

# Master Thesis



## **Moderating Effects on Entrepreneurial Orientation in a Professional Family Firm**

**An in-depth case study on environmental and organizational moderators**

Lund University  
School of Economics and Management  
Department of Business Administration

Master of Science in Corporate Entrepreneurship and Innovation  
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## **Abstract**

Title: Moderating Effects on Entrepreneurial Orientation in a Professional Family Firm, an in-depth case study on environmental and organizational moderators

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Keywords: Corporate entrepreneurship, entrepreneurial orientation, professional family firm, organizational and environmental moderators

**Thesis purpose:** The purpose of this study is to examine what factors moderates or influence the entrepreneurial orientation. Our study provides a unique context that was examined. Argued by theory, moderators vary according to different contexts. Subsequently, we want to confirm some of the moderators discussed in literature and research what other context specific moderators that exist. Furthermore, the relationship and strength between EO and the moderators will be discussed from a contextual perspective. Our study attempts to validate and test knowledge using various scientific articles and applying them to our unique context. Furthermore, our results add knowledge to theory and enhance the understanding of professional family firms, EO, and the moderating factors. Additionally, this body of work will suggest future research areas where theory can benefit from additional research. We aspired to achieve this by gathering in-depth data from interviews across various departments and hierarchical levels. Further, we use internal documents and observation to guide our study. The case-company's unique attributes prompted us to investigate the phenomenon and serves for exemplary findings, analysis, and conclusions.

**Methodology:** A case study design was used at a host company to examine in-depth contextual moderators to EO. Nine interviews with various departments and position levels provided for a rich data collection. The overall approach was qualitative using empirical and theoretical data. Furthermore, the research consisted of inductive and deductive elements. A thorough literature review was conducted to comprehend themes, create a tool and the research question. Moreover, the theoretical tool was used to analyze relationships between EO, the professional family firm and moderators. The delimitations excluded the effect of EO on performance.

**Theoretical perspectives:** The theoretical perspectives of the thesis are entrepreneurial orientation, family firms and lastly the influencing factors or so called moderators. “Entrepreneurial orientation (EO) refers to the strategy making process that provides organizations with the basis for entrepreneurial decisions and actions” (Rauch, Wiklund, Lumpkin, & Frese, 2009, p. 762). The construct can be broken down into three different dimensions referred to as: Risk-taking, Proactiveness and Innovativeness (Miller D. , 1983). It is argued that EO is an important determinant of company performance (Zahra & Garvis, 2000). The family firm is distinguished by ownership share, company objectives, and family involvement in management (Westhead & Howorth, 2007). This study focuses on the professional family firm. The professional family has low family involvement in management, close family ownership, and a mixture between family and financial business objectives. The moderating factors influence the levels of EO either positively, negatively, or neutrally. We distinguish between organizational factors (internal) (Carney, 2005) and environmental (external) (Zahra & Garvis, 2000).

**Conclusions:** The result of this study was the discovery of two novel findings in the professional firm context namely: Regulations and compliance and size and growth of the business. The two above-mentioned moderators were empirically proven to affect EO in the professional family firm. Furthermore, we validated and assessed a number of other moderators as well, indicating the strength and effect on EO. This study has developed the academic understanding of EO, professional family firms, and moderators. Lastly, this paper illuminated additional research areas which could be pursued by future researchers.

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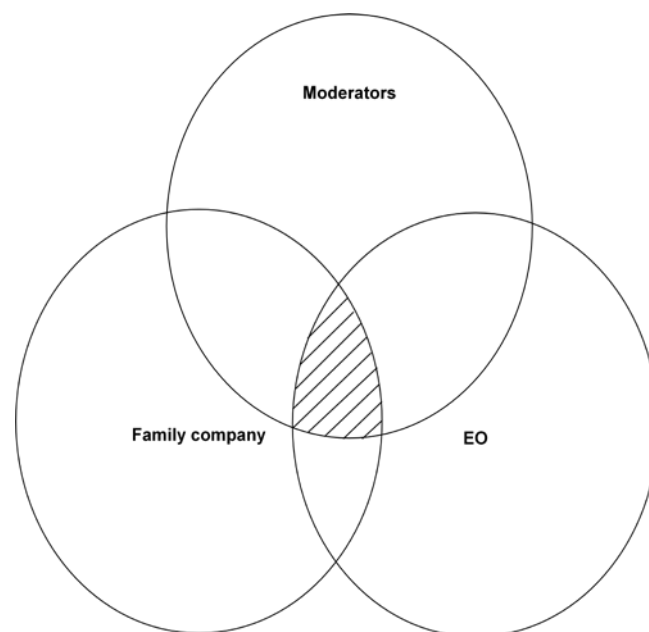
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## 1 Introduction

