitive capabilities of the family business both on the individual level of owners and group level of major stakeholders.

Constitution of stable corporate identity facilitates organizational culture, while strengthening the shared beliefs' structure. Bundle of organizational resources gradually finds its reflection in the performance outcomes: the whole family firm's processes lead to a balanced competitive advantage and create preconditions for reaching a 'dynasty' status by a multi-generational family business. It's worth mentioning that psychological and process aspects of family ownership affect firm's corporate identity to a certain extent. In respect to a market position, dynasties feature edges, since its owners put weight on business values, rather than solely treating management practices. Another link to a resource-based approach in the corporate identity context rests on the more flexible work practices applied in the family dynasty: as a result internal orders re-create a certain family language stemming from effective communication processes. Finally ever-growing family motivation, patient capital and less interdependence with the macroeconomic trends leaves a sizeable footprint on the unique corporate identity of a family dynasty.

## 7 CONCLUSIONS

The family business is more than mere business – it is the social obligations, it is the buttress of the constitution of fairness and longevity (Barnes, 1991). Enriched by the shared purpose of doing things together, family members along with active non-family employees at managerial positions will be able to squeeze through the hardest ordeals and come out of all troubles as victors. And as we know, victors need never explain. Only such attitude to the family business helps it exist in the next generations (Hubler, 1999).

Through identifying possible threats to the planning process, owners and other interested parties would be able to reasonably judge about the measures on overriding difficulties, stimulate their strategic thinking and explore new opportunities for business advancement (Carlock & Ward, 2001). Entrepreneurial identity helps a family business to be prepared for succession, and international competition. Those with no intention to plan create many obstacles by their inaction. For solving the problem, clear explanation of benefits of the planning and business development is required.

Next-generation owners could be better educated during the on-job training along with tradition higher education (Carlock & Ward, 2001). For this very purpose, employment policy of the family business has to exist: the earlier, the better. Even on later stages of firm's development, when the number of employees tends to increase in the geometrical progression, owners would be ready to suppress such a tendency, and hence, save the longevity of the business. Consequently, in order to survive beyond the current generation, family business owners should not only pass the baton to their followers, but also try to maintain business practices up to standards, feel corporate identity and enlist to the support of the highly influential parties, create vast networks of subcontractors, and surround the business with loyal customers (Harris et al., 1994).

It is a matter of primary importance to preserve values and augment awareness of the necessity to run effectively. However, there are huge number of contradiction and intersections when dealing with the corporate identity. What makes it easier to maintain the healthier atmosphere among family members comes to the flashpoint in continuing the business. Such contradiction leads to a dilemma, which is formulated into the following question: "What prevents the owners to be financially healthy and happy when running the family business?" The only thing to remember is that actions undertaken by family members today will find its echo in the years to come (Mintzberg, 1994). What long-lasting dynasties correctly do is that they feel such complications as opportunities to test new tactics and dissolve all knotty points (Gregersen & Black, 2002). No one starts riding a bicycle without making a try. This is inherent to business life as well. Only from trials and failures, owners retain their business stamina.

To plan a corporate identity construction the following things might be noticed in family business:

First of all, business values are maintained within the family and inside everyone's mind (Collins & Porras, 1996).

Interaction is seen to be dramatically corrected to the appropriate level.

Anticipation of processes and policies to be employed critically contributes to the healthier inner atmosphere and pressure relief (especially concerning ownership practices and employment policy).

In addition to that, fairness and openness of the made decisions increase, which unite family members around their creation.

Finally, capital budgeting and cost analysis (Jones, 1982) can be viewed with greater preciseness and with less harm to anyone within the family business.

From the other point of view, concerns about family stability in-house may exaggerate the reasonable level, being deleterious to the business itself (Schein, 1983). Hence, family focus is easily traceable in all business affairs. Decision-making process brings in familial tones, which creates individual attributes of all without exception family enterprises. However, too many emotions at the working desk would sooner threaten the long-term success and erroneously teach next-generation members (Hubler, 1999). Leadership on the whole is put at stake: balancing family aspects with those of purely management ascertains dynasty's longevity.

As a possible avenue for future research, there is a possibility to empirically compare corporate identity constructs across the whole cultures and countries. Whether political order, social tensions and country's economic model are factors affecting corporate identity of the family dynasties is a matter of further investigations.

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**IV**

**AN INTERGENERATIONAL STUDY OF RUSSIAN  
(SOVIET) FAMILY VALUES**

by  
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## **ABSTRACT**

The following paper represents an empirical comparison of the sets of values held by the two generations of Soviet and Russian families. Changes in the life principles of common Russian families were analysed in the context of the classical value theory. Transformations in Russian and further on Soviet society were reflected in the development of the theoretical framework and the further interpretation of empirical findings. Perspectives of intergenerational continuation of family values are investigated by means of the quantitative techniques.

*Key words:* family; Russia; Soviet Union; traditions; values

## INTRODUCTION

Over the past decades there was a huge transformation of the Russian political and economic systems. The institute of Russian family also significantly changed. The vast reforms of the 1990s influenced on both working and social life of ordinary Russian families. There is still an unsatisfied demand in research about the modernization's impact on values (Gorshkov, 2000, 283; Magun & Rudnev, 2008, 34-35), which have been once created and are being currently retained in Russian families. Values changed over decades due to a number of factors that catalyzed such a motion (Zdravomyslov, 2008, 71).

Consequently, our aim is to empirically compare the sets of values shared by the two generations of families - Birth and Present (Formed). A "Birth family" is the one, where individuals are born into and where they live together with their parents and siblings. In turn, a "Present (Formed) family", is typically the one, which humans choose to form, where their children are born and where they live together with their spouses and children. The initial linkages between the family values and Russian family and entrepreneurship culture as well as the specific reasons for the value shift in the formed families are studied. We also analyze the most significant values in the respondents' Birth and Present families using the regression modelling and factor analysis' techniques.

## THEORETICAL FRAMEWORK

A value concept can be overviewed from various perspectives. To outline the definition of value, its roles, philosophical objectives as well as its phenomenological changes in a modern society, a group of authors made extensive research in the first half of XX century (Freud, 1922; Kohler, 1938; Morris, 1956; Perry, 1954). Based on the sociological (i.e. attitudinal, family) and economic (i.e. family business, entrepreneurship) definitions of values (Aronoff & Ward, 2000; Athos & Gocffey, 1968; Gatrell et al., 2001; Guth & Tagiuri, 1965; Koironen, 2002; Ozar, 1997; Rokeach, 1973), we propose that *values are any desirable end-states outlined and successively shared by the family members.*

Theoretical justification undermined some existing facts of the axiological science and created the new frontier for the applied disciplines: basic values were treated within the variety of its forms thus broadening the classical definition of value (Hilliard, 1950). The Value Theory grew substantively on the verges of the two closely connected sciences – sociology and psychology (Jones & Gerard, 1967; Mead, 1934; Smith, 1969; Williams, 1968). There was a clear shift from the separate study of values to the joint analysis of human (and partly family values) inside the pyramid of human knowledge (Lewis, 1962), attitude, motivation (Maslow, 1954) and needs (Allport, Vernon, & Linzey, 1960; Kluckhohn, 1952; Kluckhohn & Strodtbeck, 1961; Maslow, 1959, 1964).

Socio-psychologists understood values as a constituent part of the cognition process (Lovejoy, 1950; Morris, 1956), and the dynamic influence of certain values became a strategic direction of research (French & Kahn, 1962; Piaget, 1965). Combinations of values derived from the trait-names at the dawn of sociology confirmed a changeable, multi-directional nature of personality's values (Allport & Odbert, 1936; Anderson, 1968). Studying the values' significances within the panel data feature a specific niche of value research devoted to the comparison of human behavior and the behaviorist functions of values (Festinger, 1954; Goffman, 1959; Gorsuch, 1970; McLaughlin, 1965). The linkages between religious attachment of the family (or family members) and its value system were studied both in psychology and socio-psychology (Kirkpatrick, 1949; Allport & Ross, 1967; Rokeach, 1969; Stolzenberg et al., 1995). Studying pure psychological aspects of valuing (i.e. appointing certain values to the modes of behavior or judgment) were also quite topical in 1960s-70s (e.g. Anderson, 1968; McLain & Weigert, 1979; Newcomb et al., 1965).

Over the recent years, philosophical, sociological or psychological approaches can be traced in the majority of research on (family) values, thus providing a conflict-resolution scenarios with means of family/human values or explanations of the existing trends in the individual's (Elder, 1998; Kirkpatrick, 2005; Perry-Jenkins et al., 2000) or family's set of values (Rodgers & White, 1993; White & Klein, 2002; Rogers & May, 2003). There is also a layer of European and American studies focused on the educational functions of family

values stemming from the values' social roles (Johnson & Elder, 2002; Lindsay & Know, 1984; Davis-Vengoechea, 2004).

In the context of the classical value theory, values mean preferences that get its meaning as a part of a wider value system (Allport & Odbert, 1936; Kluckhohn, 1952; Rokeach, 1973; Schwartz, 1992; Schwartz et al., 1999). Value can also be interpreted as "a synonym for human indifference to a certain aspect of reality" (Magun & Rudnev, 2008, 34). Awareness of any value occurs in two cases: either the object, which is required for the development of the individual, is not present, or the possession of that object is not perceived as stable. Values direct humans' goals and behaviour, and they are primarily connected with our attitudes and motivation appearing at both collective and individual level (Ruohotie, 1998, 42-43). We thus consider any value as an abstract construction, being something humans want to aim at or live with (Hirsijärvi, 1975).

To some extent, values feature even social ideals of the beneficial goals and modes of behaviour (Meglino & Ravlin, 1998). Rokeach (1973, 11, 47) makes a distinction between the terminal and instrumental values: the former are goals and can be either personal (e.g. happiness) or social (e.g. family security), whereas the latter embrace the modes of behaviour, and can be either moral (e.g. helpfulness and forgiving) or related to one's capacities (e.g. self-control or intellect). Additionally, numerous values can be seen as simultaneously terminal and instrumental values (e.g. wealth creation or social responsibility). In principle, value systems remain stable, although changes in the culture and society transform personal experience. In accordance with the Schwartz's concept (1992, 5-11; 1999), values are partly individualistic and partly collectivistic in nature. The author created a so-called universal value field, in which values are either complementary or opposite. Ten values are as follows: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security.

Social and spiritual values shared by Russian families were studied by Russian (Soviet) philosophers and sociologists in the first decades of XX century: Berdyaev (1994, 71-80, 155), Fedotov (1931), Frank (2000, 690-697), Ilyin (1990, 182), and Lossky (1994) developed the notion of Russian spirituality in the initial cosmic unity of all the people. The moral and spiritual richness of Russian people was also highlighted in the modern studies. According to Erasov, Russian culture represents a system of spiritual production encompassing the stages of creation, storage, distribution and consumption of the spiritual values, opinions, knowledge, and orientations (2000, 60, 63-64). Russian sociologists focus nowadays more on the dynamics and comparison of the basic values of Russian people. There are significant studies of Magun (1998), Levada (1993), and Zamaleev (1997). In addition to that, a pedagogical aspect in cultivation of the moral values was investigated by Bondarevskaya (1991, 30), Reshetnikova (2008, 20-22) and Schurkova (1997, 100-103).

In order to find out, which values are shared by the members of entrepreneurial (i.e. business) families, we refer to the research done by Koironen (2002). The author explored how certain Finnish family firms, which

had been involved in business for more than one century, perceived and ranked their business values. The key values of the business families, according to Koiranen were honesty, credibility, obeying the law, quality, and industriousness. The most frequently used words for describing the owning family were following: "committed", "responsible", "fair", "hardworking", and "successful" (Koiranen, 2002, 182-183). Family values have been also explicated by Jaffe & Scott (2008, 9-12) in the unpublished report, where an earlier described concept of the organizational values is elaborated (Scott & Jaffe, 1993, 8-10).

Values shared by the "enterprising families" represent a vital, multisided tool for sustaining the generational transfer in their family businesses. This *Values Edge Model* comprises variables related to Self-Expression (e.g. creativity), Inner Development (e.g. Inner Harmony), Lifestyle (e.g. Work Life Balance), Tradition (e.g. Stability), Relationships (e.g. Collaboration or Friendship), Mastery (e.g. Achievement), and at the top of the pyramid there are intrinsic values like Integrity or Trust. Intrinsic values are those that can be considered "good" in and of themselves and that are also central to people's basic beliefs. In line with the above mentioned concepts, Aronoff and Ward list twenty values that are typically established in the successful business families: accountability, adding value, collective good, valuing input and interaction, education and development, ethical conduct, focus on values, fun, justice, meritocracy, openness, practical realism, risk-taking, self-reliance, servant leadership, social purpose, entrepreneurial spirit, stewardship, trust, valuing stakeholders (Aronoff & Ward, 2001, 37). Although developed in a family business context, the major part of these variables might be applied for enhancing an understanding of the family values (e.g. families with or without a business).

An issue of the continuity (i.e. succession) of family values was largely discussed in the previous decades by the Russian (Soviet) and foreign researchers. Dement'eva stressed an importance of the emotional attachment of the younger family members to their elderly parents in the socialist society (2008, 191). The author makes the parallel with the socialist family values delineated by Matskovsky (1989, 44): all-round development of personality, happiness of each family member. A "home function" of a family, according to Dement'eva, is reflected in mutual aid, support, and a high level of mutual trust (2008, 191).

Contemporary values of the Russians may be interpreted through the lens of Soviet heritage (less the ideological constraints). Society was labor-oriented in the Soviet Union. Work thus acquired a sacred meaning for every Soviet citizen. In contrast, the majority of contemporary Russians see the main purpose of labor in meeting consumer needs of their families. Generated by social relations and social ideals, the ideological motives of work occupied the essential place in the overall hierarchy of values in the Soviet families (Magun, 1998, 115, 122). The socialist ways of child-rearing and education were entirely focused on the formation of the optimal structure of value orientations of the

younger generation, which largely contributed to the preservation of family values and succession of family traditions.

Relying on the above-considered theoretical concepts and justifications, we selected 46 values for the present study, which were classified according to the two sets of values – terminal and instrumental. These values were outlined by Rokeach (1973) and additionally the ten basic value types were described by Schwartz (1992, 2006) (See Table 1). We also applied the scheme of the five value orientations with the postulated range of variations developed by Kluckhohn and Strodtbeck in the Harvard Values Project (1961). 39 out of 46 listed values (about 85%) can be described in the following sense: *Good* or *Mixture of Good-and-Evil* in relation to the human nature orientation, *Harmony-with-Nature* in relation to the man-nature orientation, *Present* and *Future* in relation to the time orientation, *Being-in-Becoming* and *Doing* in relation to the activity orientation, and, finally, *Collaterality* or *Individualism* as the relational orientation. In some cases, the original names of the Rokeach's or the Schwartz's values are presented with minus suggesting that our values have the opposite meanings. The larger share of the 46 values is terminal, since these values indicate about the respondents' willing end-states first in their Birth and later Present families.

Attribution of the listed values to the Schwartz's ten basic values' categories was done in concordance with the general psychological portrait of Russian employees, who worked for hire in USSR and modern Russia (Kochetkova, 2003). As one of our research accomplishments, the analyzed family values were placed to the four family value orientations: material (economic), social (a collective level), social (an individual level), and future (continual). The fourth orientation encompasses those family values, which are pursued in the (foreseeable) future: therefore there are no fits in the second (Instrumental) column among this orientation.

Consequently, we can expect that the following trends (i.e. hypotheses *H1-H3*) between the selected family values belonging to the four outlined family value orientations will be identified:

*H1*: Future (continual) orientation of family values positively influence on the quality of family life

*H2*: Family values of material (economic) and social (on the collective level) orientations are less significant than family values of social (on the personality's level) and of future (continual) orientation.

If it is confirmed that, with the increase in "social" family values at the individual and collective levels (the second and third groups in the table), the "future-oriented" family values (the fourth group in the table) are also growing, then we will have a multitude of structures of family values in the respondents' families arranged according to a leading value (i.e. the best explanatory factor in the context of factor analysis).

*H3*: Social family values (on both collective and personality's levels) are the best predictors of the most significant Birth and Present family values.

TABLE 1 Sets of family values and family orientations

<i>Sets of values</i> ----- <i>Family Value orientations</i>	<i>Terminal*</i> (Family values)	<i>Instrumental*</i> (Family values)
(I) Material (Economic) orientation	<b>Prosperity</b> (R**: A comfortable life; S**: Achievement); <b>Balance work/leisure</b> (R: A comfortable life; S: Self-Direction); <b>Aim to become wealthy</b> (R: A comfortable life; S: Stimulation);	<b>Need for achievement</b> (R: Ambitious; S: Achievement); <b>Risk taking</b> (R: Ambitious; S: Stimulation); <b>Ambition</b> (R: Ambitious; S: Stimulation); <b>Creativity</b> (R: Imaginative; S: Stimulation); <b>Austerity</b> (R: Self-controlled; S: Self-Direction); <b>Courage</b> (R: Courageous; S: Stimulation); <b>Self-initiative</b> (R: Imaginative; S: Stimulation);
(II) Social orientation – Collective level	<b>Mutual trust</b> (R: Ambitious; S: Security); <b>Belonging</b> (R: Equality; S: Security); <b>Thankfulness</b> (R: Social recognition; S: Benevolence); <b>Friendship</b> (R: True friendship; S: Tradition); <b>Cohesiveness</b> (R: Equality; S: Conformity); <b>Joint learning</b> (R: True friendship; S: Tradition); <b>Collaboration</b> (R: True friendship; S: Tradition); <b>Satisfaction with life</b> (R: A sense of accomplishment; S: Achievement); <b>Joint plays</b> (R: True friendship; S: Tradition); <b>Conflict resolution</b> (R: A world at Peace; S: Benevolence); <b>Relaxing climate</b> (R: Inner Harmony; S: Security);	<b>Open communication</b> (R: Broadminded; S: Security); <b>Power game</b> (R: -Freedom; S: Power); <b>Open mindedness</b> (R: Broadminded; S: Stimulation); <b>Mutual help</b> (R: Helpful; S: Benevolence);
(III) Social orientation – Personality's level	<b>Faith in God</b> (R: Salvation; S: Tradition); <b>Pleasure</b> (R: Pleasure; Hedonism); <b>Excitement</b> (R: An excited life; S: Hedonism); <b>Inner growth</b> (R: Wisdom; S: Self-Direction); <b>Recognition</b> (R: Social recognition; S: Benevolence); <b>Personal freedom</b> (R: Freedom; S: Self-Direction); <b>Spirituality</b> (R: Salvation; S: Tradition);	<b>Fairness</b> (R: Honest; S: Conformity); <b>Forgiveness</b> (R: Forgiving; S: Benevolence); <b>Honesty</b> (R: Honest; S: Conformity); <b>Responsibility</b> (R: Responsible; S: Benevolence); <b>Respect</b> (R: Responsible + Obedient; S: Tradition); <b>Tolerance</b> (R: Self-controlled; S: Conformity); <b>Obedience</b> (R: Obedient; S: Conformity);
(IV) Future (continual) orientation	<b>Consistency</b> (R: A world at Peace; S: Security); <b>Tradition</b> (R: Salvation; S: Tradition); <b>Serenity</b> (R: A world at Peace; S: Security); <b>Disputes</b> (R: -A world at Peace; S: -Security); <b>Experienced safety</b> (R: Family security; S: Security); <b>Harmony</b> (R: Inner harmony; S: Security); <b>Stability</b> (R: A world at Peace; S: Security);	

\* The names of the sets of values were derived from the paper on the Value Theory written by Rokeach (1973).

\*\* The label "R" corresponds to the Rokeach's list of terminal and instrumental values, whereas the label "S" – to the Schwartz's ten basic values.

All inferences of the three main hypotheses need to be tested. Confirmation of these effects in the empirical data means that the hypotheses are correct, and that family relationships are highly developed within the group of respondents. Rebuttal consequences mean the following: a) a false hypothesis; or b) family relationships are weakly developed; or c) a method of testing the hypothesis is wrong. Additional working hypotheses were set during the analysis and certain improvements in the scheme of analysis were made. However, they did not change the fundamental picture of our research.