### 1.1 Background

Entrepreneurship is a research discipline that in recent years has experienced a substantial increase in attention. The increasingly competitive environment has led to pressure from the market and clearly highlights the importance of entrepreneurship. In particular, research in corporate entrepreneurship or intrapreneurship has gained attention from researchers. In addition, numerous people are eager to read about the phenomenon and issues surrounding it. There are a lot of myths about entrepreneurship which skews the general perception and thus creates misconceptions. The emerging field of entrepreneurship literature has begun to diverge into many different sub research areas. One of the most popular areas of research is entrepreneurial orientation which is a construct to describe a firm's strategic inclination towards entrepreneurship. Another popular research field in business is family firms. Today, family firms account for a large majority of the contribution to the world economy. However, besides differing from non-family companies, they also differ from each other. This translates into differentiated configurations of the corporate governance and affects the way firms behave entrepreneurially. In addition, environmental and organizational factors play a role in how EO translates in a company. Consequently, a combination of the three above mentioned areas provide for an interesting research topic. The research is based on a case study undertaken during five months at a privately owned bank that provided a unique perspective and rich data collection.

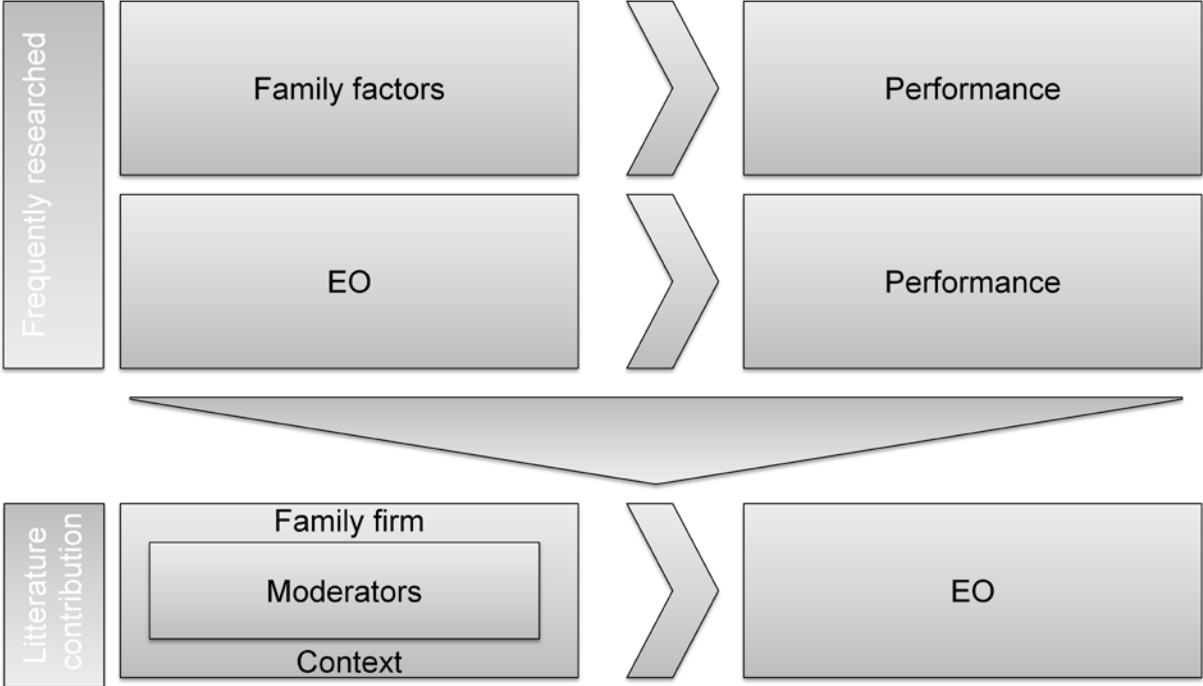


### 1.2 Problem discussion

This paper examines the contextual moderators that affect entrepreneurial orientation (EO) in a professional family firm. Early research from Lumpkin and Dess (1996) and Zahra (1991) argue that a firm's level of entrepreneurship is affected by both the external and internal organizational context. Furthermore Rauch et al. (2009) argued that there is little consensus on suitable moderators related to EO. Moreover, the



heterogeneity of family firms has resulted in a lack of consensus in what it means to be a family firm (Westhead & Howorth, 2007). The governance structure gives the organization a distinctive character (Sundaramurthy & Kreiner, 2008) which potentially creates differences in EO. Further, corporate governance represents different organizational attributes (Carney, 2005) which leads to differences in strategy and processes, thus affecting EO. In addition, Boers and Nordqvist (2012) called for researchers to study non-listed family firms that share similar traits to the hybrid firm i.e. professional family firm. Zellweger et al. (2010) have proposed that family firm research would greatly benefit from studies examining the family firm's identity in businesses with or without family involvement. Furthermore, the relationship between EO and characteristics internal to the firm is contingent (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007). Thus, we agree with Lumpkin and Dess (1996) and Wiklund and Shepherd (2003) that scholars benefit from taking moderating effects into account. Most family firm research revolves around how family propensities potentially influence the company performance, while EO research has mainly focussed on how EO can influence the company performance. Thus, by considering frequently and less frequently researched topics as well as the recommendations for future research, we derived an area we could, with a case study in a unique family firm, add value to existing literature by validating some of their concepts and potentially adding knowledge. The resulting research area is how moderators in a professional family firm context influence the firm's levels of EO. An illustration and summary of the contribution and gap can be found below. The detailed research question can be found under the next heading.



### 1.3 Research question

After observing, informal talks, and conducting an initial review of literature we identified the three different areas of research that could be studied in the case-company: EO, professional family firm, and the factors that influences the same. As we gathered information and dug deeper into the literature the research question began to take shape. After several iterations we arrived at the final research question.

*“How is entrepreneurial orientation influenced by contextual moderators in a professional family firm?”*

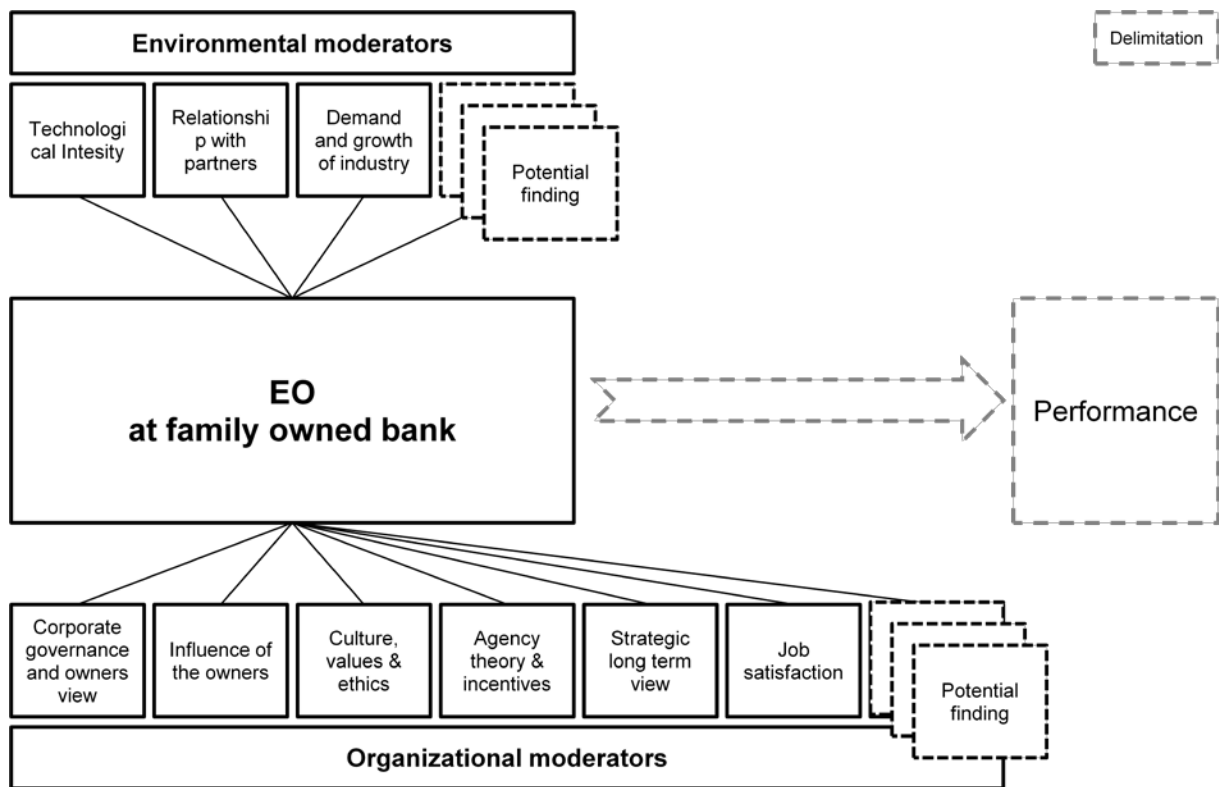
The “how” part refers to the positive, negative, or neutral way EO is influenced by different contextual moderators. EO is divided into three dimensions and discussed separately where applicable. The moderators are divided into environmental (external) and organizational (internal) and subdivided into themes found in both literature and the interviews. Lastly, the word contextual refers to context of a professional family firm with a given ownership structure in the banking industry.