## DATA AND METHODOLOGY

In the comparative study, 46 variables measuring family values were analyzed. The glossary of the seventeen key values is presented in the Table 2. The scale is designed to compare, to what extent the listed values prevailed in the Birth family (when the respondents were 16 years old) as well as in the Present (formed) families. We interviewed 206 individuals, whose age varied between 35 and 50 years inclusively by the moment of the survey, first personally (or via telephone sessions) on 46 values shared or not shared in their Birth and Present (formed) families.

Any research partly or directly connected with the context of family business in Russia raise a number of concerns. First of all, to decide on the sample or the volume of Russian family-owned enterprises there should be a clear definition of 'family business' in the Russian legislation. Russian civil and family codes differentiate companies only on the basis of its size (i.e. small, medium-sized or big). A comparative analysis of the laws, normative regulations, empirical research and publications (Federal Law #209, 24.07.2007; Federal Law #74, 11.06.2003; Decree #714, 14.05.1996; Polilov, 2003) let us suppose that about 35% of SMEs are family businesses.

That is, according to the last published date of the Federal Bureau of Statistics in 2010-2012, family enterprises employed more than 10,5% of the total able-bodied population (about 17,5% in St.-Petersburg). At the same time, about 12,75% of the state tax incomes parliament of St.-Petersburg received from small family businesses (i.e. family enterprises in the form of limited companies with less than 50 employees and earnings lower than 400 million rubles). In 2009-2011 there were on average about 575,000 family enterprises in Russia. However, the major part of owners, managers and employees in such enterprises do not associate themselves as the members of family businesses. Therefore our first initiative was to outline family values of the personnel in a typical Russian family business irrespective of their relation to the owning family (i.e. family, non-family).

The respondents gave their interpretation of the most significant family values. In order to prove the logical pattern of their answers, we made a list of the family values' elements, which contained 12 statements to be evaluated by the interviewees. All the interviewees either currently work or were until recently employed in one of the ten family companies on the executive and non-executive positions. However, we did not set the target to outline the difference between the family values shared by the family and non-family personnel of the selected enterprises. One half (i.e. five) of the selected family businesses constitute the group of family businesses and another half of family companies represent their main partners. The studied family business group is presently owned and run by the four families with the main family on top of the whole group. We thus investigated, which family values share the present or former employees of the family businesses including those people who stay on top of

the management and the ownership in these companies. We did not however differentiate the answers of the employees and their employers, since the object of analysis is family and not the business, although with the implications for the family business field.

TABLE 2 Glossary of the key family values

No	Key Values	Description	Birth Family - SD	Present Family - SD
1	Mutual Trust	a belief in the honesty and reliability of each other shared by the two or more family members	.827	.799
2	Need for Achievement	an internal necessity to act with the target of accomplishing something	.930	.927
3	Risk Taking	a capability of undertaking ventures without fear of possible loss	1.025	1.138
4	Faith in God	a strong belief in a supernatural power that controls human destiny	1.225	1.158
5	Fairness	an ability to make judgments free from discrimination or dishonesty	.885	.714
6	Ambition	a cherished desire and strong drive for success	1.109	1.112
7	Tradition	an inherited long-standing pattern of thought or action	.871	.975
8	Open communication	an activity of open conveying information and free connections between family members; conveying information, thoughts and feelings in an unrestricted way	.917	.806
9	Friendship	a state of being friendly within and beyond the family	.934	.806
10	Joint Learning	cognitive process of acquiring skill or knowledge shared by two or more family members	1.225	1.134
11	Harmony	compatibility in opinion and action	.892	.884
12	Collaboration	an act of working jointly on reaching shared goals	.934	.964
13	Creativity, Inventiveness	a capability of creative imagination	1.025	1.050
14	Helping each other	co-helping atmosphere within the family	.817	.866
15	Responsibility for the nearest people	a state of being answerable to your family	.757	.756
16	Respect	behavior intended to honor your parents and close relatives	.826	.775
17	Self-initiative	an ability and willingness to start new ventures and behave proactively when seeing new opportunities	.875	.937

Data was gathered via personal interviews, post questionnaires and telephone communication. The certain age -16 years - was chosen as a critical edge, when people start usually thinking of creating their own families and developing their career (i.e. the adult life). In addition, respondents have already been sixteen years old before 1991 – the year, which is considered as a turning point both socially and economically in the former Soviet Union and the later Russian Federation. Our key findings were reasoned by the respondents' answers on a five-point Likert scale. All the replies were handled confidentially.

As the methods for our study, we enlisted to the descriptive statistics (Means, Variations, and Frequencies) (Kim & Mueller, 1978; Gorsuch, 1983), data reduction (Factor Analysis with Varimax rotation and Kaiser Normalization) (Dunteman, 1989; Thompson, 2004) and multiple linear regressions (Enter and Stepwise regression methods) (Izeman, 2008; Marczyk et al., 2005; Seber & Lee, 2003). Factor analysis was designed for outlining a dimensionality among the observed variables. In turn, the regression analysis helped us to predict the most significant values in the both Birth and Present families of the respondents. Within the factor analysis' method, rotation

techniques were given the prior importance (Ho, 2006; De Pelsmacker et al., 2008). One of the primary objectives of the factor analysis was to determine the comparative "weights" (significances) of the main factors included in the system (see Figure 1).

## RESULTS

At the first stage, we present the statistical summary. All the respondents live in the North-Western region of the Russian Federation. An average age of a respondent was 41,71 years ( $\text{Std.Err.Mean}_{\text{AGE}} = 0,331$ ;  $\text{Std.Deviation}_{\text{AGE}} = 4,747$ ). About a half of the respondents are however in their 40-s (47,6%). By the moment of the respondents' sixteenth birthday, their Birth families had from 1 to 2 children in 75,2% of the cases and from 3 to 7 children in 24,8% of the cases. There are although families which do not have a child yet (27,2% of respondents).

The distribution according to gender is quite equal: there is however a slight preponderance of male representatives (51%). 83,5% of the respondents are married or live with their partners: more than half of the informants are in their first marriages (58%), while 14,5% are divorced. There is continuity in the professional occupation in the respondents' Present families: 70,9% of the respondents are currently employed in one of the businesses, while 22,3% have already started their independent career. The lowest number of the interviewees (2,9%) are retired. There is a comparatively small, but stable trend towards self-employment among the younger generations. Respondents called values "Helping each other" (the most frequent - 7,3%), "Tradition", "Friendship", "Belonging", and "Harmony" as the most significant value in their Birth families. In contrast, the values "Spirituality" (5,8%), "Helping each other", "Respect", "Responsibility", and "Mutual trust" were seen as the most significant value in the respondents' Present families.

Secondly, we built a graph of interaction of the main factors influencing the extent and quality of the continuity of family traditions in the respondents' Present families (Figure 1). The methodological pattern was developed from Zravomyslov and Yadov's study of Soviet and Russian workers (2003, 131-150). Three specific factors were expected to directly affect the continuity of traditions to the utmost extent: "Harmony", "Stability" and "Serenity".

Other direct specific factors, which describe either social or spiritual family values, are conditioned by the three "leading" factors. According to the graph, "Faith/Spirituality" acts as a stimulating factor with the highest loading, since it has the overwhelming number of connections with the other factors. It proves the first hypothesis (*H1*): some pre-emptive effect of the factor "Serenity" on the quality of the continuity of family traditions in comparison with two other factors of the fourth-category values "Stability" and "Harmony" allows us to make an important conclusion. The inner peace, serenity of spirit in other words, is more important than the external peace (that is, harmony and stability) in the Birth and Present families of respondents.

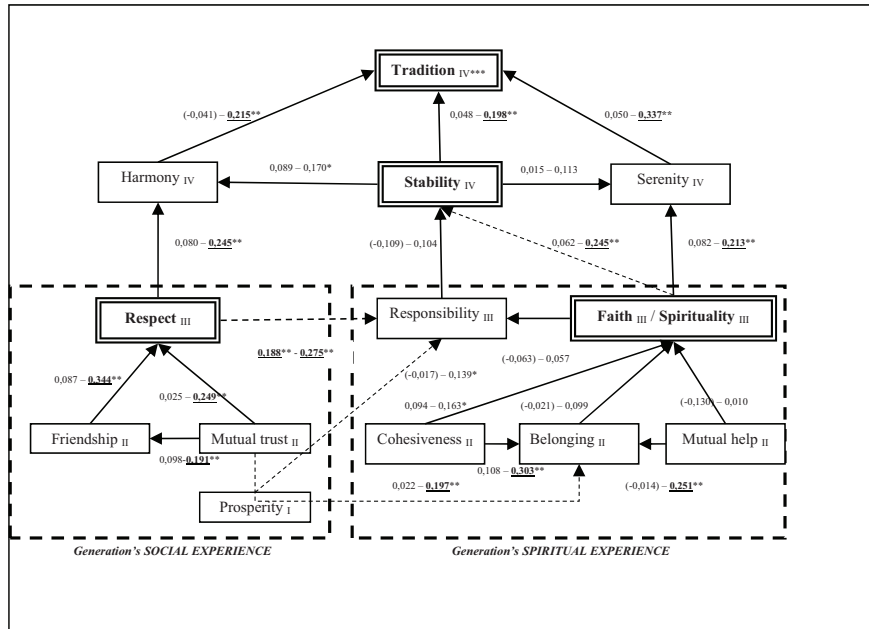


FIGURE 1 A graph of interaction of the main factors influencing the extent and quality of the continuity of family traditions

\* The vertices of the graph are connected by arcs that correspond to the Spearman rank correlation coefficients. We present only those links between the nodes (values) that were identified by the respondents as most important

\*\* Spearman coefficients marked with one star (\*) mean that they are significant at 0,05 level (2-tailed), and with two stars (\*\*) - at 0,01 level (2-tailed)

\*\*\* The Roman numerals reflect the category which the given value belongs to.

Thirdly, using the Stepwise method, we built about 50 regression models (including from three to four developments of the original 15 regression models). Altogether, 92 (i.e. 46 and 46) variables were used in predicting the most significant values in the respondents' Birth and Present families. In particular, the Present family's values were predicted twice - first with only Present family's values as the predicting variables, and second - including also the Birth family's values.

TABLE 3 Summary table of the regression analysis

Model	Dependent Variable	Independent Variables*	R	R Square	Sum of Squares: Regression	F (Sig.= ,000)	UnStd. Coeff (B)	t (Sig.)
RBF_4. dev. #1**	<i>Friendship<sub>1</sub></i> , **	constant	-	-	(total: 133,679)	-	,753	1,781 (.077)
		Cohesiveness <sub>1</sub>	,381	,145	19,361	31,332	,305	4,797 (.000)
		<i>Tradition<sub>1</sub></i>	,453	,205	27,378	23,695	,163	2,487 (.014)
		****Children (BF) <sub>1</sub>	,501	,251	33,519	20,414	-,130	-2,902 (.004)
		Open mindedness <sub>1</sub>	,529	,280	37,376	17,659	,145	2,537 (.012)
		Responsibility <sub>1</sub>	,546	,298	39,782	15,337	,133	2,073 (.040)
		Resolving conflict <sub>1</sub>	,560	,314	41,941	13,715	,143	2,058 (.041)
RBF_5. dev. #1	<i>Harmony<sub>1</sub></i>	constant	-	-	(total: 132,749)	-	,352	,810 (.419)
		Joint plays <sub>1</sub>	,448	,201	26,656	46,482	,272	4,694 (.000)
		Joint learning <sub>1</sub>	,492	,243	32,196	29,458	,166	3,163 (.002)
		Cohesiveness <sub>1</sub>	,517	,268	35,536	22,298	,119	1,958 (.052)
		****Mother employment	,539	,291	38,575	18,638	,163	2,970 (.003)
		Mutual trust <sub>1</sub>	,557	,310	41,169	16,274	,160	2,230 (.027)
		Responsibility <sub>1</sub>	,570	,325	43,117	14,431	,125	1,978 (.049)
R(B/P)F_1. dev. #2***	<i>Spirituality<sub>2</sub></i>	constant	-	-	(total: 237,934)	-	-,397	-,996 (.321)
		Faith in God <sub>2</sub>	,707	,499	118,818	180,546	,558	9,233 (.000)
		Spirituality <sub>1</sub>	,775	,601	142,903	135,338	,332	5,884 (.000)
		Inner growth <sub>2</sub>	,791	,625	148,714	99,452	,175	3,682 (.000)
		Power game <sub>2</sub>	,800	,640	152,385	79,266	,112	2,453 (.015)
		Open mindedness <sub>2</sub>	,810	,655	155,937	67,321	,168	3,025 (.003)
		<i>Helping each other<sub>2</sub></i>	,818	,669	159,121	59,222	-,179	-3,156 (.002)
		Pleasure <sub>1</sub>	,825	,681	161,991	53,326	-,150	-2,803 (.006)
R(B/P)F_4. dev. #2	<i>Responsibility (for the nearest people)<sub>2</sub></i>	constant	-	-	(total: 131,257)	-	1,315	2,938 (.004)
		Responsibility <sub>1</sub>	,496	,246	32,243	58,940	,447	7,061 (.000)
		<i>Helping each other<sub>2</sub></i>	,536	,287	37,732	36,310	,157	2,658 (.009)
		****Children (PF)away	,560	,314	41,200	27,297	,209	2,924 (.004)
		Resolving conflict <sub>2</sub>	,582	,339	44,534	22,852	,161	2,690 (.008)
		Disputes <sub>2</sub>	,606	,367	48,168	20,522	-,125	-2,846 (.005)
		Excitement <sub>2</sub>	,620	,385	50,532	18,362	-,122	-2,514 (.013)
		Belonging <sub>2</sub>	,635	,403	52,873	16,864	,136	2,286 (.023)

\*Independent variables and other statistics are given according to the order of inclusion by the Stepwise method of linear regression.

\*\*Values in *Italic Bold* are the most significant in the respondents' Birth and Present families; Indices <sub>1</sub> and <sub>2</sub> mean whether the value (i.e. variable) describe a Birth family value or a Present family value respectively.

\*\*\* RBF\_4. dev. #1 means that it is the first development of the fourth regression model (constructed with the Birth family's values), whereas RPF\_1. dev. #2 means that it is the second development of the first regression model (constructed with both Birth and Present family's values).

\*\*\*\* "Children (BF)" indicates the number of children living in the Birth families of the respondents (i.e. respondents plus their siblings); "Mother employment" unites the respondents' answers about their mothers' professional occupation; "Children (PF)away" shows how many of the respondents' children have already left home and started their independent life.

The best regression models are presented in the Table 3. At the next stage we analyzed the elements of the regression equations and found out that from 5 to 7 out of 8 first predicting variables selected by the Stepwise method (depending on whether the predicted variable represented a Birth or Present family's value) were included in II or III family value orientations. The following variables had the highest predicting power in the Birth family's regression models: Cohesiveness, Honesty, and Thankfulness. In turn, Belonging, Collaboration,

Responsibility for the nearest one, and Faith in God were marked as the best predictors in the Present family's regression models. In other words, the first member of all the regression models was predominantly a social family value, which confirms our third hypothesis (H3).

"Friendship" and "Harmony" are shown to be the best predicted values in the Birth families. According to the last fifth model, harmony in the respondents' Birth families could be increased through the joint family plays and hobbies, an ability to learn from everyone's experience, cohesiveness of family members, mother's working experience, mutual trust, and a sense of responsibility for everyone in the family. In turn, "Spirituality" and "Helping each other" were the most predicted values among the Present family most significant values. The most significant values of the

Present families are generally better predicted. R Square varies from 0,351 (the lowest value in the model with "Mutual trust" as a dependent variable) to 0,693 (in the best explanatory case of the "Spirituality" variable). The quality of the model is relatively high, since R coefficient is 0,832. Spirituality in the Present families of the respondents diminishes with the growth of mutual help and pleasure. An integral analysis of the Birth and Present family values gave the following results.

The strongest correlation (although relevant for the model) is between "Spirituality (Birth family) and "Faith in God" (Present family) (= 0,571), while the weakest correlation is between "Enhancement of inner growth" (Present family) and "Pleasure" (Birth family) (= 0,004). The correlation between the factors and the dependent variable is quite high (R = ,832). F-statistics (= 48,982) is significant at the 0,000 level.

At the next fourth stage, we made 20 factor analyses (5 - with Birth family's values, 5 - with Present family's values, and 10 - with Birth and Present families' values). Additionally, these analyses included from 2 to 7 modulations each. The best explaining models are shown in the Table 4. Squared loadings and component coefficients are presented after the Varimax rotation with Kaiser Normalization.

Factor analysis of the respondents' family values showed that "Faith in God" ("Spirituality"), "Need for Achievement", "Tradition" and "Ambition" were most frequently used as the first components in the constructed "Birth family" factor models, whereas "Serenity", "Respect", "Prosperity", and "Experienced safety" - in the "Present family" factor models. The Varimax rotation gave certain corrections to the sums of the components' squared loadings: on average, squared loadings on the first components of the built models decreased by 2,41%, while on the second and third - increased by 1,78% and 3,09% respectively.

TABLE 4 Summary table of the factor analysis

Model	Components	Extraction Sums of Squared Loadings			Rotation*** Sums of Squared Loadings			Component coefficients (r)	Rotated Component coefficients (r)***
		Total	Variance %	Cumul . %	Total	Variance %	Cumul . %		
FBF_3 . #2**	1. Faith in God <sub>1</sub>	1,710	34,203	34,203	1,663	33,257	33,257	,876	,914
	2. <i>Belonging</i> <sub>1</sub> *	1,166	23,322	57,525	1,200	24,007	57,263	-,802	,792
	3. Responsibility <sub>1</sub>	1,077	21,535	79,059	1,090	21,796	79,059	,895	,916
FBF_5 dev. #4	1. <i>Faith in God</i> <sub>1</sub>	1,661	83,044	<u>83,044</u>	-	-	-	,911	-
FPF_1 . dev. #3	Prosperity <sub>2</sub>	1,316	43,850	43,850	1,304	43,457	43,457	,763	,829
	Responsibility <sub>2</sub>	1,046	34,856	<u>78,706</u>	1,057	35,249	78,706	,933	,956
F(B/P)F_4 dev. #4	Fairness <sub>1</sub>	1,307	43,554	43,554	1,303	43,442	43,442	,798	,812
	Stability <sub>2</sub>	1,003	33,437	<u>76,991</u>	1,006	33,549	76,991	,986	,993
F(B/P)F_10 dev. #4	Spirituality <sub>1</sub>	1,589	31,784	31,784	1,513	30,255	30,255	,830	,824
	Forgiveness <sub>1</sub>	1,055	21,092	52,876	1,083	21,662	51,917	-,335	,903
	Gender****	1,006	20,117	<u>72,993</u>	1,054	21,077	72,993	,092	,850

\*Values in *Italic Bold* are the most significant in the respondents' Birth and Present families. Indices <sub>1</sub> and <sub>2</sub> mean whether the value (i.e. variable) describe a Birth family value or a Present family value respectively.

\*\* FBF\_3. dev.#2 means that it is the second development of the third factor analysis' model (constructed with the Birth family's values), whereas FPF\_1. dev.#3 means that it is the third development of the first factor analysis' model (constructed with the Present family's values). Finally, F(B/P)F\_4. dev.#4 means that it is the fourth development of the fourth factor analysis' model (constructed with both Birth and Present families' values).

\*\*\*Extraction method: Principal Component Analysis; Rotation method: Varimax with Kaiser Normalization.

\*\*\*\* "Gender" is the variable describing sex of the respondents.

The explaining power of the three components on average are as following: Component 1 - 36,38%; Component 2 - 28,00% ; Component 3 - 21,08%. We also measured the relative percentage of the explained variance depending on the number of components involved in the model construction. For example, four-component models turned out to be the most efficient (on average 65,91% of the explained variance) followed by the three-, two- and one-component models (60,66%, 57,09% and 53,89% respectively). However, there was a peculiar observation regarding the increase significance of the spiritual life in the contemporary families: the factor "Faith in God" (in one-component factor model) solely explained more than 83,04% of the variance regarding the responses about the Birth families' values.

Finally, we compared the alternative estimates of the various elements of the respondents' Present family values. According to the Table 5, unity is the most significant element of family life (and one of the key family values) that contributes to the continuation of family tradition from generation to generation. "Harmony" is the second in the list of values followed by "Respect" and "Inner peace".