### 1.4 Purpose

Thesis purpose: The purpose of this study is to examine what factors moderates or influence the entrepreneurial orientation. Our study provides a unique context that was examined. Argued by theory, moderators vary according to different contexts. Subsequently, we want to confirm some of the moderators discussed in literature and research what other context specific moderators that exist. Furthermore, the relationship and strength between EO and the moderators will be discussed from a contextual perspective. Our study attempts to validate and test knowledge using various scientific articles and applying them to our unique context. Furthermore, our results add knowledge to theory and enhance the understanding of professional family firms, EO, and the moderating factors. Additionally, this body of work will suggest future research areas where theory can benefit from additional research. We aspired to achieve this by gathering in-depth data from interviews across various departments and hierarchical levels. Further, we use internal documents and observation to guide our study. The case-company’s unique attributes prompted us to investigate the phenomenon and serves for exemplary findings, analysis, and conclusions.

### 1.5 Delimitations

EO and performance will not be analyzed in this study. This is due to the vast amount of research conducted on this topic, since the chance of making a contribution to theory will be limited. Moreover, the entrepreneurial research community have gone so far in EO-research that meta-analysis appears to be the most useful way of illuminating the relationship. This further reduces the likelihood of conducting research that is useful considering that this body of work is a case-study design. Hence, our contribution will lie solely and exclusively in the relationship between the moderators and EO in the professional family firm. Below, an illustration of our attempt including the delimitations and future research areas is visualized.



## 1.6 Key concepts

The key concepts for the thesis are entrepreneurial orientation, family firms and lastly the influencing factors or so called moderators. “Entrepreneurial orientation (EO) refers to the strategy making process that provides organizations with the basis for entrepreneurial decisions and actions” (Rauch, Wiklund, Lumpkin, & Frese, 2009, p. 762). The construct can be broken down into three different dimensions referred to as: risk-taking, proactiveness and innovativeness (Miller D. , 1983). It is argued that EO is an important determinant of company performance (Zahra & Garvis, 2000). The family firm is distinguished by ownership share, company objectives, and family involvement in management (Westhead & Howorth, 2007). This study focuses on the professional family firm. The professional family has low family involvement in management, close family ownership, and a mixture between family and financial business objectives. The moderating factors influence the levels of EO either positively, negatively, or neutrally. We distinguish between organizational factors (internal) (Carney, 2005) and environmental (external) (Zahra & Garvis, 2000).

## 2 Theoretical frame of reference

The frame of reference will delineate how the EO construct is related to our study, which serves as a positioning relative to other research. Moreover, we have identified several factors that theory has acknowledged as influencing factors to EO. They will be explained in this chapter and serves as a tool for analyzing our information in

chapter five. Moving forward, we will discuss and examine the concept of family firms. The specific conditions and aspects related to the case firm will be outlined.

Hence, the literature frame of references serves two purposes: firstly, to position the study in order to be able to contribute to theory. Secondly, to identify factors and concepts and use them as a tool for analysis. For the reader's convenience, we have structured the frame into themes of: EO, moderators, and family firms.

## 2.1 Firm-level corporate entrepreneurship

To assess the firm-level corporate entrepreneurship we used the EO construct, as suggested by theory (Lumpkin & Dess, 1996). This will be an important tool in order to answer the first part of our research question.

### 2.1.1 Introduction to Entrepreneurial Orientation

Entrepreneurial Orientation (EO) is the most widely researched area when it comes to entrepreneurship research. Within entrepreneurship literature, EO has become the central concept and it has been subjected to over a 100 studies. Due to the considerable amount of studies on EO, it is apparent that the construct is relevant and provides meaning when researching entrepreneurship (Wiklund & Shepherd, 2011). However, considering the large amount of information that is found on EO, we deemed it necessary to provide a context in order to understand the phenomenon, and to justify our positioning of the research.

#### *Historical perspective*

The first strategic literature defined entrepreneurship with the entering of a new business, which is applicable to both new ventures and ventures in an established company. Hence, the orientation was defined by what business to enter, which in turn established the firm's strategic tendency (Miles, Snow, Meyer, & Coleman Jr., 1978). As can be seen, the early literature regarding entrepreneurship share common characteristics with what is now known as EO. However, as the field progressed more research was conducted on the entrepreneurial processes. The variables consist of the means, practices, and decisions-making approach a firm use to perform entrepreneurially. That led to a reshaped focus where entrepreneurship researchers used concepts from strategy literature in order to conceptualize entrepreneurship (Lumpkin & Dess, 1996). One can therefore say that entrepreneurship is the study of what entrepreneurship consists of, while EO delineates how entrepreneurship is undertaken (Lumpkin & Dess, 1996). Considering this important distinction, we believe that the EO approach reflect our purposes the most.

The EO concept was introduced by Miller (1983) and the construct outlined a theoretical model that determined what it means for a firm to be entrepreneurial. The article states that a firm is entrepreneurial if it engages in activities that are: Proactive, Innovative, and Risk-taking concurrently (Miller D. , 1983). The concept is linked to a large variety of organizational processes and created a base from which other researchers have developed the paradigm. As the field of study progressed more research was conducted and additional dimensions were added to explain and characterize entrepreneurial processes within firms: competitive aggressiveness and autonomy (Lumpkin & Dess, 1996). A review of literature reveals that many

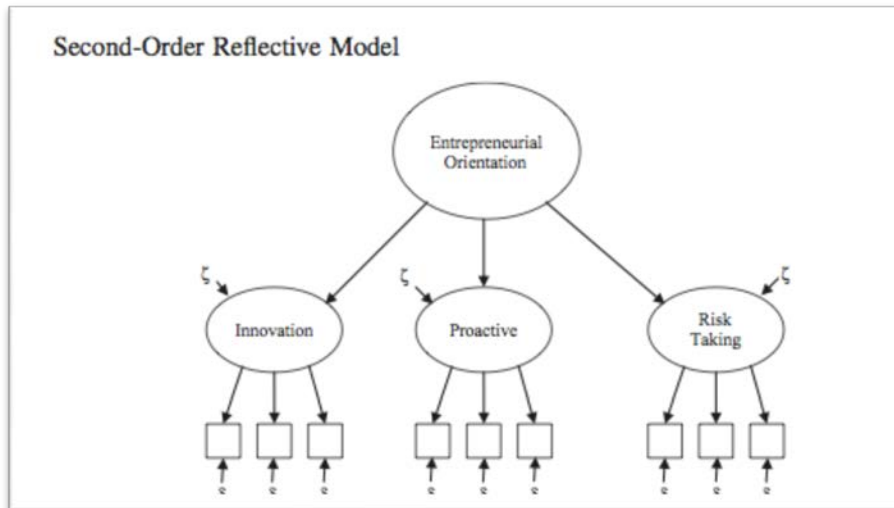
researchers only considered the first three dimensions when conducting research, this is especially clear when reviewing meta-analysis studies, where three and not five dimensions are being measured e.g (Wiklund & Shepherd, 2011). The two additional dimensions are inter-correlated and hence, researchers exclude them or combined them into one dimension (Rauch, Wiklund, Lumpkin, & Frese, 2009). This has important implications for our research, and based on the above-mentioned reasoning and common practice, we chose to focus on the three original dimensions. Further, recent research that studied the relationship between performance and EO used the three dimensions and the findings states that the dimensions are of equal importance when assessing the performance of a firm (Rauch, Wiklund, Lumpkin, & Frese, 2009). An even more recent article also uses the three dimensions of EO, and (Cruz & Nordqvist, 2012) which further led us to believe that the three dimensions are relevant.