TABLE 5 Comparison of the alternative elements of family values

Order of importance	Estimated elements of family values	Family value orientation (I-IV)*	Respondents satisfied with family life (v <sub>1</sub> ) (N = 109**)	Respondents unsatisfied with family life (v <sub>2</sub> ) (N = 54)	The estimates' differential (w = v <sub>1</sub> - v <sub>2</sub> )*** ****
1.	Serenity (inner peace) is present or absent in the family.	IV <sub>t</sub>	0,65	-0,22	<b>0,87</b>
2.	There is a stable or an unstable situation in the family.	IV <sub>t</sub>	0,49	0,04	0,45
3.	There is a stable or an unstable situation in the country.	IV <sub>t</sub>	0,25	-0,06	0,31
4.	The older and the younger generations have or have no harmony in interpersonal relationship.	IV <sub>t</sub>	0,81	-0,50	<b>1,31</b>
5.	Family members attend or do not attend church.	III <sub>t</sub>	0,44	0,28	0,16
6.	Family members bear full or no responsibility for the older generations (e.g. their parents, grandparents etc.).		0,70	0,15	0,55
7.	Family members have or have no respect for each other.	III <sub>t</sub>	0,84	-0,24	<b>1,08</b>
8.-10.	Family is or is not united.	II <sub>t</sub>	0,80	-0,54	<b>1,34</b>
8.-10.	There are or are not joint goals in the family	II <sub>t</sub>	0,07	-0,04	0,11
8.-10.	Material wealth is or is not appreciated in the family	I <sub>t</sub>	0,24	0,07	0,17
11.-12.	Trust is present or absent in the family	II <sub>t</sub>	0,33	-0,31	0,64
11.-12.	Family members help or do not help each other	II <sub>t</sub>	0,47	0,15	0,32

\* Indices "t" and "i" mean whether the described value is terminal or instrumental respectively

\*\* 43 respondents did not express any certain answer on the question "Are you satisfied or unsatisfied with your present family life?", i.e. they were ambivalent

\*\*\* All discrepancies in the fifth column are significant at a significance level of 0.05 in Student's criterion.

\*\*\*\* Formulas for the calculations presented in the table were derived from: Zdravomyslov A.G., Yadov V.A. (2003). Chelovek i ego rabota v SSSR i posle. Uchebnoe posobie dlya VUZov. 2-e izd., ispr. i dop. - M.: Aspekt Press. - Chapter I: Metodologicheskie predposylki, metody i tekhnika issledovaniya (programma issledovaniya), pp. 63-64.

There is a group of values associated with the maintenance of equilibrium relations in the family. It is consistent with the theoretical concept of our study, according to which the followers of family traditions should be integrated with the older generation (during the transfer of family values and family traditions). The second hypothesis' (H2) partial acceptance is explained in the following way: there is a 23,6%-dominance of the average significance of IV and III (w<sub>averIII,IV</sub> = ,678) family value orientations over II and I (w<sub>averI,II</sub> = ,516) family value orientations. However the second hypothesis (H2) cannot be fully confirmed, since "Cohesiveness" was found to be the most significant for the respondents: therefore an external (w = 1.34) and internal unity of the family (w = 1.31) have the highest estimates' differentials

## DISCUSSION AND LIMITATION

The research shows an existence of the strong sets of values in the both Birth and Present families of the respondents. Results suggest that families transfer these values from one generation to another. Such values' continuity leads to a creation of the new beliefs and norms, which provide a support to the younger family members. Children in both types of the families represent a binding element, which helps family members to stay together and do their best in sustaining family harmony, friendly atmosphere and creativeness, regardless of any external factors. Among the main conclusions, a strong faith in God appeared to make both Birth and Formed (Present) families more cohesive, contribute in attaining goals, achieving stability and safety in personal life, being open in communication and improving positions of its members in society. Respondents felt responsibility for their families and paid respect to their parents. Finally, the level of ambitions and self-initiative, risk-taking and collaboration increased vastly over the last years, which provides the Present families with the opportunities of successful professional career.

However there are a number of peculiar findings in the research that require a deeper consideration. For instance, an absence of children in a third of families raise serious concerns from the family sociology's perspective, especially if we take into consideration that the survey was made among those people who were not younger than 35 years old. 23,3% of the respondents answered that their grown-up children (older than 16 years old) have already started their adult, independent life. Respondents usually gave higher scores to the values of their Present families. One of the reasons may be their willingness to show that the present situation is better compared to their past.

Results of the factor analysis can also be dually interpreted. On the one side, a single Orthodox faith raised the sense of belonging and mutual responsibility in the Soviet families (i.e. Birth families were certainly formed in the Soviet time between 1960 and 1985). Additionally, the dogmas of Christianity call for the unity of all the believers and cultivation of the sense of responsibility (i.e. accountability, answerability). However, on the other side, members of the present families became much more entrepreneurial, prefer to exploit market opportunities and inevitable become richer. A better financial condition of the Present families (compared to the Birth families) of the respondents stimulates them to be more responsible to the older and younger family members.

According to the research of the 18 characteristic traits of the Russians and Germans (done by ISRAS in 1996 and 2002), 80,4% of Russians are characterized by "Tolerance", 78,5% - by "Courage", 62,9% - by "Spirituality", 34,6% - by "Honesty" and only 12,0% - by "Efficiency" (Enterprise) (Zdravomyslov, 2008, 289, 291). In another study done by Gorshkov (2000), where Russian citizens had to assess their positive and negative qualities, there was a clear dominance of the positive traits in the estimates (e.g. "Sincerity" against "Heart-

heartedness" - 47,4%, "Affability" against "Unfriendliness"- 41,5%, "Trust" against "Suspiciousness" - 35,3%, "Bravery" against "Timidity"- 33,5%). Nevertheless, "Religiousness" and "Diligence" were evaluated surprisingly low - 7,4% and 0,4% respectively. Except for the low values of the two last traits (i.e. honesty and efficiency), the results of these surveys generally support our conclusions. On the whole, value orientations are one of the most important elements of the personality's structure. They represent "the attitude of the individual to certain values of the material or spiritual culture of society" (Zdravomyslov & Yadov, 2003, 251).

People who grew up in Soviet Union were taught to be fair, keep personal integrity and treat others as they would like to be treated. Such value system has developed a sense of stability in the Present families as well. Fairness became one of the leading values that determine (or at least should determine) the respondents' and their family members' behavior. On the whole, reaching stability in the long-term is an obvious benefit for every family - Birth or Present.

Modes of subjective attitude of respondents to their family (family relations) rely upon a number of factors: a range of psychological characteristics, a structure of motives for family life (Zdravomyslov & Yadov, 2003, 251), and a level of the subjective requirements for older (younger) family members, which reflects the motivation of creating a family. The degree of implementation of the value system that a person consciously or unconsciously imposes on family relationships, affects his or her morale in the form of satisfaction or dissatisfaction with family life. However, over the past twenty-three years, various concepts (e.g. collectivism, friendship, responsibility) reversed: a number of family values lost its exclusively positive meaning (Dement'eva, 2008, 189-191; Magun & Rudnev, 2008).

## IMPLICATIONS FOR THE FURTHER RESEARCH

Opportunities and challenges of the following study are further described. A choice of "family" as a unit of observation has an important advantage: an opportunity to examine the life activities of family members in detail and to measure their impact on the individual's attitude to family values and family relations. The need to analyze data in a general, undifferentiated form represents its main disadvantage. Additionally, the following study concerns only Russian families and it could be extended from a one-country sample to include several countries and/or several cultures. We admit that despite all the unique characters of the separate individuals, family values differ in various countries, and even between geographical regions (zones) within one selected country.

We are aware of a possible retrospective bias that might occur due to the questionnaires' design: a necessity to ask the relatively young respondents (i.e. < 40 years old) about their Birth families and the necessity to evaluate these values objectively cause inevitable limitations of the objectivity. On the other hand, it represents the only way to receive a deeper insight in the two separate family states. If we presumed to enlist directly to the respondents' parents and inquire about their roles and values, many of them would probably express much more arguable comments as being under the growing influx of the Soviet order and fear of the censorship coupled with the personal motives that are not disclosed during the study. Finally, there exist values that are not practically maintained by the family members.

To contextualize the research, by means of comparing the Birth and Formed (Present) families of the respondents we reveal the changing perspectives of the Soviet and modern Russia to some degree. Over the last twenty years, Russia has overcome the long way from being the main stronghold of socialism in the world to an unstable but continuously developing democratic republic. In the concluding part of the paper we answer the following question: have the values of the Russian families changed, and if so, what have reasoned such a reconsideration of the life-principles? For that reason there was designed a comparative Table 6, which indicates the shift in values analyzed in the following study. To conclude, values of Russian families generally changed, and it was reasoned by the dramatic reconsideration of the life-principles of contemporary Russian people.

TABLE 6 Transformations of Russian family values in the context of political, macro-economic and social changes in post-Soviet Russia

	<i>Soviet Russia (before 1991)</i>	<i>Post-Soviet Russia (in 2000s)</i>
Political sphere	Sole and governing Communist Party of the Soviet Union, Developed social security and overall stability, absence of freedom of speech. <b>Rise of Values:</b> <i>Consistency; Belonging; Serenity; Cohesiveness; Harmony; Power Game;</i> <b>Deterioration of Values:</b> <i>Need for Achievement; Ambition; Aim to Become Wealthy; Self-Initiative</i>	Political pluralism, 'westernization' of political principles, Lower social security, freedom of speech, of religion, or press; censor in press. <b>Rise of Values:</b> <i>Experienced Safety; Thankfulness; Open Communication;</i> <b>Deterioration of Values:</b> <i>Mutual Trust; Tradition; Serenity;</i>
Economic sphere	Closeness of the national economy, economic 5-year plans, barriers of free trade, absence of private property, full nationalization of the national economy. <b>Rise of Values:</b> <i>Balance between Work and Leisure; Fairness;</i> <b>Deterioration of Values:</b>	Market economy (chain budgeting over 3 consecutive years), growing prices, high inflation, free trade, dependence on foreign suppliers; adjustment of the western economic principles. <b>Rise of Values:</b> <i>Prosperity; Open Communication;</i> <b>Deterioration of Values:</b> <i>Balance between Work and Leisure; Fairness; Pleasure;</i>
Entrepreneurship sphere	Politically and economically entrepreneurship is prohibited; research centers with intrapreneurs are owned and controlled by the state.* <b>Rise of Values:</b> <i>Belonging; Collaboration; Friendship; Creativity;</i> <b>Deterioration of Values:</b> <i>Self-Initiative; Disputes; Recognition;</i>	Development of serial, rural, habitual entrepreneurship, risk-taking and self-independence among entrepreneurs. <b>Rise of Values:</b> <i>Risk Taking; Power Game; Responsibility;</i> <b>Deterioration of Values:</b> <i>Honesty; Fairness; Excitement; Helping Each Other;</i>
Businesses	Absence of private property and private ownership make existence of family businesses impossible.** <b>Rise of Values:</b> <i>Mutual Trust; Responsibility; Helping Each Other; Collaboration; Friendship;</i> <b>Deterioration of Values:</b> <i>Risk Taking; Ambition; Need for Achievement; Self-Initiative;</i>	Private ownership; development of the legislative system for 'family businesses', although not enforced yet; first-generation succession, necessity to keep the business in the family. <b>Rise of Values:</b> <i>Responsibility; Risk Taking; Ambition; Need for Achievement; Collaboration;</i> <b>Deterioration of Values:</b> <i>Friendship; Joint Learning; Austerity; Conflict Resolution;</i>
Family sphere		
Religion	Denial of religion on the political level; atheistic view on social processes; religiousness is only kept on the individual level. <b>Rise of Values:</b> <i>Obedience; Tolerance; Forgiveness;</i> <b>Deterioration of Values:</b> <i>Faith in God; Spirituality;</i>	Opening up new cathedrals, churches, increased attention in politics to the religious matters. <b>Rise of Values:</b> <i>Faith in God; Spirituality; Forgiveness;</i> <b>Deterioration of Values:</b> <i>Obedience; Tolerance; Pleasure;</i>
Social relations	Friends are the sources of collaboration, trust, positive emotions and attribute of the socially oriented state. <b>Rise of Values:</b> <i>Mutual Trust; Satisfaction with Life; Helping Each Other; Friendship;</i> <b>Deterioration of Values:</b> <i>Enhancement of Inner Growth; Disputes;</i>	Possibility to rely upon friends both emotionally and economically: joint ventures are organized typically by the groups of friends or friendly families. <b>Rise of Values:</b> <i>Collaboration; Open Mindedness; Respect;</i> <b>Deterioration of Values:</b> <i>Mutual Trust; Helping Each Other; Joint Plays and Hobbies</i>
Inventive-ness	Initiation at work and school is encouraged by the government only to the certain extent. <b>Rise of Values:</b> <i>Creativity; Joint Learning; Relaxing Climate; Joint Plays;</i> <b>Deterioration of Values:</b> <i>Personal Freedom; Courage; Personal Freedom;</i>	Personal motivation leads to the entrepreneurship (with the self-employment) and intrapreneurship (within the larger business units). <b>Rise of Values:</b> <i>Courage; Creativity; Collaboration;</i> <b>Deterioration of Values:</b> <i>Stability; Joint Learning; Joint Plays; Stability;</i>

\*Entrepreneurially oriented individuals were mostly employed in the state sector: entrepreneurship existed in the form of *intra*-preneurship

\*\* Family businesses did not exist upon the early 90s' of XX century in Russia, although succession and continuity as the necessary attributes of the family business development were present in most Soviet families: e.g. family dynasties (three and more generations of one family) on the manufacturing factories – in Ekaterinburg ("Uralmash" factory), St.-Petersburg ("Kirov" factory) etc.

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V

**GENERATIONAL VALUE SHIFT IN THE  
SINEBRYCHOFF FAMILY: A STUDY OF LATE-EMPIRE  
RUSSIAN CAPITALISTS**

by

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## ABSTRACT

*The main objective of the current research is to analyse family values that constitute the family entrepreneurship culture on the example of the Sinebrychoff family – remarkable representatives of Late-Empire Russian bourgeoisie and merchant capitalists that sustained their wealth and positions in society of Eastern and Northern Europe in the end of XVIII - first quarter of XX centuries. Our research is placed within the frames of the general value theory (Allport, 1936; etc.), the systems theories (Bertalanffy, 1949; etc.) and theories of family development (Labaki et al., 2011). Methodology is developed on the dogmas of qualitative-research culture (Denzin, 1989; Matthews, 2012), post-modernist research traditions (Chase, 2005; Gergen, 1999), and dynamic, reflective re-creation of the foregone epochs (Anderson, 1999; Shotter, 2000). Our data is represented both by the extensive set of primary historical documents and secondary analytical studies.*

*As for our research contribution, we develop the three-layer value cluster's model, introduce and elaborate the concept of the generational value shift, analyse value portraits of the prominent Sinebrychoff family members, and develop the inter-generational graph representation of the structural value changes calculating the relative effect of the value shift on the male and female family lines of the Sinebrychoff family.*

*Key words: business family; generation; Russia; value shift*

## 1 INTRODUCTION

The present research is undertaken to compare family values as elements of the family entrepreneurship culture and work out a value structure of the Sinebrychoff family in three consecutive generations (XVIII-XX centuries) that lived both in Russia and Finland. By introducing the concept of generational value shift, we come to a theoretical understanding of evolution of family values.

First, we shortly clarify the above-mentioned concepts that become critical in our research. By the concept of value we mean any desirable end-state outlined and successively shared by an individual (Allport et al., 1936, 1960; Allport & Ross, 1967; Rokeach, 1969, 1973; Schwartz, 1992, 2006). As for the definition of family (Holtzman, 2011), we understand it as a group of people who are tied by blood and share the common origin and a certain set of values (Min et al., 2012). The latter are labelled as family values. In order to reflect changes of family values in time and space (i.e. across generations) both quantitatively and qualitatively, we introduce the fourth concept of the generational value shift as the evolutionary intra- and inter-generational changes of values on the quantitative and qualitative scales. Finally, as the fifth concept, we define a family entrepreneurship culture as a set of continuously developing codes of conduct shared among members of the enterprising families, particularly in running, owning and succeeding their family businesses.

Shifts of the Sinebrychoff family values correspond to socio-psychological adaptation in the light of some socio-economic changes: emigration of the first generation, entrance in the family and family business of the second and third generations. Periods 'before' and 'after' in the family members' development correspond to their parental and newly-formed families. We thus study the process of hereditary changes of family values of a person when she or he assimilates in the culture of the receiving family and/or country. By the 'migration of family values' we mean that values of any person change inherently during the process of assimilation into the culture of the receiving culture.

The main emphasis is made on the value structures of only those family members who were actively involved in the family business: either directly or indirectly via their spouses. An overlay in the value portraits of three consecutive generations features the family inter-generational value structure. We should specify that all the in-law family members, either male or female, had an effect of adoption and overlay of Russian values on their native values. Such an adoption process can be called an inter-family succession of values.

We chose the following time frames for our research - 1799-1917, since the Sinebrychoff family moved from the Russian Empire to Finland in the end of XVIII century, and in the beginning of the 19<sup>th</sup> century Peter succeeded with his own enterprise. In 1917 the last direct male heir of the Sinebrychoff family -

Paul Sinebrychoff (III generation) – died. In addition to that, there was October revolution and the end of old-Russian family capitalism (Hillmann & Aven, 2011; Owen, 1981, 1983, 2005; West & Petrov, 1998): in 1917, two main live concepts were destroyed in Russia: faith and ownership (Anisimov, 2010; Vovchenko, 2012). They both were the basis, onto which Russian society stood for centuries.

## 2 THEORETICAL FRAMEWORK

Half a century before the October revolution, networks of enterprising families emerged on the basis of ethnic, religious and regional unanimity (Radaev, 1994; Owen, 2005): families relied better on informal agreements and unified interests (Hillmann & Aven, 2011). These agreements had a positive effect on the duration of partnerships inside family clans and reputation of their enterprises. On the whole, Russian families of XIX century, which belonged to the emerging bourgeois class, possessed an increased quality of congeneric continuity and future orientation (Owen, 2005). Preserving centennial traditions (Aidis et al., 2008; Djankov et al., 2006; Radaev, 1994), new identities, which had the single national and spiritual bases, were although created in the widening kindred relations (Hillmann & Aven, 2011; Vovchenko, 2012, 310). The above-mentioned advantages of entrepreneurs' inter-family networks are also supplemented by one more, and a not less significant, characteristic – an approach to competitive resources (Aldrich et al, 1987; Kets de Vries, 1996; Kets de Vries & Florent-Treacy, 2003).

Principles of management in XIX-century enterprises are inherited by the contemporary Russian entrepreneurs: though it should be explained that the concept of Russian culture has considered at all times as the key contextual factor, which contributes to the expansion of entrepreneurship (McCarthy et al., 2010, 53, 63). Cultural blocs are as though set in the frame of deep-seated values of the family's past generations (Puffer et al., 2010; Thomas & Mueller, 2000).

The Sinebrychoff family had profound ethnic, regional and religious bases in XIX-century Finland, which let it create the “relational bridges” (Barkhatova et al., 2001; Hillmann & Aven, 2011, 488) with the families-in-law such as the Nordenstamms, the Kjöllfeldts and the von Wahlbergs. Creation of relational bridges was possible since all new male members of the Sinebrychoff family shared its Orthodox principles both in spiritual and secular life, while female members were even baptized into Orthodox Church (Gatrell, 1995, 40-43; Owen, 1981, 1983; Rogatko, 2011). In consistence with the profound statements of the above-considered relational unity of family in its past, present, and future generations, we formulate our first hypothesis in the following way:

*H1: “There is a positive tendency of increasing and developing family values of the founding generation by the family members of the consequent generations.”*

Accordingly, we learned that Russia is a country of patriarchal traditions. However, women on equal terms with men created, renewed, and sustained family-owned enterprises in Late-imperial Russia (Lockwood, 2009; West & Petrov, 1998; Salmenniemi et al., 2011; Ulianova, 2009). The female and male lines of the family raised deep-seated family values jointly, bearing responsibility for the emotional education of feelings of their homefolk (Plamper et al., 2010). At the present point we can make our second hypothesis:

*H2: "In traditional Russian families, female members were responsible for sustaining spiritual and social values, while male members were responsible for sustaining business-related values."*

Life in concert represents a characteristic of Russian people of XVII-XIX centuries, and it is generally a synonym of the Russian term "russkost" (i.e. Russian spirit) (Saltusky & Nikolsky, 2009). In particular, collective tendencies of Russian spirit could be found in Russian art, literature, philosophy, language, and, naturally, economy (Grachev, 2009; Omeltchenka & Armitage, 2006; Vadi & Jaakson, 2011, 57). In order to study whether such Russian spirit is retained by the family members across generations, we introduce our third hypothesis:

*H3: "Despite the generational differences, family members of three consecutive generations have the same core set of family values."*

Genealogy of Russian families accounts for the group (i.e. cohort) type of thinking and clan relations within the ethnically and religiously homogenous communities (Lovell, 2008, 567-568). As for the traditional portrait of Russian entrepreneurs of XIX century, it has an intricate motivational picture, which includes constituents of family business (Gersick et al, 1997; Molly et al, 2012, 703), market and social status (Dushtaskiy, 1999; Radaev, 1994; Schwartz & McCann, 2007). In imperial Russia, culture embodied the concept of Russian spirit: Orthodox conscience permeated mass consciousness throughout (Gould et al., 2001, 3-4; Ryzhova, 2010, 59-63). In the view of historical time (Baltes & Schaie, 1973), family value portrait (Glick, 1955, 6-7; McGoldrick & Carter, 2003, 384) indicates on its members' prevailing cultural and subcultural structures, shared beliefs as well as ways of cognizing this world (Connidis & Campbell, 1995; Dunn, 2007). There is a need for a more holistic understanding of the family reflected in the recent socio-economic research (Beavers & Hampson, 2000; Olson & Gorall, 2003).

Taking its origins in biology (Bertalanffy, 1949, 1959) and social psychology (Rice, 1969), a systems approach has wide applications for organizational studies (Miller & Rice, 1967; Gould et al, 2001). At the family business level, family overlaps with two other systems – business and ownership (Distelberg & Sorenson, 2009; Sharma et al, 1997; Tagiuri & Davis, 1996). On the whole, functionality of the family business system strictly depends on the above-mentioned systemic triad's performance. Owing families differ depending on cultural, age and other dimensions (Sharma et al, 1997; Sharma & Nordqvist, 2008).

Within the bigger family business system, family system is responsible for transferring family values across generations and correlates these values with non-conflictual attainment of family objectives (Carter & McGoldrick, 1998; Hatum & Pettigrew, 2003, 244). In accordance with the three-circle model (Tagiuri & Davis, 1996) and Circumplex model (Olson & Gorall, 2003, 517; Michael-Tsabari & Lavee, 2012, 110-112), business system in the first generation



is of primary importance regardless of the emerging complexities due to the members' inability to react jointly to the changing environment, growing stress in the view of unpreparedness to retain leadership prior to succession etc. (Dyer, 2006; Miller et al, 2003; Sharma et al, 1997). As time passes and children grow, family system comes to the fore in the light of new in-laws and presence of several generations of family in business (Distelberg & Hillmann & Aven, 2011; Lockwood, 2009; Lovell, 2008; Sorenson, 2009). In the third and later generations, an issue of owners' loyalty to the business of their forefathers is clearly set, particularly with increased flexibility of owners' decision (Labaki et al, 2011; Zody et al, 2006). Based on the value structure of the Sinebrychhoff family, we would like to compare significance of the family system in comparison with the two other family business' systems - those of the business (Michael-Tsabari & Lavee, 2012) and the ownership (Labaki et al., 2011):

*H4: "In the multigenerational family business, significance of the family system increases over generations in comparison with the business and ownership systems."*

We analyse an overlay of values in the bi- and quadri-axial space: in the beginning - values of the representatives of the same generation, and later - of several consecutive generations. The original values are separated into four value orientations and twelve value clusters (Table 1; Figure 1). We build the correlation matrices to account for the power of connections between the clusters.

There is also a possibility to consider the connectedness of value clusters as a spiral. We view the spiral counter-clockwise, either inward-oriented or outward-oriented.

According to Figure 1, value clusters are represented in three layers. Every cluster contains a certain set of values (from two to six values in the cluster) grouped by the value-semantic kinship. Values were sorted out in concordance with the research of Allport (1936, 1960, 1967), Koironen (2002), Rokeach (1969, 1973), Schwarz (1992, 2006) etc. Four value orientations are located pairwise - as if they were in the plain reflection of each other. For instance, Future-Continuous orientation ( $F(\infty)$ ) is placed opposite to Material-Economic orientation (M(E)), while Social-Collective (S(C)) and Social-Personality (S(P)) orientations are on the horizontal axis. Prevalence of value clusters in one of the four (or in several of the four) quadrants give the unique characteristics of the given family member.

TABLE 1 Selected Family Values, Value Clusters and Value Orientations

Value Orientations	Value Clusters	Values Forming Value Clusters <sup>1</sup>
Collective - Social S(C)	1. Peaceableness	Life Satisfaction (T.), Relaxing Climate (T.), Thankfulness (T.), Conflict Resolution (T.), Power Game (i.)
	2. Rapport	Mutual Trust (T.), Joint Learning (T.), Joint Plays (T.), Open Communication (i.), Open Mindedness (i.)
	3. Unity	Belonging (T.), Cohesiveness (T.), Friendship (T.), Collaboration (T.), Mutual Help (i.)
Future Continuity S(F $\infty$ )	4. Family Security Balance	Disputes (T.), Experienced Safety (T.)
	5. Family Longevity	Tradition (T.), Harmony (T.)
	6. Placidity	Consistency (T.), Stability (T.), Serenity (T.)
Social Personality S(P)	7. Appreciation	Pleasure (T.), Excitement (T.), Personal Freedom (T.), Recognition (T.)
	8. Devoutness	Faith in God (T.), Spirituality (T.), Obedience (i.), Forgiveness (i.)
	9. Decency	Inner Growth (T.), Fairness (i.), Honesty (i.), Respect (i.), Responsibility (i.), Tolerance (i.)
Material Economic M(E)	10. Performance	Prosperity (T.), Austerity (i.), Aim To Become Wealthy (T.)
	11. Resourcefulness	Creativity (i.), Self-Initiative (i.), Balance between Work and Family Life (T.)
	12. Incitement	Ambition (i.), Courage (i.), Risk-Taking (i.), Need for Achievement (i.)

F( $\infty$ ) orientation is composed of those value clusters (and values), which prevalence let the family neutralize the general stress, retain its family basis, transfer knowledge and experience from the oldest to the youngest members. This orientation includes values that are required for the intra-family continuity. In turn, M(E) orientation brings certain value clusters together that help family to put on social weight, to strengthen economic status, to generate new ideas, to become pioneers in various spheres of activities, to create stimuli for the bigger “external” growth. Therefore, the first pair of orientations (F( $\infty$ ); M(E)) indicate on an ‘outward’ growth possibility of the family: in particular, it represents how family members transform their family from the particular to the common. The spiral is untwisted.

The second pair of value orientations (S(C); S(P)) shows an ‘inward’ growth possibilities of the family: it reflects how family changes its separate members in the process of upbringing, education, intra-family communication and routines (from the common to the particular). The spiral thus is twisted. Values that form S(C) value orientation contribute to the building of interfamily

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<sup>1</sup>“T.” and “i.” indices are used to indicate whether the value is terminal or instrumental respectively (in consistence with the theory of values by Rokeach (1969, 1973) and Schwartz (1992, 2006).

relationships, origination of the basis of family happiness even in the periods of family conflicts. These values characterize family as a single, working, coordinated organism: family members represent the parts of this organism. As a supplement to the above-mentioned values, S(P) orientation determines an internal pivot of family members, their characters and life principles. Presence or dominance of these values tells about an “internal” development of family members. These values characterize the correlation of the spiritual and the spiritless in human nature.

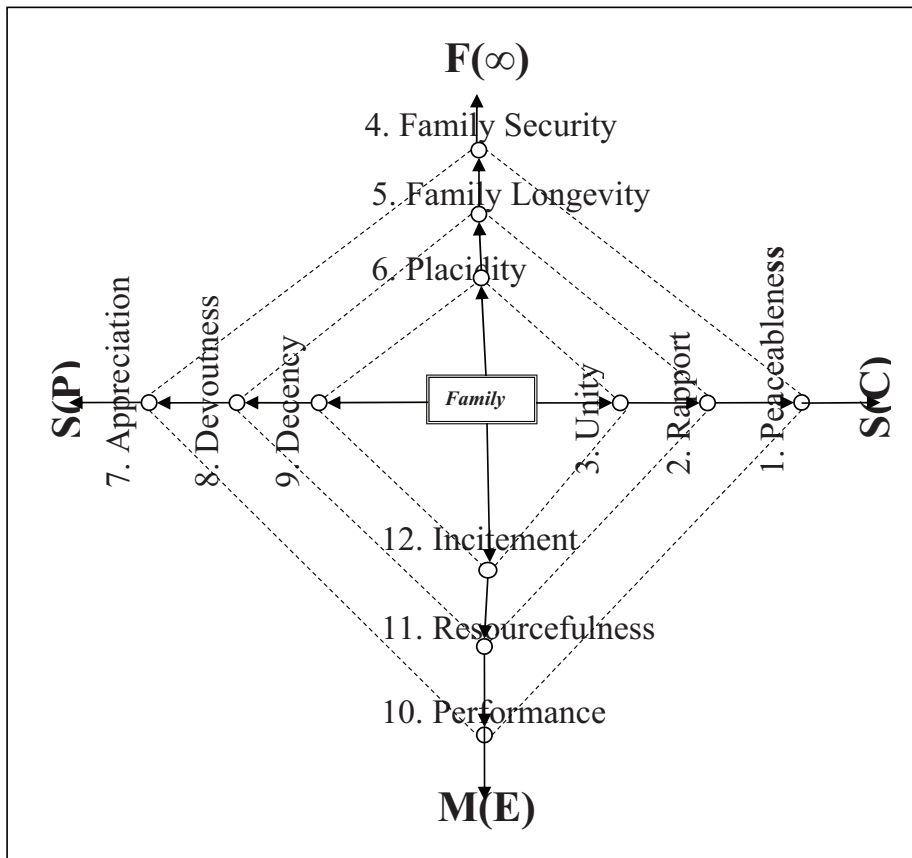


FIGURE 1 The three-layer value clusters' model

As we can see from Figure 1, there is a family, its integral value portrait in the central point of the intersection of four value orientations. Twelve clusters form three layers: each layer is interconnected with two other layers. Clusters are also interrelated with each of the four value orientations. According to the numeration of clusters (indices near to the name of the cluster), they are linked in the following sequence: (1-4-7-10) - (2-5-8-11) - (3-6-9-12). We can also view the connections between the clusters in an alternative 'holistic' way: 1-4-

7-10-2-5-8-11-3-6-9-12. Division of clusters into three layers - one under another - is caused by the semantic considerations.

If S(C) and M(E) orientations dominate, Family enriches itself 'from inside' in the way of joint decisions, easiness of communication etc. When S(C) and F( $\infty$ ) orientations grow, family aims at surrounding its members with a bigger care. In the third possible case, when S(P) and F( $\infty$ ) orientations are pairwise at the leading stance family is growing both mentally and spiritually due to an atmosphere of openness. At last, the simultaneous prevalence of S(P) and M(E) orientation represents quite a rare situation when an internal personality growth is equally important for an individual as his external growth.

Figure 2 [a, b, c] shows how values can change. Changes of family values within one generation (Fig. 2a) usually occur due to family's participation in some distinct activities that bring personal development or deterioration of its members and establish new qualitative connections between them. Values stay stable in case of continuity of the patriarch's principles and sustaining the same way of life by the family for several generations in a row (Fig. 2b). Taking into consideration a significant influence of the new-coming members (i.e. in-laws on both male and female family lines) on the family's constitution and interpersonal relations, values may improve from generation to generation growing both in number and its positive meaning (Fig. 2c).

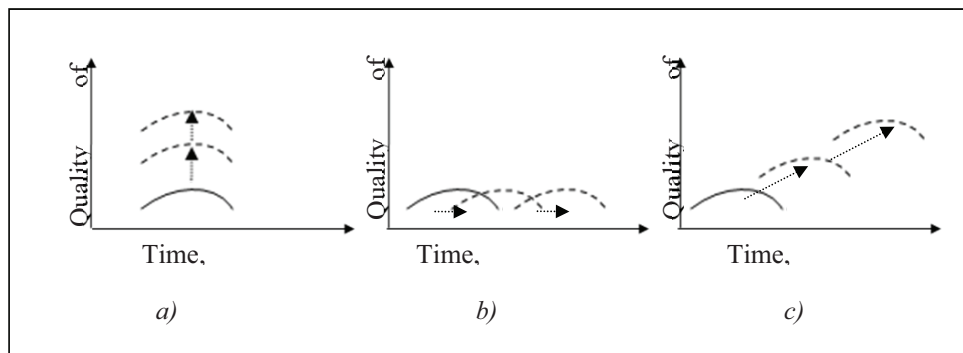


FIGURE 2 Shift of values within one generation of the family

It is necessary to give some word interpretations of the selected value clusters. In general, the first cluster Peaceableness<sub>(1)</sub> measures a sense of comfort, cosiness of the joint life of all members. Rapport<sub>(2)</sub> is designed to reflect communicative capabilities of the family as a joint organism. Unity<sub>(3)</sub> evaluates, to which degree family remains a single organism. In general, a Social-Collective' orientation evaluates, how the prerequisites for an effective communication within the family are being continuously created.

*Family Security*<sub>(4)</sub> evaluates a dual influence of conflicts and security based on the family life's experience. In turn, *Family Longevity*<sub>(5)</sub> accounts for the prospects of family development in the future. *Placidity*<sub>(6)</sub> is designed to analyse the state of peace in the family, an ability of having a stable outlook on family

problems and achievements. Therefore a Future-Continuous orientation includes values, which measure continuity of the family, prerequisites for existence in the future generations, maintenance of the basic commandments of family life, which are stable in the family life cycle.

*Appreciation*<sub>(7)</sub> measures an ability to feel joy and remuneration from one's own life, while *Devoutness*<sub>(8)</sub> shows an internal purity of an individual, his or her ability to stay human in the family. *Decency*<sub>(9)</sub> also considers integrity of family members in the external sense, which although stems from the internal devoutness. A Social-Personality orientation describes the family's internal world, personality's potential to sustain well-being internally.

*Performance*<sub>(10)</sub> assesses the degree, to which an individual is effective for his or her family. *Resourcefulness*<sub>(11)</sub> accounts for an intellectual freedom, a capability of originating ideas and opinions. The final cluster, *Incitement*<sub>(12)</sub> is responsible for describing factors, which lead an individual in selection of his professional activity. Altogether, a Material-Economic orientation helps to find an explanation of an individual's work behaviour through the domain of material-economic values.

### 3 DATA AND METHODOLOGY

In order to achieve the methodological wholeness of the present research, the main accent was made on the internal structure of qualitative-research culture (Denzin, 1989; LaRossa, 2012; Matthews, 2012). Since the central point of the our study is family in its value structure across three consecutive generation, the qualitative side of studying European families, and in particular, in Russia, was given the prior importance (Daly, 2007; Lofland et al., 2006). However, recent research of Bernardi pointed on the necessity of building a separate toolkit when analyzing transnational families (2011, 793-795). The qualitative frame of the research lets analyze processes and intra-family relationship more holistically (Lofland et al., 2006).

Reflections and interpretations of historical events in its value meaning within the theoretical structure, as noted by Gergen, aims at setting catalytic, more productive relationship (1999, 167-168, 175). A task of a researcher in this case is in formulating qualitative conclusions, which bear a more therapeutic nature regarding family's development in its socio-economic surroundings (Chase, 2005; Mendehall & Doherty, 2005; Romanoff, 2001). In consonance with the post-modernist traditions (Denzin & Lincoln, 2005; Holzman & Morss; 2000), reflections of the objective reality involves constitutive concepts of language (Guba & Lincoln, 2005; Kvale, 1995). Additionally, ways of the narrative epistemology (Bochner et al., 1997; Carr, 1998) widen notions of inter-family relationships of family members – representatives of the gone epoch. Live stories are thus considered in the dynamic, full-fledged relationships (Chase, 2005; Frank, 2000). Availability of rare historical letters and documents helps formulate a vehicle for the reflective re-creation of the dialogue of the different epochs (Anderson, 1999; Gergen, 1999; Shotter, 2000) in the collaborative understanding of the systemic family relationships.

An application of traditional approaches of family therapy (Chase, 2005; Gale, 1992; Josselson, 1996; Romanoff, 2001) also improves the systemic understanding of intra-family relationships. In particular, it contributes to the creation of orientations, motives and values of family members. These relationships are built in the system of conversation, and changes of humans' motivations start with the changes in communication (Anderson, 2007; McNamee & Gergen, 1992). In turn, principles of the dialogical narrations let built the model of the family future on the basis of the joint past experience of its members (De Haene, 2010). A researcher is being involved in the process of creation of meanings of the studied objects (Gergen & Gergen, 2002; Shotter, 2000).

We share considerations about the preservation of the results' objectivity (Bochner, 2001; Ellis, 1995). However, we also understand that creation of the new meaning is practically impossible without a contribution of the researcher him- or herself on the basis of the created concepts or its interpretations (McNamee & Gergen, 1999, 16-18). This is the researcher's responsibility, but

neutrality and indifference of a researcher cannot be interpreted as the only true version (Chase, 2005; Denzin & Lincoln, 2005; Guba & Lincoln, 2005). A process of creation of the new scientific knowledge is participative and communicative, where relationship is built from the dialogues, emotional inputs and changeability of the meanings (Bochner, 2001; De Haene, 2010; Ellis & Berger, 2001).

The research methodology, as a result, has the "polyvocal nature" (De Haene, 2010, 8). Participation of the researcher in interpreting and elaborating the participative structure of his or her work leads to the creation of the new meanings of reality (Gergen & Gergen, 2002). However, a researcher bears responsibility for the ethical side of the scientific knowledge process (Bochner, 2001; Denzin & Lincoln, 2005; Guba & Lincoln, 2005; LaRossa, 2012).

A multiple set of archive documents (as the primary sources) and historical research (as the secondary sources) help us orient in the Sinebrychoff family-related historical material, improves or, on the contrary, disapproves of our judgments about value constituents of each selected member across three generations. Our genealogical tree and introductory words about the past of the Sinebrychoff family were made under the impressive studies of Finnish and Swedish writers (Harju, 2010; Kajanti, 1999; Kartio, 1993; Keltanen, 2003; Mäkelä-Alitalo et al., 2009; Mårtenson, 1969; Oranen, 2008; Pettersson, 2004). In addition to that, the use of primary data was connected with the consideration of the multiple value perspectives. A value perspective of family solidarity in the Sinebrychoff family was analysed from Letter of Ivan Sinebrychoff on 8 October, 1848 concerning the funeral service of his older brother Nikolai Sinebrychoff (1848), and from the List composed by brothers Ivan and Pavel Sinebrychoffs on 26 September 1848 in Helsinki (1848).

Firstly, a value perspective of work discipline and obedience at work was viewed from the two contracts between brothers Nikolai and Pavel Sinebrychoffs with their chief brewers Gottfried Putzsher (1829) and Carl Kranz (1853) respectively. Further on, a value perspective of work contracts, employments and religious collaboration in work was elaborated from the Inventory record at Sveaborg factory (1858). Secondly, a value perspective of religious traditions, family respect, mutual trust in the interfamily relations of the first, second and third generations of the Sinebrychoff family were studied from the extensive set of eleven letters of Ivan Sinebrychoff to Pavel Sinebrychoff from: with the first letter written on 8 October 1848 and the last one - on 18 August 1865 (1848-1865). Finally, a value perspective of pious philanthropy of the second, third and fourth generation (although not directly studied due to the time frame 1799-1917 of our research) of the Sinebrychoff family was found from the Copy of the letter of Finnish Holy Direction in Vyborg to merchants Ivan and Pavel Sinebrychoffs (1849), an Emperor Alexander the Second's direct speech in *Vedomosti Bulletin* (1859), and a Letter of gratification made by Commissar M. Manner (1928).

## 4 RESULTS

At the first stage of the analysis, we give the word interpretation of value portraits of three consecutive generations of the Sinebrychhoff family (Mäkelä-Alitalo et al, 2009), who were engaged in building and perpetuating the family business and made a remarkable influence on Finnish and Russian culture (see Figure 3). Judgments made in the cluster analysis are received through the deliberate study of empirical data – both primary and secondary – from the Economic Archive of Finland placed in Mikkeli (Finland), National Russian Library and National Historical Archive (both St. Petersburg, Russia) over the preceding two years – 2011-2012.

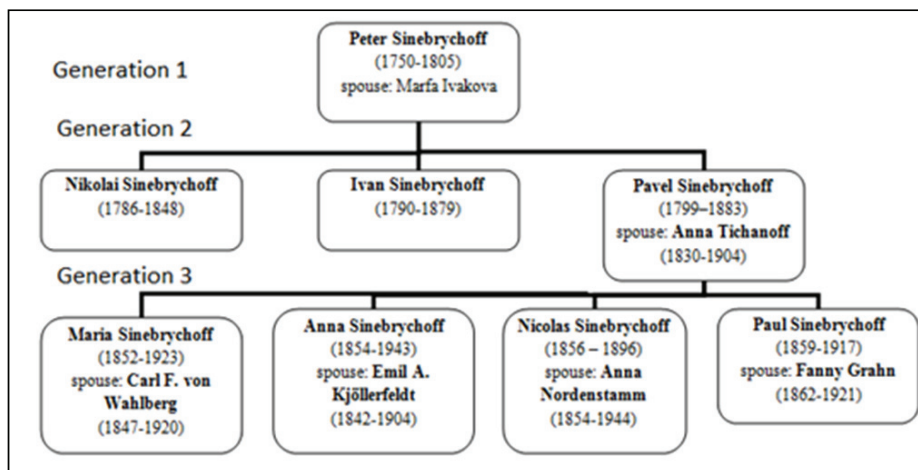


FIGURE 3 Family tree of the Sinebrychhoff family – three consecutive generations (1750-1921)

In order to understand the value structure of the Sinebrychhoff family, we first see its cluster-based description of the three consecutive generations, and then analyse value clusters of each member in the table format.

*Generation 1.* After the move from a dependent to an independent state, there was a bigger stress plus new business and social environment (Peaceableness<sub>(1)</sub>; Rapport<sub>(2)</sub>). Family safety was sometimes questioned by the controversies of a foreign culture (Family Security<sub>(4)</sub>; Family Longevity<sub>(5)</sub>) (Mäkelä-Alitalo et al., 2009). The Sinebrychoffs in 1<sup>st</sup> generation were featured by the solid internal power (i.e. steadiness of the interpersonal bonds) (Devoutness<sub>(8)</sub>). Being innovative, the new business model was although created with the use of samples of other competitors who were former leaders in the niche (Resourcefulness<sub>(11)</sub>; Incitement<sub>(12)</sub>).

*Generation 2.* Parents were respected, and Nikolai, Ivan and Pavel were thankful to their parents for everyday support (Peaceableness<sub>(1)</sub>). Faith in the



family was a prerequisite of the faith in work (i.e. in business) (Rapport<sub>(2)</sub>) (Mårtenson, 1969).

TABLE 2 Value portraits of the three consecutive generations of the Sinebrychoff family business leaders

	I Generation	II Generation			III Generation		
	Peter	Nikolai	Pavel	Anna T.	Nicolas	Paul	Emil K.
(1)PEACE	life adaptability	inheritance of relations	cultural tranquillity	maternal care	life enthusiasm	parental hand	work adaptation
(2)RAP	work influence	work utility	family ties	family openness	social promotion	mutual trust	business liaisons
(3)UNIT	family interaction	family solidarity	family's priority	family centrality	family in society	family engaged	clan system
(4)FSEC	future change	inherited calmness	family comfort	family stability	work conflict	family equality	triple interaction
(5)FLONG	peasant heritage	future union	synergy of traditions	filter of traditions	creative change	change of traditions	formal family
(6)PLACI	social instability	family oriented	progress serenity	family wellbeing	work evaluation	work balance	family stability
(7)APPREC	labour talent	joy in work	cultural wealth	nursing mother	social goal	art in business	labour spirit
(8)DEVOT	stable Orthodox	Orthodox of society	Orthodox comfort	new Orthodox	liberal Orthodox	"my" Orthodox	Orthodox spirit
(9)DECEN	internal integrity	paternal nobleness	responsible maturity	family morality	family honesty	external integrity	business honour
(10)PERFORMANCE	self-realization	socio-commerce	creative efficiency	socio-care	leisure life	acquisitive economy	collective growth
(11)RESOURCES	inspiration	labour energy	work cohesion	woman's leadership	work ambitions	art as engine	triple utility
(12)INTELLIGENCE	family health	self-motive	conscious initiative	acute initiative	social motion	art motive	growth motive

Family traditions were also retained in part of the diligent attitude towards labour (Family Longevity<sub>(5)</sub>). Life in the Sinebrychoff family gave ancestors a bigger understanding of the pair connection "faith - development" (Devoutness<sub>(8)</sub>). Although richness served a means for the Sinebrychoffs, its significance along with the overall family status rose on the waves of the business success (Performance<sub>(10)</sub>).

*Generation 3.* Paul, Emil, Carl, Fanny fostered stability in the family despite difficulties in the industry (Placidity<sub>(6)</sub>). Due to an absorption into the less religious society, family slightly deviated from Orthodox traditions of the

forefathers (Devoutness<sub>(8)</sub>). Personal investment strategy helped Anna (nee Nordenstamm), Paul and Fanny to accumulate assets for the sake of future acquisitions despite the misfortunate undertakings of Nicolas (Performance<sub>(10)</sub>). After the resignation of the second-generation members, Paul, Nicolas and Emil got greater opportunities for self-realization in management-ownership (Incitement<sub>(12)</sub>). The general description of the value structure of the Sinebrychoff family are presented in Table 2.

TABLE 3 Changes in the value structure across the generations of the Sinebrychoff family

Orientations	Value Clusters	Generation 1				Generation 2				Generation 3			
		Peter + Marfa				Nikolai + Ivan + (Pavel + Anna T.)				(Nicolas + Anna N.) + (Paul + Fanny G.) + (Anna + Emil K.) + (Maria + Carl W.)			
		before	after	mean after	value shift	before	after	mean after	value shift	before	after	mean after	value shift
S (C)	(1)Peaceableness	4	4	5	x	4	6	6	1,5	5	6	7	,75
	(2)Rapport	4	4		x	6	6		x	6	7		,88
	(3)Unity	6	6		x	6	7		,88	6	7		,88
F (∞)	(4)Family Security	4	3	4	(,38)	4	6	6	1,5	5	5	6	x
	(5)Family Longevity	7	6		(,75)	6	7		,88	7	7		x
	(6)Placidity	7	4		(1,5)	6	6		x	7	7		x
S (P)	(7)Appreciation	4	5	7	,63	4	6	7	1,5	6	6	7	x
	(8)Devoutness	8	8		x	6	7		,88	7	7		x
	(9)Decency	7	7		x	5	7		1,8	6	7		,88
M (E)	(10)Performance	3	4	5	,50	4	6	5	1,5	5	5	5	x
	(11)Resourcefulness	4	5		,63	5	5		x	5	6		,75
	(12)Incitement	3	5		1,25	4	5		,63	4	5		,63

It would not be enough to compare clusters by their absolute changes. Apart from the percentage change, it is quite important to understand where the value shift was located on the value scale: within which exact score it took place. Therefore we determine the “weighting coefficient” in the period ‘after’ (i.e. values in the period ‘after’ in the shares from the maximum value of the scale “8”). An absolute change (in %) is multiplied on the weighting coefficient: as a result, we can measure the relative changes in value clusters and compare them between each other. The meaning of change in the value cluster becomes a bit smaller on average after taking a weighting coefficient. The effect of value changes (i.e. value shifts) is presented in Table 3.

According to Table 3, we can observe that positive value shifts of in all four value orientations in the second and third generations outperformed both positive and negative changes in the first generation. Children and grandchildren of Peter and Marfa Sinebrychoff proved their competence in sustaining the uniting family values of the family’s founders (i.e. confirmation

of the first hypothesis (H1)). Additionally, by interpreting (Table 2) and measuring the mean values of the value orientations in each generation (Table 3), we can state that members of the Sinebrychoff family had not only preserved the core, deep-seated family values laid by the founders Peter and Marfa (Orientations S(P) and M(E)), but also increased them (Orientations  $F(\infty)$  and S(C)). It proves our third hypothesis (H3).

In the graph analysis of the value shift over three consecutive generations of the Sinebrychoff family, we will illustrate possible causes of the above-mentioned individuals' leadership capabilities. Peter and Marfa represented the first-generation ownership-management in the family business. Their positive growth of M(E) orientation was negatively influenced by the downsize in  $F(\infty)$  orientation due to the ambiguities of the externally foreign culture. On the whole, female members of the Sinebrychoff family were engaged in sustaining their men's positive climate in the family. Therefore, any tensions felt outside home were suppressed in an open family dialogue. It was true over the defined time frame (1799-1914). The three-generation graph analysis of the value changes is given in Figure 4.

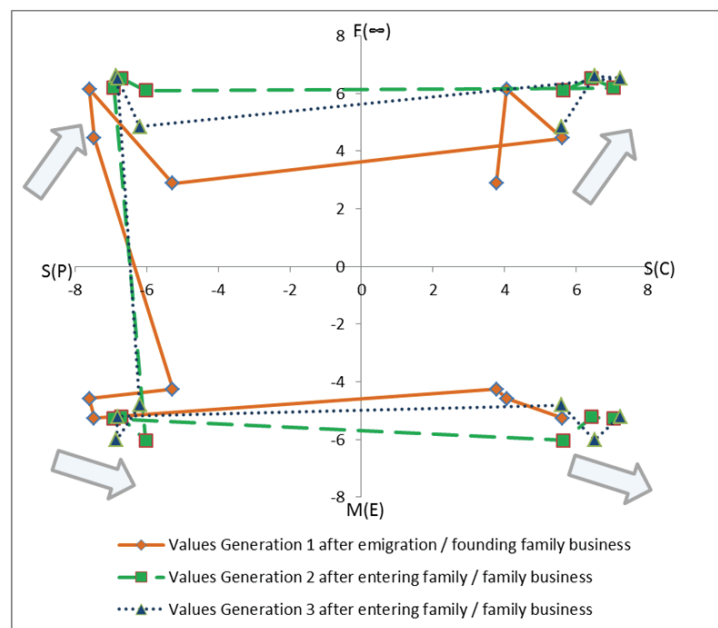


FIGURE 4 Inter-generational comparison of the Sinebrychoff family values' shifts

In the second generation, Nikolai succeeded his father Peter's values of entrepreneurial spirit and personal integrity and developed remarkably other value clusters. It is Pavel's status in business that helps him to mark up the family weight in society and simultaneously perfect himself in the spiritual sense. After entrance in the family business and a division of the spheres of influence, Ivan's values dominate over Pavel's values in the orientations  $F(\infty)$

and S(P). The single female business leader in the first generation, Anna, served a 'gatekeeper' of the family traditions, and therefore she has a remarkable growth and a domination of the orientation  $F(\infty)$  compared to Nikolai.

As for the third-generation value structure, Nicolas gets narrow in the period 'after' (i.e. it stretches on either side). However, Anna represents quite a mighty supplement of Nicolas. Hobby in art, enthusiasm about balancing work and family life contributed to the growth of the orientations S(C) and  $F(\infty)$  for Paul and Fanny. A child-successor would have been a beautiful fourth-generation continuation in realization of the Sinebrychoff family values oriented on the future ( $F(\infty)$ ) and an inner growth (S(P)).

The 'incoming' family members (i.e. Kjöllfeldt, Wahlberg, Nordenstamm and Grahn) strengthened the orientations M(E) and  $F(\infty)$ , therefore value clusters grew on the vertical axis. At the same time, the 'inborn' family members contributed to the improvement in the orientations S(P) and S(C), and it widened the graph on the horizontal axis.

The triumvirate of Anna, Paul and Kjöllfeldt outperform other intergenerational combinations in the value sense. We should also specify that there are three points of intersection of the respective value clusters (which belong to the adjacent value orientations) in each quadrant. These points of intersection are built in the logic of the three-layer disposition of value clusters in the graph discussed above in this paper.

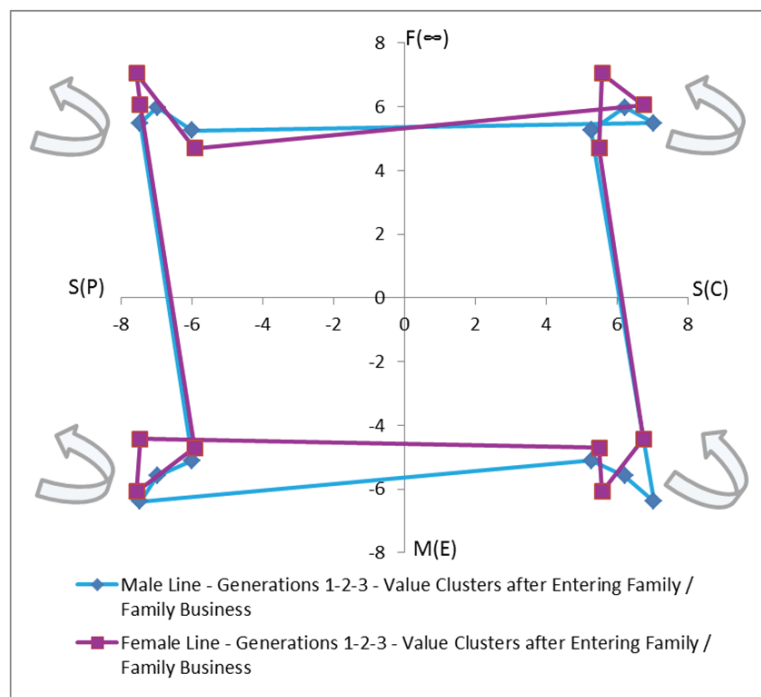


FIGURE 5 Comparison of value shifts in the inter-generational male and female family lines

As we can state from Figure 4, members of the second and third generations had higher scores in the orientation  $F(\infty)$ , which values are aimed at preserving and developing family system in the future. Regardless of being immersed in raising business effectiveness (increase of the  $M(E)$  and  $S(C)$  orientations in Figure 4, children and grandchildren of the founders Peter and Marfa were trustworthy gatekeepers of the family system's values (orientation  $F(\infty)$  in Figure 4). This fact proves our fourth hypothesis (H4) to the larger extent. In an alternative way, we can compare the value contribution in terms of gender (Figure 5). The female line dominates in the upper part of the graph (an orientation  $F(\infty)$ ), while the male line is more pronounced in the lower part of the graph (an orientation  $M(E)$ ). The male and female family lines mutually complement and mutually enrich each other on the horizontal axis, in the orientations  $S(P)$  and  $S(C)$  respectively.

Sources of the generational value shifts are summarized in Table 4. Despite the higher scores of the female representatives in the second [ $S(P)$ ;  $F(\infty)$ ] and third [ $S(P)$ ;  $M(E)$ ] quadrants, we cannot fully claim about female dominance in sustaining spiritual-social values. On the contrary, as we can see from Figure 5, males are almost equal on left end of the horizontal axis [ $S(P)$ ]. Therefore our second hypothesis (H2) is not confirmed.

TABLE 4 Source of the value shift for the Sinebrychoff family members

Family members	Source of the "Values' Shift"
Generation 1	
Peter Sinebrychoff	emigration to Finland and setting up a Family Business;
Marfa Sinebrychoff (Ivakova)	emigration to Finland and re-emigration to Russia;
Generation 2	
Nikolai Sinebrychoff	emigration to Finland; his father's business expansion;
Ivan Sinebrychoff	cooperation with Nikolai and operations in Poland and Russia;
Pavel Sinebrychoff	cooperation with Nikolai, operations in Finland, marriage with Anna Tichanoff;
Anna Sinebrychoff (Tichanoff)	marriage with Pavel Sinebrychoff; business partnership; widowhood; business triumvirate;
Generation 3	
Nicolas Sinebrychoff	foreign internship, marriage with Anna Nordenstamm; governance in family business; financial troubles; under the mother's guardianship;
Anna Sinebrychoff (Nordenstamm)	marriage with Nicolas; building the dialogue with Nicolas' mother Anna;
Paul Sinebrychoff	marriage with Fanny; partnership in family business; sole governance; collecting art;
Fanny Sinebrychoff (Grahm)	marriage with Paul Sinebrychoff; resignation from the theatre; collecting art; assistance in family business;
Anna Kjöllfeldt (Sinebrychoff)	marriage with Emil Kjöllfeldt; participation in family business;
Emil Kjöllfeldt	marriage with Anna Sinebrychoff; independent bank career; triumvirate governance in family business;
Maria von Wahlberg (Sinebrychoff)	marriage with Carl von Wahlberg; assistance in family business;
Carl von Wahlberg	military service; medical career; marriage with Maria Sinebrychoff; general practice in the family business;

## 5 CONCLUSIONS AND DISCUSSION

A multiple set of archive documents help us orient in the Sinebrychoff family-related historical material, improves or, on the contrary, disapproves of our judgments about value constituents of each selected member across three generations.

*a) A value perspective of family and work solidarity:*

First of all, we will consider values concerning family solidarity in the period of crisis. To be precise, one document about the legacy left after Nikolai Sinebrychoff's untimely demise will be viewed (Letter..., 1848). Distribution of ownership was composed by all the living siblings - members of the second generation of the Sinebrychoff family (List..., 1848).

Secondly, while the Sinebrychoffs were acknowledged masters of their business-governance-ownership and counsellors not only in commerce, but also in sustaining family longevity, brewers fulfilled the material part of production (Royal Swedish Law Court, 1795). Their experience, competences and willingness to serve social demands made the Sinebrychoff business flourishing. For instance, Nikolai's leading brewer Gottfried Putzscher was supposed "to brew the best beer from the above-mentioned malt that would match the good of the used bread" (Contract..., 1829). Pavel Sinebrychoff, in turn, gave his brewer Carl Kranz "full freedom to select workers in his brewery, and especially to select learners and arrange their future employment" (Contract..., 1853). All responsibilities of Carl Kranz had "to be in favour of his Master Sinebrychoff" (Contract..., 1853).

*b) A value perspective of religious traditions and family respect:*

Those people who belonged to the Church stayed with it until the last beat of their heart. In 1848, brothers Ivan and Pavel Sinebrychoff asked "obediently to pay the last honours to the deceased" and go to the Church of Holy Trinity to the liturgy and the memorial and then to the City Helsingfors Cemetery for the burial of the body - and from there to their family's house "to pay the respect of the deceased with the prayer" (Letter..., 1848).

Another remark accounts for the Sinebrychoff family's devoutness in the second generation. After the sudden death of her husband, Irina (a non-active owner a sister of Nikolai, Pavel and Ivan) went to the monastery to serve God, and she was ordained a nun. When a widowed woman had a certain estate, wealth and security of the family, and she gave herself to the Church, it might mean a lot in the religious sense. Her pious deed is a symbol of the true, genuine unity with religious and a desire to be loyal to her died husband till the end of her life. It is peculiar from the point of view that Russian laws of those times did not prohibit the second and further marriages.

Religious traditions were kept to the fullest not only by female members, and the role of God was unquestionable for male members as well. In order to shed the light onto this, a set of 10 historical letters of Ivan Sinebrychoff to his

brother Pavel Sinebrychoff and his wife Anna Sinebrychoff (Letters..., 1863-1865) is analysed in order to prove pious interfamily relations in the second generation of the Sinebrychoff family.

In order to make a bigger emphasis on Russia and its historical shift of values, the following ideas can be taken into consideration in the future research. There were foreigners at the Tsar's court in the times of Russian Empire that were architects, governesses, favourites, wives and so on. A special attention in our future research can be devoted to the epochs of Peter I and Ekaterina II. During the first decades of XX century, traditions were changed by force due to the civil war between the Whites and the Reds. However, it is still worth researching what role they played in the transformation of Russian national culture and whether they had an imprint of the current generations of Russian people, in particular of those Russians who have their own family enterprises.

## 6 SUMMARY

In this particular paper, we have studied the inter-generational value shift of the successful merchant family – the Sinebrychoffs – that had its origins as in Russian Empire, Gavrilov Posad, as in the Grand Duchy of Finland. The entrepreneurial development of the Sinebrychhoff family let the business and social sides of the Finnish state flourish during XIX and XX centuries. Family was innovative in opening up new directions of business, sustaining cultural well-being of their family and non-family workers as well as society in general. The Sinebrychhoff family members are worth researching in the context of their family values due to a number of remarkable family examples:

Anna Tichanoff (II generation) turned out to act in business partnership with her husband Pavel Sinebrychhoff and to make the family business flourishing and Pavel – being one of the wealthiest Finnish citizens. Being already a widow, Anna rescued her son Nicolas from financial collapse taken him into personal guardianship. Carl von Wahlberg (III generation), a son of German priest, a writer, became the chair doctor of the Grand Duchy of Finland. Anna Nordenstamm stem from the influential St.-Petersburg kin: her family was in blood relations with the marshal Mannerheim family. Fanny Grahn was the prima of the Swedish theatre in Helsinki, helped her husband Paul to accumulate the greatest art collection in Scandinavia and pass it to Finnish state.

By studying the Sinebrychhoff family, we have made a conceptual novice of the three-layer value cluster model that can be used as the value ECG of a family (and a non-family) business.

An emphasis on the collected primary and secondary data contributed to the formation of the qualitative and quantitative poles of analysis, where inter-generational comparisons were made and member- and gender-specific characteristics of the Sinebrychhoff family were studied. Finally, sources of the inter-generational value shift in the Sinebrychhoff family were studied. In general, this study represents a historical analysis of the entrepreneurial family from the value-generational perspective.



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**VI**

**THE CONCEPT OF THE GOOD IN THE CONTEXT OF  
FAMILY ENTREPRENEURSHIP CULTURE: ENTRE-  
POLOGY OF RUSSIAN FAMILY-OWNED  
BUSINESSES**

by

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## **ABSTRACT**

*The concept of the good from the family, business-ownership and state-social perspectives is worked out in the present paper. Ontological facets of the good, the good in the domain of family business, and the communitarian good of Russian family businesses form the theoretical framework of this research. Triangulation of the qualitative in-depth, cognitive interview methods through the lens of business anthropology are used as the leading methodological principles. Strata of ownership power within the blocks of family business culture in four owning-enterprising families contour our data content. Interviewees' topical concepts revealed in the process of analysis are built within four frames of culture including epi-human culture for reflecting individual's rich internal world.*

*By means of the mixed qualitative analysis, eight owners who form four owning-enterprising families are studied in the context of the family entrepreneurship culture. These four owning-enterprising families are studied in the continuous unity, and required conclusions are made afterwards. An anthropological view on the development of family business in modern Russia let conceptualise the meaning of entrepreneurship of family business. Formulas of the goods' keys, cultural elements of entrepreneurship relationship, anthropocentrism and in-depth perspective of family business can be considered as the contribution of the present research.*

*Key words: entrepreneurship culture; family business; the good concept; Russia*

## 1 INTRODUCTION

In the present research, a concept of the good in the family entrepreneurship culture is developed. We understand the latter as a system of codes of human behaviour, with the inherent beliefs, values and goals that are shared and manage human activity within a family-owned enterprise. A notion of the good has some in common with the concepts of the common good (Plato, 2003; Simm, 2011), common interest (Held, 1970) and well-being (Fremstedal, 2011; Simsek et al., 2012). However, we consider the good as everything that bears a certain positive meaning and answers to human interests, goals and value orientations.

Based on our conceptual approach, the good of the family entrepreneurship culture is a category that consists of the family good, the business good and the state-social good. The family good features all positive experience, the present and the future of an individual in his family, whereas the business-ownership good incorporates positive labour and responsibility characteristics in business and ownership. Finally, the state-social good characterises positive features of the national culture as well as the degree of individual's involvement in the social life.

Working out of the concept of the family entrepreneurship culture is done with the primary purpose of creation of yet another concept – the entre-pology of family business. The entre-pology of family business can be defined as a certain complex of inherently defined criteria, which characterise the genotype and phenotype of the family form of entrepreneurship. In this research, we in particular focus on contemporary Russian family businesses.

## 2 THEORETICAL FRAMEWORK

### *Ontological facets of the good*

It is peculiar to people to aspire for attainment of the common good – some desired purpose, which is significant from the social point of view (Simm, 2011, 554). A notion of the common good can be also used along with other notions of the common interest and the common well-being. From the times of Plato and Aristotle (Plato, 2003, Simm, 2011), society especially valued goals that could bring considerable benefits to society where mass interests dominated individual human aspirations. As a rule, all the variety of the intra-family, social, labour and economic relationship is cognized from the unity of common and individual values of people (Held, 1970). These general managing principles symbolize the common will of society (i.e. the General Will), which was conceptualized by Rousseau (1960). Nevertheless, socially shared values are indispensable, but not sufficient characteristics of social life (Plato, 2003; Simm, 2011). In this connection, it is necessary to clear out to what extent the individual good is enriched and simultaneously enrich the good of society.

Philosophers Kant and Kierkegaard reasoned about the place and role of the spiritual meaning in the human virtues (Fremstedal, 2011, 156, 162-163; Sala, 2011). In a way, the depth of understanding of the factor of spirituality depends on the place of human morale in the present society. Step by step, achievement of the good in the family, in work and globally in the state creates a good world (Sala, 2011, 184). Consequently, the question, which an individual who aspires for the spiritual good should answer, is what I ought to do (Fremstedal, 2011).

Beside the approval by society, virtuous, happy life includes the supersensual relations of things (Wike & Showler, 2010, 522). Orderliness of man's life relies on the value of the moral good. In concordance with the Kantian logic, happiness finds man when his aspirations match the social morale (Kant, 1996). By means of self-perfection, man also makes assistance to people who surround him. As such, man clearly makes duties, and not only satisfies with the multitude of rights (Silber, 1963; Ver Eecke, 2008). As Freud stated, the factor of love participates in the creation of the labour (i.e. business) good (1955). Man becomes better when he loves the subject of his labour, takes part in its development and perfection. By his pro-active labour, man realizes the future-oriented expectations (Maier & Brunstein, 2001; Simsek et al., 2012). It is not though a self-contained circle of responsibilities, but rather an inwardly developing spiral where each new turn follows the sum of virtues achieved in the past.

In the ontological perspective, life is considered by Simsek (2009) as an activity-based project where emotional and cognitive parameters define the general well-being (called also as the ontological well-being) (Simsek, 2009; Simsek et al., 2012, 205). Consequently, human labour is viewed by Savickas and his colleagues as one of the numeral life trajectories, which the common and the individual well-beings are created onto (2009). In turn, man's internal

growth, acquisition of the life meaning and the common direction for development are perceived in aggregate as the psychological well-being (Ryff & Singer, 1998), whereas elements of the subjective well-being include satisfaction and happiness (Simsek, 2009). Both mentioned well-beings serve for the evaluation of man's life from the socio-moral coordinates (Tiberius, 2004).

A category of time was multilaterally analysed by Boniwell and Zimbardo in constructing the notion of the good (2004). Man's past tells about his culture (Triandis, 2000) and has much common with the social life of his family (Adendorff & Boshoff, 2011), labour self-fulfilment (Hofstede, 2001) and his position towards the state and society in general. If we suppose that the past experience helps man assess the degree of his own significance in society, then the present time defines his initiative and capability of taking risks (Boniwell & Zimbardo, 2004; Jokisaari, 2004). Finally, man builds future life based on the possibility to succeed and be singled out by society (Lyubomirsky et al., 2005). It is a so-called cognitive system of evaluations of our life (Puenters, 2002).

Being on his life trajectory, man perceives perspectives of family continuity and figures out his own role in this future-oriented developmental process (Herrera et al., 2011). As Herrera and colleagues note, a clear understanding of the concept of family continuity increases the degree of the family well-being (2011, 395). In order to learn family not only from the social perspective, but in the purely economic sense, studies were made about the economic family theory (Becker, 1991; Burton & Phipps, 2011) and levels of economic satisfaction of family members (Barrington-Leigh & Helliwell, 2008; Luttmer, 2005).

#### *The good in the domain of family business*

The problem of defining the good in family business is increasingly given attention in the modern research (Berron et al., 2010; Jiang & Peng, 2011; Peng et al., 2010; Schulze & Gedajlovic, 2010). Especially in the developing economies, business held by the closed family circle renders an opportunity for attaining family happiness and professional self-fulfilment of family members (Berron et al., 2010; Carlock, 2010; Zellweger et al., 2012). Additionally, items of control, distribution and accumulation of capital, career development and networking are bound with the concept of culture (Jiang & Peng, 2011). Actions of an individual acquire a deeper meaning if he follows the ethics of virtues, as it is stated in the work of Sison, Hartman and Fontrodona (2012). Emotions and an intuitive experience thus direct man on his life track.

Prevalence of the value-based family system in the trinity of "family-business-ownership" (Tagiuri & Davis, 1982) revitalizes the organisational good. Traditionally, in the beginning of the family business planning process, there is a value-centred culture followed by the vision of strategic perspectives, management and investment (Carlock, 2010, 8). However, as it follows from the recent research of Greenhaus and Allen (2011), overlaps of intra-family and work-labour roles occur in the business life. By achieving the family and the business good in conformity of work and home interests (Carlson et al., 2009), people get united upon the principle of their involvement in the working

process. Greenhaus and Allen consider a notion of the good with the elaborated perspective of the individual fit. The latter is a degree, in which life aspirations of man balance with his labour productivity (2011, 172-174). However, there can although be temporal discrepancies between the labour and home intentions (Moen et al., 2008), for instance, in the light of the received benefits and produced labour expenditures (Gareis et al., 2003).

Professional labour relations in family-owned businesses, in which significance of intra-family relationship is emphasised in the corporate policy, stimulate the growth of organisational effectiveness (Lee & Kim, 2010, 462). As Achour with co-authors specify (2011, 4957), there is a negative relation between the family system and the level of the work well-being. Being an immediate process of modern businesses, creation and development of work-family culture has a positive effect on the employees' work well-being (Peeters et al., 2009; Thompson et al., 1999). Culture based on mutual support of employees who work in the same business forms a more positive perception of work reality in general (Behson, 2002; Kinnunen et al., 2005; Meglino et al., 1989). As Voydanoff clarifies, the business good is a powerful organisational resource (2005).

In the entrepreneurship process, the owner's culture is characterised by the emotional side of decision making to the larger extent (Adendorff & Boshoff, 2011; Cardon et al., 2005; Foo, 2011). Entrepreneurs are bound emotionally with their enterprises and thus they achieve general satisfaction (Cardon et al., 2009). As such, love for work (i.e. business in case of family business owners) acts as one of the key indicators of success for entrepreneurs.

Therefore regarding their own businesses, owners not infrequently communicate in the metaphorical sense, giving the live meaning to their companies (Cardon et al., 2005; Lyddon et al., 2001). Based on the socially-significant values, a system of feelings fosters or, on the contrary, restricts man from participation in business, which was shown on the example of affects (Foo, 2011), passion (Cardon & Kirk, 2010) and the dispositional positive affect (Baron et al., 2010).

Since owners in family business are accountable for the success of their creation, cultural paradigm received a wide acknowledgement in terms of the business well-being (Freytag & Thruik, 2007; Hanges & Dickson, 2004; König et al., 2007). Spiller et al. connect the good of business with the ethics of care when spiritual, cultural, economic and social goods are inseparably bound (2011). Complexities, however, were caused by the selection of the level of analysis. On the one side, a societal level of analysis makes it possible to hypothesize regarding the relations between the owners (Hanges & Dickson, 2004). On the other side, depth of the cultural analysis of the owners' personalities is exclusively possible on the individual level (König et al., 2007). It is also known that an individual level touches on the issues of gender in outlining cultural norms of family business owners (Javidan et al., 2004, 29-30). A societal level of analysis is applicable, for instance, when decisions are made by the consortium of family owners (Hanges & Dickson, 2004; West, 2007).

By means of creating the good in the present time, we preserve the heritage of the foregone cultures (Gerstenblith, 2002). Speaking in the anthropological terminology, we re-create the value of the past good for its maintenance, preservation and re-creation in the future generations (Hodder, 2010, 863). It is a so-called heritage management where the object of preservation may be not only objects d'art, but business itself as a bearer of the present cultural archetype. A degree of self-identification with the created good depends on how we perceive the object of cultural inheritance: what we have created; what we believe in; what we are ourselves (Hodder, 2010; Colwell-Chanthaphonh & Ferguson, 2008). Such a step helps connect together the cultural value and ownership value of the object of inheritance.

Humanisation of business in its socio-economic view has long ago being solved by means of the anthropological theories (Aguilera, 1996, Sherry, 1988). Understanding of business as a developing organism, with its drawbacks and strengths, with the delineation of the business genotype and phenotype - are all issues of the business (or industrial) anthropology (Baba, 1991, 2006). Values, cultural codes and samples of owners represent organisational artefacts (Jordan, 2003) that are included in the system of family business. Such a vector of research has an ethnographical interest (Moeran, 2005; Westney & Van Maanen, 2011, 603). We focus on the development and evolution of family business in terms of the cultural triad. In the similar vein, Chakrabarty (2009, 37, 39-41) relies on the previous works (Biggart & Delbridge, 2004; DiMaggio, 1994) and shows that culture of a country has a significant effect on the way of doing business, especially in large companies where family-owned businesses represent a certain smaller proportion.

#### *The communitarian good of Russian family businesses*

Both large (Chakrabarty, 2009) and small (Davidsson et al., 1995; Ip, 2010) representatives of business are responsible for creation of the economic good. Russian enterprises are not the exclusion from this list (Ardichvili et al., 2012, 416-418). Historical values laid by Russian predecessors make the modern Russian business culture closer and simultaneously less understandable for the Western world (Avtonomov, 2006; McCarthy & Puffer, 2008). Formal structures are combined with the collective orientation of making business decisions (Ardichvili et al., 2009; Puffer & McCarthy, 2011; Trompenaars & Hampden-Turner, 1998). Practices of organisational behaviour of Russian managers, histories about achievement of the previous generations, obedience to the settled rituals, and, finally, purely Russian ethical standards single out Russian family business good from other wide-spread Western cultures. In this respect, an emotional constituent of Russian business becomes more observable (McCarthy & Puffer, 2008).

According to Sprenger (2000), communitarian values (i.e. equality and participation based on majority) are attributable to Russian business well-being. However, such a collective orientation is simultaneously combined with the strict centralised management (Bollinger, 1994), a patriarchal type of relations of the employer with his subordinates (Beekun et al., 2005; Taylor et al., 1997), and

strong socialist mutual help (Holt et al., 1994; Naumov & Puffer, 2000; Vlachoutsicos, 2001). Being on the end of several epochs and cultures (e.g. Europe and Asia), there is a clear dialogue of the Slavonic and pro-Western cultures (Bollinger, 1994; Dolgopyatova et al., 2009; Fey & Shekshnia, 2011) in the cohesion of the authoritarian and communitarian (Afanasiev, 1992; Naumov & Puffer, 2000).

Business in Russia, in the light of collective traditions of management, has an anthropological explanation in the foundation (Donahoe & Habeck, 2011; Estrin et al., 2009). Russian culture, from age to age, symbolized the second face of Russian state system along with the first economic face (Deshpande et al., 2000; Sommer et al., 2000). Besides, not only in Russia, but also in the neighbouring post-communist republics, economic development stems from the needs, first of all, of the socio-cultural good (i.e. examples of Belarus and Estonia) (Rees & Miazhevich, 2009, 51-52).

The communitarian good of Russian family entrepreneurs has deep-rooted traditions of Orthodoxy (Sommer et al., 2000; Hisrich & Gratchev, 2001, 15). Being historically religious, Russian people preferred to produce collaboratively and to support each other, rather than to compete. Already after the October Revolution when the religious factor was officially downsized, the business good was achieved by the administrative lever. Also in the present time, attaining the business good, Russian entrepreneurs compensate their lack of practical business skills (in comparison with the U.S. and European entrepreneurs) by the social solidarity and mutual assistance (Hisrich & Gratchev, 2001, 15, 16).

Based on the proceeded theoretical analysis, we can conceptualize the fundamentals of the family business good in Figure 1.



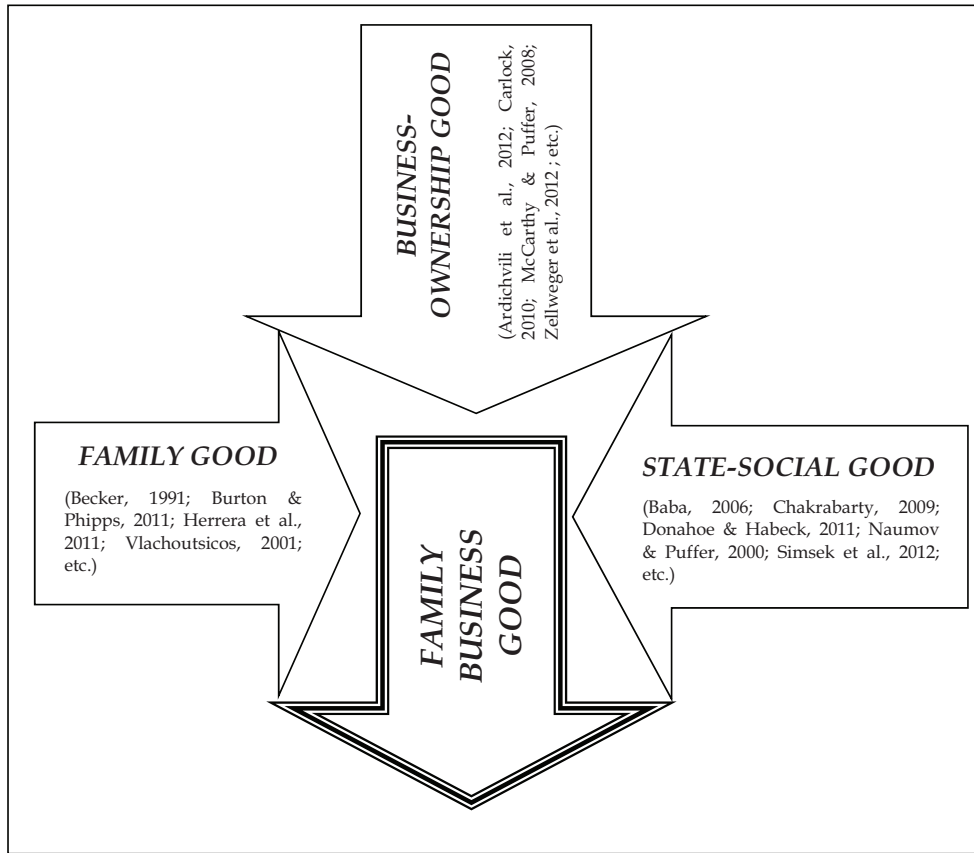


FIGURE 1 Three Fundamentals of the Family Business Good

### 3 METHODOLOGY

In the foundation of the present research, there is a use of qualitative triangulation on the junction of cognitive interviewing (Tashakkori & Teddlie, 1998) and content-analysis (Denzin, 1970). We touch the problem of description of owners' cultural identity through the joint elements of their family entrepreneurship culture (Delanty & Rumford, 2005). As a consequence, we have to assess their belonging to community (Hermann & Brewer, 2004), cognize their socio-cultural contexts (Denzin, 1970; Latcheva, 2011), and refer the research issues in concordance with the time and socio-economic parameters.

A special attention is paid to the issue of content-validity (Bollen, 1989, 70, 184-187), since we approach a clearer understanding of the quality of the meaning (i.e. in a way, we manage the quality of the meaning by interpreting the social data) (Borsboom et al., 2004). At the same time we interpret owners' answers within the qualitative frames of the family business research domain (Nordqvist et al., 2009; Solomon et al., 2011).

A method of cognitive analysis matches the qualitative study of the selected material during the deliberate evaluation of the respondents' answers (Fowler, 1995; Hermann & Brewer, 2004; Tourangeau, 1984; Willis, 2005). Comprehension of the essence, continuing returns to the previously heard, and, finally, collaborative participation of the respondents enriches the general results of our research (Foddy, 1996; Schüßler & Schmidt, 2008). Depth of the interpretation analysis (Ryan et al., 2012) is attained by means of cognition of the meaning in the cultural coordinates (Schwarz, 2007). As such, we understand the essence of questions through coming back to the received information and grounded preparation of the owners' comments. It helps edit and justify the selected material (Bradburn, 2004).

Apart from the factual, historical material in the family-labour dimension (Tourangeau & Bradburn, 2010), we also evaluate behaviour and relationship of owners, define their cultural differences in three possible measuring (family, business, state-society). Additionally, we modulate the content of the semi-structured questions depending on the respondents' final reaction (Bradburn, 2004; Groves et al., 2009; Schwarz, 2007).

Not all the desired information can be obtained due to objective and subjective reasons: in particular, we need to treat the self-reports of the respondents with the greater attention (Denzin, 1970; Krosnick & Presser, 2010; Tourangeau & Brandburn, 2010). In order to increase clarity of interpretations during the main research, development of questions, duration and format of interview-meetings with owners were based on the necessary methodological recommendations (Beatty & Willis, 2007; Blair & Conrad, 2011; Willis & Zahnd, 2007).

## 4 DATA

History of the studied family businesses comes to the beginning of 1990s when first Soviet cooperatives and private enterprises occurred. A group of the like-minded persons led by KNV<sup>1</sup> decided to leave the state factory and start their independent manufacturing business. The main owner and sole director was KNV, while TVN and NKV received the smaller shares of ownership and dealt with commercial and production management respectively. KMV worked in the business from the time of its creation, but first as a hired worker.

Along with the main business, several new companies were founded on the initiative of KNV. The older son of KNV KAN was in charge of the new assembly company, while the younger son of KNV KPN is currently working with (and actually for) his father. TVN organised the joint foundation business with his son TVV (it should be pointed out that TVN has also an older daughter, although she does not participate in the considered businesses), and NKV decided to work with his wife NMV as owners-directors in restoration business. NKV and NMV have also a son who got the initial working practice in their company on the position of manager but is not currently participating in the active management process. Therefore a son NKV and NMV is beyond the scope of this study. Finally, KMV is now working as an owner-director in the independent sales area.

It should be specified that all the newly-established companies are family-owned and have one common property – KNV as a chief owner-coordinator and a patriarch of the general family business. That is why these four owning-enterprising families are considered in four strata of ownership (see Figure 2), which gives a kind of ownership hierarchy although not undermining the independent ownership relations inside each family business. Four enterprising families are inter-connected both economically-legally and psychologically.

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<sup>1</sup> We give only initials of the owners' names in order to protect their privacy upon their request.

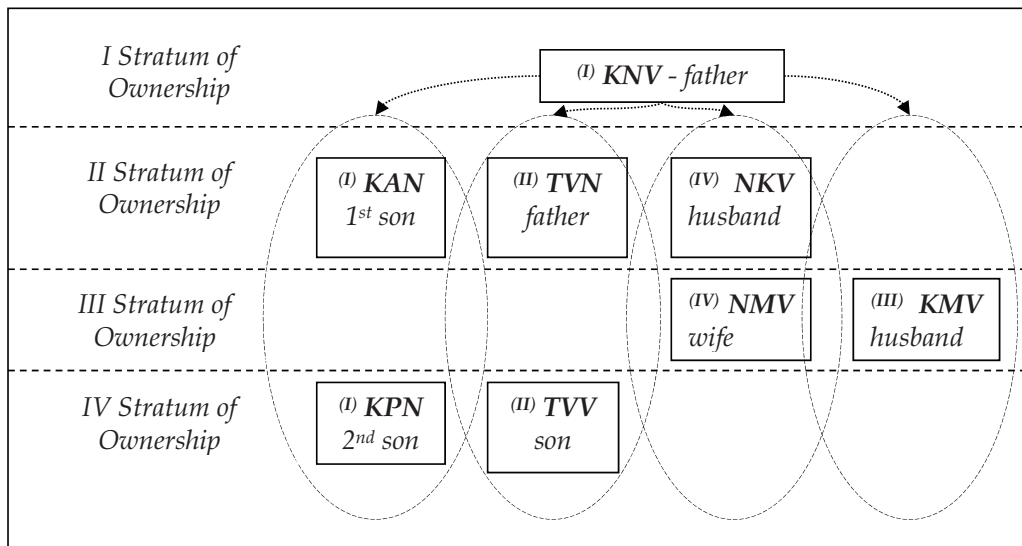


FIGURE 2 Strata of Ownership Power within the Blocks of Family Business Culture in Four Owning-Enterprising Families

Each interview took about hour and a half and was organised in the semi-structured format. Eight representatives of the four owning-enterprising families gave their answers, which served the keys of the family, business and state-social goods subsequently. Concepts that represented the primary importance for the interviewees are given in the summary table (Table 1). Concepts are considered in the light of four possible cultures: business culture, state-social culture, family culture, and epi-human culture. Introduction of the latter (i.e. epi-human) culture is connected with our desire to demonstrate the pillars of the owners' morale.

TABLE 1 Frames of Culture: Summary of Interviews' Topical Concepts

Family	Frames of Culture	Interviewee's culture-specific concepts					
I Owning-Enterprising Family (KNV; KAN; KPN)	business culture	work	labour	ownership	business	motivation	responsibility
	state-social culture	state	freedom	national memory	history	traditions	friendship
	family culture	family	mother's line	upbringing	relationship	kindred	non-family
	epi-human culture	faith	religion	trust	love	self-identification	internal balance
II Owning-Enterprising Family (TVN; TVV)	business culture	labour	work	father-son relations	ownership	money (capital)	business
	state-social culture	state	idea of labour (state)	school	right	friendship	dialogue
	family culture	family	relationship	parents	upbringing	childhood	kindred
	epi-human culture	freedom (choice)	trust	love	life guidance	concordance	self-discipline
III Owning-Enterprising Family (KMV)	business culture	labour	responsibility	income	duty	motivation	business
	state-social culture	state	education	human in society	friends	life satisfaction	security
	family culture	family life	kindred	relationship	home	wife-daughters	continuity
	epi-human culture	love	faith	respect	trust	faith in God	internal culture
IV Owning-Enterprising Family (NKV; NNV)	business culture	household	labour	work	system	art (labour)	business
	state-social culture	state	traditions	idea of labour (state)	state ideology	past (state)	socialist help
	family culture	family unity	child's upbringing	kindred	parents - old generation	values of the kin	family continuity
	epi-human culture	love	faith-spirituality	internal ethical code	tolerance-patience	respect	internal growth

## 5 RESULTS

### *I Owing-Enterprising Family*

In Figure 3 and in the next figures, the bold font is used for semantic selection of the leading elements of family, business-ownership and state-social keys of the family business good. Below every leading element is located an element-connector, which explains the meaning of the former and is in the logical unity with it. There is also a certain graduation between the leading elements of the keys.

The most significant elements, which characterise the goods of the family business as a developing, uniform system to the greatest extent, are selected from the whole list. These most significant elements are indicated in bold frames in the figures. In conclusion, it should be specified that all the goods are inter-connected: depending on the family, one of the three above-mentioned goods may be superior to the other two goods. However, in concordance with our conceptual model, we claim that the good of the family business is formed in the interdependence of the three goods: those of family, business-ownership and state-society. Finally, indices (i.e. numbers) of the elements were derived from the laborious qualitative analysis of the interview transcripts where the main ideas-concepts of the interviewees were given the individual numbers. Depending on the personality, we received from 30 to 58 individual concepts, which characterise the family, business-ownership and state-social goods, for each member of four owning-enterprising families.

In the first owning-enterprising family, KNV interacts with his two sons: the older son KAN takes the leading role in the new business, while the younger son prefers to adopt responsibility directly from his father by working with him jointly. Therefore it is rational to consider the goods of this family in the triple unity. We are also interested in comparing the constituents of the goods of the older son KAN and the joint goods of KNV and his younger son KPN, since they represent two allied businesses.

The family good in the first owning-enterprising family is founded on the global, all-embracing meaning of the family of KNV (*"Family is not only my children... The family circle gets wider."* <sup>(14B)</sup>), his understanding of the internal continuity of generations (*"Motivation is... what my father gave to me, because my "I" will live in my children."* <sup>(39B)</sup>), and also the deep-seated family integrity (*"Morality inside your family features the same human values, which are written in the Bible."* <sup>(20B)</sup>). The older son KAN shares the psychological unity of the family concept (*"Family, in my understanding, is rather an inherent feeling."* <sup>(4B)</sup>) and the value of the joint family experience (*"Family represents relations of two people."* <sup>(2B)</sup>). In turn, the younger son KPN puts the connection given from the birth in the basis of the family well-being (*"Family means blood relation."* <sup>(1B)</sup>). An internal power of family relations singled out by KAN is strengthened by the "circle" perception of the family by KNV and the "blood unity of generations" by KPN.

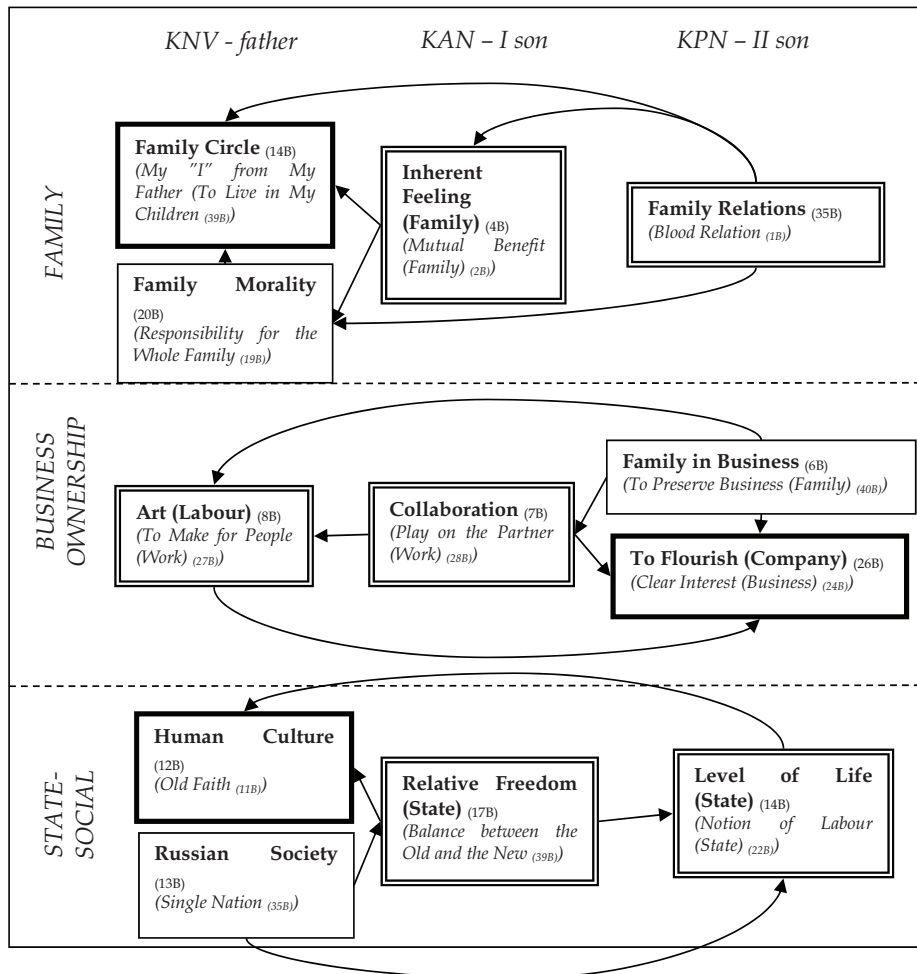


FIGURE 3 Key Value Order of the Constituents of the Family Business Key of I Owning-Enterprising Family – KNV & KAN & KPN

The business-ownership good of the first owning-enterprising family is gradually transforming from the process of d’art (“I do not know how, but art of labour is laid in me [by my family].” (8B)) and the stewardship relations (“I try to make something for people who work with me.” (27B)) laid by KNV in to the joint activities (“Family business is a collaborative work of family members with the defined target... to make profit.” (7B)) with the final result of KAN. Besides, KPN emphasises the decreasing role of emotions (“I think that business should not contain any emotions. There must be only a clear interest.” (24B)) and dependence from professional education (“It depends on the successor’s training whether his company would flourish in the next generation.” (26B)). Nevertheless, family identification is the key meaning in the business for the young generation (KPN: “If someone is invited in the business, he or she will belong to the family.” (40B)).

KNV and KPN combine the artful and purely practical views of business, while KAN is oriented on building family-business partnership.

There is the preserved human culture (*"It is necessary for our country to educate patriotism, to teach that we are together, we are the single nation..."* <sup>(35B)</sup>), which is postulated by KNV by means of traditions of Orthodox faith (*"There are Old Orthodox people who preserved their faith."* <sup>(11B)</sup>) in the centre of the state-social good of the first owning-enterprising family (*"Family is definitely a cell of society."* <sup>(13B)</sup>). The older son KAN stresses the boundaries of the individual's possible self-fulfilment in the state (*"We all are relatively free, and relatively not free."* <sup>(17B)</sup>), in the system of moral coordinates (*"It is important to learn the righteous values that are created in the work process."* <sup>(39B)</sup>). Departure from the unity of national culture is seen in the position of the younger son KPN who evaluates the advantages of the foreign culture (*"The level of life abroad is certainly higher."* <sup>(14B)</sup>) and recalls the parental experience of Soviet life with nostalgia (*"Life in the country was richer... I think that [people] had a certain idea of labour that united people."* <sup>(22B)</sup>). If KAN is satisfied with his place in society, KPN has predisposition to the Western state function of care.

In general, the family business good of the first family (see the formula key of the family business good in Appendix 1, Formula 1) is under the fatherly influence of KNV (elements *Family Circle* <sup>(14B)</sup>, *Family Morality* <sup>(20B)</sup>, *Responsibility for the Whole Family* <sup>(19B)</sup>), collaborative work unity of KAN (elements *Collaboration* <sup>(7B)</sup>, *Play on the Partner (Work)* <sup>(28B)</sup>) and consanguineous-practical view of KPN (elements *Blood Relation* <sup>(1B)</sup>, *To Preserve Business (Family)* <sup>(40B)</sup>) on the prospects of future preservation of their family business.

## *II Owning-Enterprising Family*

TVN and TVV work collaboratively, in a single team in the family business that they have created. Therefore we consider reasonable to study their goods in the logical unity as one system (Figure 4).



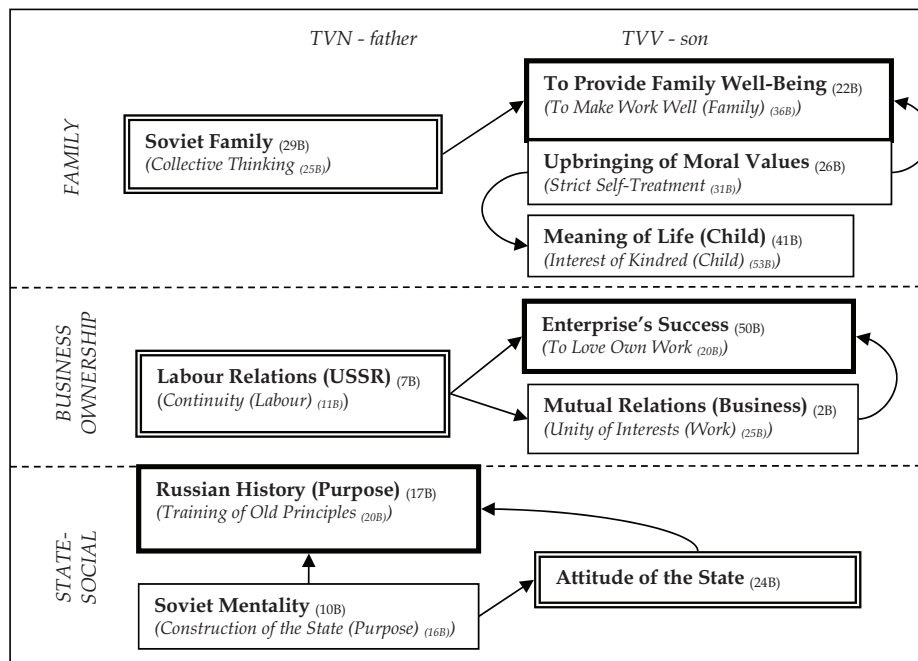


FIGURE 4 Key Value Order of the Constituents of the Family Business Key of II Owning-Enterprising Family – TVN & TVV

Soviet perception of the family by TVN (“Soviet family helped a child to grow.”<sup>(29B)</sup>) based on the collective type of cognition (“We formed collective thinking, collective aspiration for building a certain society in the USSR.”<sup>(25B)</sup>) lays in the foundation of the family continuity (“Honour consists of several factors: upbringing, emergent moral values...”<sup>(26B)</sup>) and upbringing of morality and ethics of care of TVV (“It is worth living for the sake of your family. You live in order to provide your child who is a meaning of your life.”<sup>(41B)</sup>). It forms the family good.

The business-ownership good of the second owning-enterprising family includes the experience of labour relations (“Relations, in particular collective its labour part, were greater valued in the USSR.”<sup>(7B)</sup>) and a successive style of work (“When parents and their children, and then children’s children worked at the same factory through generations, it was really welcomed in the USSR.”<sup>(11B)</sup>) of TVN. Qualities of TVN had a considerable effect on the future vision of the family business and a positive relation to work of TVV (“If you love your work, you will make progress.”<sup>(20B)</sup>), as well as on his will to act jointly in the business interests (“A feeling that I work in a family company comes from relationship.”<sup>(2B)</sup>).

The state-social good is mostly represented by the ideas of the old generation – that is by TVN – concerning the significance of Soviet and Russian past (“Early in life, we lived for attaining the concrete political purpose, for building communism.”<sup>(17B)</sup>), transfer of the age-old principles of family upbringing (“We tried to instil in our children, train them on our old principles.”<sup>(20B)</sup>), and also the contribution of Soviet state system (“Labour for the sake of income differs

significantly from the labour for the sake of attainment of a certain goal.”<sup>(16B)</sup>). In turn, TVV adds the leading, although contradictory role of the government at the modern stage of Russian economic system (“There is red tape, high taxes, quite a cold attitude of the state to entrepreneurs in Russia.”<sup>(24B)</sup>).

On the whole, the family business good of TVN and TVV is represented by two complementary shares: family-specific (elements *Soviet Family*<sup>(29B)</sup>, *Collective Thinking*<sup>(25B)</sup>) and labour-specific (elements *Strict Self-Treatment*<sup>(31B)</sup>, *Labour Relations (USSR)*<sup>(7B)</sup>, *Continuity (Labour)*<sup>(11B)</sup>) values of Soviet past and thoughts about the future success of the enterprise (elements *Enterprise’s Success*<sup>(50B)</sup>, *Unity of Interests (Work)*<sup>(25B)</sup>) on the basis of the past, Soviet experience and modern relations in the pair “father – son” (elements *Mutual Relations (Business)*<sup>(2B)</sup>, *To Love Own Work*<sup>(20B)</sup>). The formula key of the family business good of the second family is given in Appendix 1 in Formula 2.

### *III Owning-Enterprising Family*

KMV works independently in the new business sector (Figure 5). The structure of his family good includes, first of all, honouring of the dynastic continuity in his family (“There were dynasties in Nikitinskaya country... It comes afar.”<sup>(20B)2</sup>), love for God (“God is found in everyone’s heart.”<sup>(12B)</sup>) and a desire to preserve traditions passed on from the forefathers (“Of course, I want to preserve traditions even now... I have nostalgia for our family.”<sup>(43B)</sup>). In the second turn, KMV aspires to accumulate the internal wealth (“[My kindred]are people, which I love and respect.”<sup>(30B)</sup>), to adopt experience on the female line (“[Mother] is already given by the nature. Family welfare is created mainly by women.”<sup>(19B)</sup>), and to foster the genuine faith in the power of family relationship (“Family is my flesh, my blood, where I came from, whom I was born from.”<sup>(1B)</sup>).

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<sup>2</sup> Indices above the citations correlate with the numbers of the elements in the family-specific Figures.

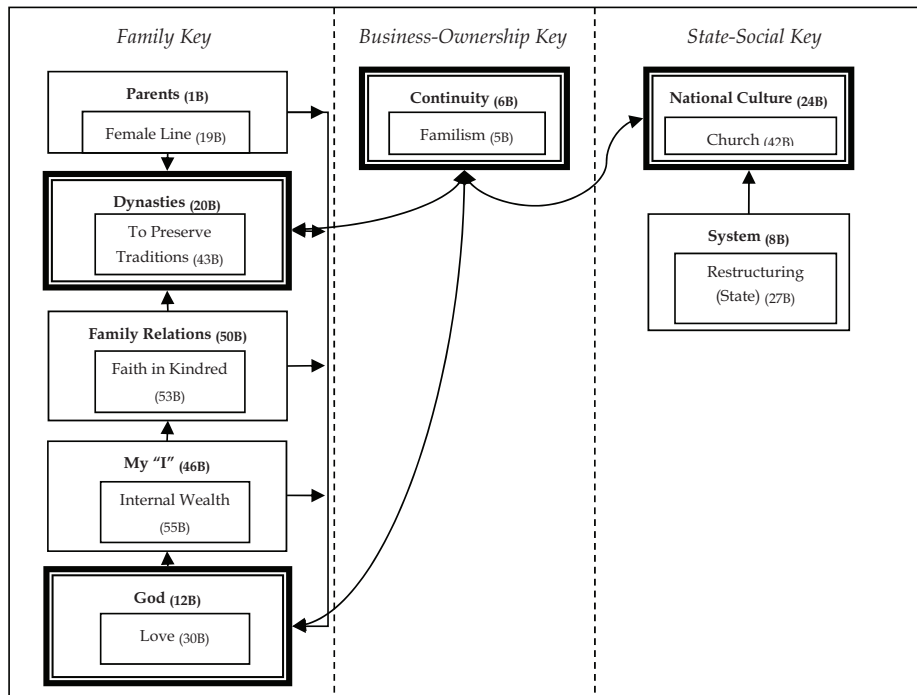


FIGURE 5 Key Value Order of the Constituents of the Family Business Key of III Owning-Enterprising Family - KMV

The business-ownership good of KMV is also characterised by the future orientation where his family is given priority (*"You were born, you grew up in the face of your parents... You have already absorbed [parents' relations] as a sponge."* <sup>(6B)</sup>). Finally, the vector of Russian national culture (*"There is our own national culture. However we need to follow such a culture."* <sup>(24B)</sup>) with the inherent Orthodox values (*"Faith must be in more genial influences, in God."* <sup>(42B)</sup>) and a system character of subordination built in Russian mentality (*"Psychology of submission was hammered in us with the beetle. Restructuring comes from 1986-1987."* <sup>(8B)</sup>) compose the state-social good of KMV.

In the aggregate, the good of KMV's family business has a clear longitudinal character (elements *Dynasties*<sub>(20B)</sub>, *Continuity* <sub>(8B)</sub>) in the family-collective measuring (elements *Parents* <sub>(1B)</sub>, *Familism* <sub>(5B)</sub>, *Female Line* <sub>(19B)</sub>, *Faith in Kindred* <sub>(53B)</sub>) where the aspect of internal spirituality (elements *God* <sub>(12B)</sub>, *Love* <sub>(30B)</sub>, *Internal Wealth* <sub>(55B)</sub>, *Church* <sub>(42B)</sub>) are in the central position. The formula key of the family business good is given in Appendix 1 in Formula 3.

#### IV Owning-Enterprising Family

The fourth owning-enterprising family (as well as the second family) is represented by two equivalent members, which form the married couple. Husband (NKV) and wife (NMV) mutually supplement each other in their

family business and their family. Therefore their family business good is analysed in the dyadic unity (Figure 6).

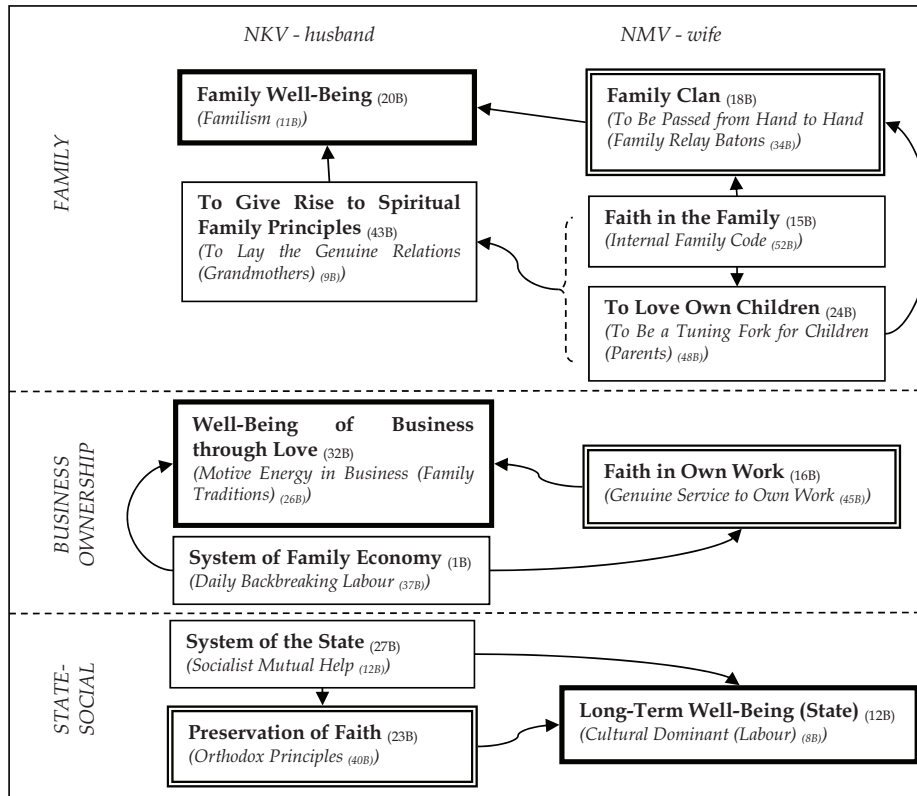


FIGURE 6 Key Value Order of the Constituents of the Family Business Key of IV Owing-Enterprising Family - NKV & NMV

In the family good of the fourth family, husband NKV plans strategically the positive intra-family development (*"Respect is the basis of patience and long-term well-being in the family."* (20B)), supports the spiritual family principles passed inherently (*"[My two grandmothers] laid the genuine relations between people in our family before the Soviet times."* (9B)). In turn, wife NMV unites the kindred, manages the process of the transfer of family wisdom from generation to generation (*"Then family relay batons will be passed from hand to hand."* (34B)), strengthens faith in the family (*"Faith in the family in terms of work means having hope on your assistants, on your family members."* (15B)), and contributes to the moral maturation of the young generation (*"Parents are a real tuning fork for their children. These are parents who can calm their children, give a feeling of protection ... and happiness."* (48B)).

The business-ownership good is seen through love for own work of NKV (*"It is love that gives rise to existence, creation and well-being."* (32B)), which is the key motivator of business activity (*"Family traditions gave rise to patience, which,*

*in turn, engendered to a motive, quite strong energy further in business.*" (26B), faith in own work of NMV (*"There is faith in what you do, hope that your work will be fulfilled..."* (16B)), and her sincere responsibility before labour (*"Work from start to finish does not always mean a fanatical, genuine service to your labour."* (45B)). In addition to that, the business-ownership good is revealed through daily work challenges (*"Family business is drudgery. Therefore family business should be established in the adult age..."* (37B)) and the system character of relations of NKV (*"There were survival potential and system."* (1B)).

The state-social good of the fourth family is based on NKV's approval of the system character of Soviet and Russian states (*"It was a brilliant system of the built Soviet state."* (27B)), on the postulates of mutual support (*"Along with socialist mutual help there were fundamental opportunities of start."* (12B)), and a necessity to live in concord with Orthodox faith (*"My point is that all these principles are in Orthodoxy."* (40B)). In turn, NMV points at the ways of achievement of the country's well-being (*"A well-organised and synthesised process can only supply the genuine, long-term well-being... of the whole country."* (12B)) and cultural influence, which is made on their family business (*"We cannot deny an influence of St. Petersburg... on the cultural dominant... in our company."* (8B)).

In general, the family business good of NKV and NMV's family relies on the family (element *Family Well-Being* (20B)), work (element *Well-Being of Business through Love* (32B)) and cultural (element *Long-Term Well-Being (State)* (12B)) goods, which are achieved by means of the family unity (elements *Familism* (11B), *Internal Family Code* (52B)), faith (elements *To Give Rise to Spiritual Family Principles* (45B), *Preservation of Faith* (23B), *Orthodox Principles* (40B)) and moral-sensual relation to labour (elements *Motive Energy in Business (Family Traditions)* (26B), *Daily Backbreaking Labour* (37B), *Genuine Service to Own Work* (45B)). The formula key of the family business good is given in Appendix 1 in Formula 4.

## 6 CONCLUSIONS AND DISCUSSIONS

We summarized the summarised information on the constituents of the family business goods in four owning-enterprising families in the following table (Table 2).

TABLE 2 Summary of the Dominant Constituents of the Family Business Good in Four Enterprising-Owning Families

		Family Good	Business-Ownership Good	State-Social Good
<i>I Family</i>	<b>KNV</b>	Family Circle <sup>(14B)</sup> ( <i>Family Morality</i> <sup>(20B)</sup> )	Art (Labour) <sup>(8B)</sup>	Human Culture <sup>(12B)</sup> ( <i>Russian Society</i> <sup>(13B)</sup> )
	<b>KAN</b>	Inherent Feeling ( <i>Family</i> ) <sup>(4B)</sup>	Collaboration <sup>(7B)</sup>	Relative Freedom (State) <sup>(17B)</sup>
	<b>KPN</b>	Family Relations <sup>(35B)</sup>	To Flourish (Company) <sup>(26B)</sup> ( <i>Family in Business</i> <sup>(6B)</sup> )	Level of Life (State) <sup>(14B)</sup>
<i>II Family</i>	<b>TVN</b>	Soviet Family <sup>(29B)</sup>	Labour Relations (USSR) <sup>(7B)</sup>	Russian History (Purpose) <sup>(17B)</sup> ( <i>Soviet Mentality</i> <sup>(10B)</sup> )
	<b>TVV</b>	To Provide Family Well-Being <sup>(22B)</sup> ( <i>Upbringing of Moral Values</i> <sup>(26B)</sup> ) ( <i>Meaning of Life (Child)</i> <sup>(41B)</sup> )	Enterprise's Success <sup>(50B)</sup> ( <i>Mutual Relations (Business)</i> <sup>(2B)</sup> )	Attitude of the State <sup>(24B)</sup>
<i>III Family</i>	<b>KM V</b>	Dynasties <sup>(20B)</sup> ( <i>God</i> <sup>(12B)</sup> )	Continuity <sup>(6B)</sup>	National Culture <sup>(24B)</sup>
<i>IV Family</i>	<b>NKV</b>	Family Well-Being <sup>(20B)</sup> ( <i>To Give Rise to Spiritual Family Principles</i> <sup>(43B)</sup> )	Well-Being of Business through Love <sup>(32B)</sup> ( <i>System of Family Economy</i> <sup>(1B)</sup> )	Preservation of Faith <sup>(23B)</sup> ( <i>System of the State</i> <sup>(27B)</sup> )
	<b>NM V</b>	Family Clan <sup>(18B)</sup> ( <i>Faith in the Family</i> <sup>(15B)</sup> ) ( <i>To Love Own Children</i> <sup>(24B)</sup> )	Faith in Own Work <sup>(16B)</sup>	Long-Term Well-Being (State) <sup>(12B)</sup>

Willingness to research Russian family entrepreneurship culture was caused by the several consecutive reasons. By studying modern family-owned companies, we also fit a key to companies' and owners' past experience, to national history in general. There is a certain set of keys for understanding the essence of family entrepreneurship in each of the analysed families. By analogy, a door can be opened with two keys (that is two family members with different but simultaneously supplementing values), with three or with a single key (when three members simultaneously or, on the contrary, an only person participates in the active ownership-management of the enterprise).

In Czech Republic, there is Katedrála svatého Víta (Cathedral of St. Vit) where the vault of the crowning regalia is located. In order to open this vault, as legend tells, it is necessary to put seven keys into seven different locks. Every

trusted person receives only one treasured key by inheritance. These keys are put by turns and only in the predefined sequence. The same is observed in the family business. In the present paper, we considered several cases and try to open slightly family business cultural locks. The general success of business requires different keys from all owners. It means that there are plenty keys required for success. A business “door” opens the treasuries only when all cultural keys are righteously put.

In other words, we can understand the family business philosophy through the entre-pological (that is cultural-business-family) analysis of all actively participating owners-managers who, as it was show, can represent several consecutive generations and be united by blood, legally and/or psychologically.

## 7 LIMITATIONS AND FURTHER RESEARCH

As Adendorff and Boshoff notice (2012, 9-10), there might be complexities caused by the size of the sample for the in-depth analysis when cognizing cultural and economic principles of the good ownership-management within the family entrepreneurship culture (Blair & Conrad, 2011). One of possible limitations of the present research can be also considered the combined use of cognitive analysis and content-specific interpretations (Denzin, 1970; Latcheva, 2011). Aspects that deal with the cultural view on economics, as Carlock (2010) as well as Freytag and Thurig (2007) specify, are always connected with the risk of misinterpretation, insufficient understanding of the depth of the cognized culture and the essence of respondents' answers in the anthropological perspective (Baba, 2006; Jordan, 2003).

In general, we can conclude that the present research opens up slightly the shed of the entre-pology of entrepreneurship connected with the family entrepreneurship culture (Donahoe & Habeck, 2011; Fey & Shekshnia, 2011), let us comprehend cultural and economic keys to the good of family business. Cross-cultural issues (Ardichvili et al., 2012; Hisrich & Gratchev, 2001), certainly, represent our primary interest in the foreseeable future. For instance, there are sparkling differences between the post-communist countries (Hofstede, 2001; Rees & Mizhevich, 2009), which influence on the way of business development: in particular, family business growth with its principles of succession and emotional continuity of traditions (Zellweger et al., 2012) are put under question.



## 8 APPENDIX 1

### FORMULA 1 Key of the Family Business Good of I Owing-Enterprising Family – KNV & KAN & KPN

{<sup>FAMILY</sup> [<sup>(A)</sup> *Family Circle* (14B) (*My "I" in My Father (To Live in My Children)* (39B)) \* *Inherent Feeling (Family)* (4B) (*Mutual Benefit (Family)* (2B)) \* *Family Relations* (35B) (*Blood Relation* (1B))] \* [<sup>(B)</sup> *Family Morality* (20B) (*Responsibility for the Whole Family* (19B))] \* {<sup>BUSINESS</sup> [<sup>(A)</sup> *Art (Labour)* (8B) (*To Make for People (Work)* (27B)) \* *Collaboration* (7B) (*Play on the Partner (Work)* (28B)) \* *To Flourish (Company)* (26B) (*Clear Interest (Business)* (24B))] \* [<sup>(B)</sup> *Family in Business* (6B) (*To Preserve Business (Family)* (40B))] \* {<sup>STATE-CULTURE</sup> [<sup>(A)</sup> *Human Culture* (12B) (*Old Faith* (11B)) \* *Relative Freedom (State)* (17B) (*Balance between the Old and the New* (39B)) \* *Level of Life (State)* (14B) (*Notion of Labour (State)* (22B))] \* [<sup>(B)</sup> *Russian Society* (13B) (*Single Nation* (35B))]}

### FORMULA 2 Key of the Family Business Good of II Owing-Enterprising Family – TVN & TVV

{<sup>FAMILY</sup> [<sup>(A)</sup> *Soviet Family* (29B) (*Collective Thinking* (25B)) \* *To Provide Family Well-Being* (22B) (*To Make Work Well (Family)* (36B))] \* [<sup>(B)</sup> *Upbringing of Moral Values* (26B) (*Strict Self-Treatment* (31B)) \* *Meaning of Life (Child)* (41B) (*Interest of Kindred (Child)* (53B))] \* {<sup>BUSINESS</sup> [<sup>(A)</sup> *Labour Relations (USSR)* (7B) (*Continuity (Labour)* (11B)) \* *Enterprise's Success* (50B) (*To Love Own Work* (20B))] \* [<sup>(B)</sup> *Mutual Relations (Business)* (2B) (*Unity of Interests (Work)* (25B))] \* {<sup>STATE-CULTURE</sup> [<sup>(A)</sup> *Russian History (Purpose)* (17B) (*Training of Old Principles* (20B)) \* *Attitude of the State* (24B)] \* [<sup>(B)</sup> *Soviet Mentality* (10B) (*Construction of the State (Purpose)* (16B))]}

### FORMULA 3 Key of the Good of the Family Business of III Owing-Enterprising Family – KMV

{<sup>FAMILY</sup> [<sup>(A)</sup> *God* (12B) (*Love* (30B)) \* *Dynasties* (20B) (*To Preserve Traditions* (43B))] \* [<sup>(B)</sup> *My "I"* (46B) (*Internal Wealth* (55B)) \* *Parents* (1B) (*Female Line* (19B)) \* *Family Relations* (50B) (*Faith in Kindred* (53B))] \* {<sup>BUSINESS</sup> [*Continuity* (6B) (*Familism* (5B))] \* {<sup>STATE-CULTURE</sup> [<sup>(A)</sup> *National Culture* (24B) (*Church* (42B))] \* [<sup>(B)</sup> *System* (8B) (*Restructuring (State)* (27B))]}

### FORMULA 4 Key of the Family Business Good of IV Owing-Enterprising Family – NKV & NMV:

{<sup>FAMILY</sup> [<sup>(A)</sup> *Family Well-Being* (20B) (*Familism* (11B)) \* *Family Clan* (18B) (*To Be Passed from Hand to Hand (Family Relay Batons)* (34B))] \* [<sup>(B)</sup> *To Give Rise to Spiritual Family Principles* (45B) (*To Lay the Genuine Relations (Grandmothers)* (9B)) \* *Faith in the Family* (15B) (*Internal Family Code* (52B)) \* *To Love Own Children* (24B) (*To Be a Tuning Fork for Children (Parents)* (48B))] \* {<sup>BUSINESS</sup> [<sup>(A)</sup> *Well-Being of Business through Love* (32B) (*Motive Energy in Business (Family Traditions)* (26B)) \* *Faith in Own Work* (16B) (*Genuine Service to Own Work* (45B))] \* [<sup>(B)</sup> *System of Family Economy* (1B) (*Daily Backbreaking Labour* (37B))] \* {<sup>STATE-CULTURE</sup> [<sup>(A)</sup> *System of the State* (27B) (*Socialist Mutual Help* (12B)) \* *Long-Term Well-Being (State)* (12B) (*Cultural Dominant (Labour)* (8B))] \* [<sup>(B)</sup> *Preservation of Faith* (23B) (*Orthodox Principles* (40B))]}

## 9 SUMMARY

In the present paper, we have introduced anthropological, culture-specific concepts of the good in the coordinates of family, business-ownership, and society. Family entrepreneurship culture was at the centre of our research interest. In particular, Russian family businesses in its cultural concordance were studied qualitatively using the mixed methodology of the cognitive, semi-structured interviewing, content-design and interpretation tools.

The selected four businesses are legally and psychologically united in four strata, which owners-managers bear distinct, although complementing value sets. Epi-human, family, business cultural frames were used to consider the respondents answers and analyse them using the in-depth qualitative format.

From the anthropological perspective, family-owned enterprises were studied as living systems. We considered owning-enterprising families in the longitudinal sequence, which were united by the representation of their own goods in socio-economic measuring.

As the main contributions, we conceptualised the meaning of the entepology of family business, introduced the culture-specific boundaries of Russian family businesses, revealed a certain depth of entrepreneurship relations, and used anthropocentrism as the leading principle of studying the family entrepreneurship culture. Finally, formulas of the goods were received as the result of deliberate analysis of the owners' answers. Anthropology of family entrepreneurship can be thus considered as our scientific contribution.

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