Hence, our study adheres to the definition of EO outlined by Lumpkin & Dess (1996) and Wiklund & Shepherd (2003): “EO refers to the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions” (Rauch, Wiklund, Lumpkin, & Frese, 2009).

### 2.1.2 Entrepreneurial Orientation and the Dimensions

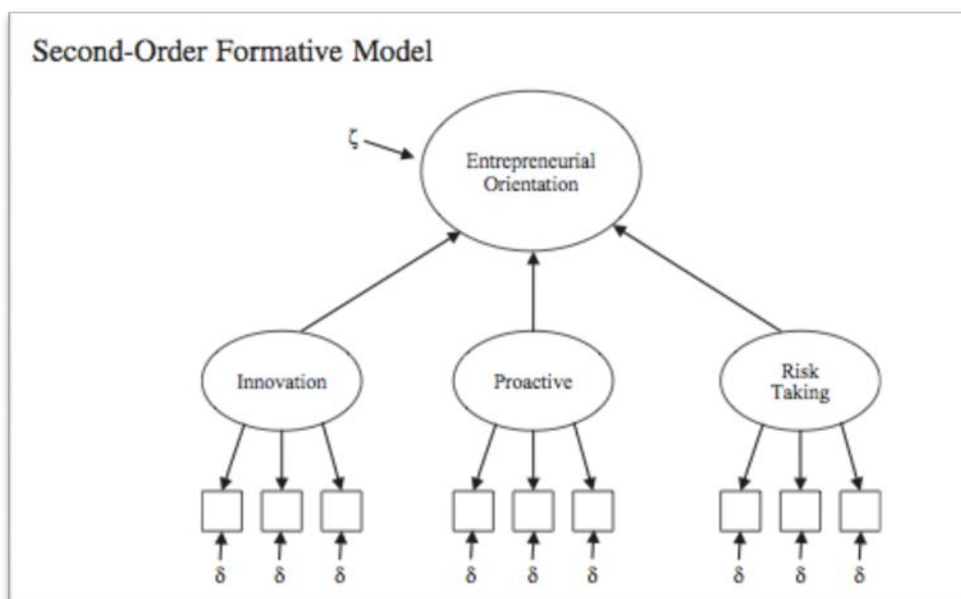
The relationship between EO and its dimensions are important for the understanding of the construct. In literature currently, there are two widely held views regarding the relationship. By discussing them here, it will be clear for the reader what type of relationship we base the research on and the justification for it. Furthermore, EO is pivotal for answering the first part of the RQ. Below the two views will be elaborated on briefly:

EO is a multidimensional construct and therefore it is pivotal to delineate the relations between the dimensions (proactiveness, innovativeness, and risk-taking) and the super-ordinate construct (EO) (George & Marino, 2011). Both Miller (1983) and (Covin & Slevin, 1989) argued that all three dimensions are necessary in a firm for it to be entrepreneurial. Thus, an increase in EO would according to this view increase all three dimensions consequently. What is interesting is wheatear or not the construct is a compound of the dimensions, as suggested by Miller (1983). Furthermore, Miller stated that one could view entrepreneurship in the combined value of the dimensions (Miller D. , 1983). This means that EO is the total sum of its dimensions, in other words, the dimensions determines the level of EO. Moreover, that would mean that its dimensions shape EO. We examined other scientific articles and noticed that others have adopted this view in their research (Lumpkin & Dess, 2001). This is referred to as the second-order reflective model (George & Marino, 2011) and is illustrated through the conceptualization displayed below:



(George & Marino, 2011, p. 1000)

In contrast to this widely held notion is the second-order formative model. The argument being that a firm's EO inclination is a strategic stance that is reflected in the dimensions and not that the strategic stance is a result of the dimensions. While this might seem as an irrelevant discussion, the definition of the relationship between the super ordinate construct and its dimensions fundamentally affect the perception of EO. Other studies have described EO as an organizational occurrence that is closely connected to a firm's processes, methods, and decision-making activities (George & Marino, 2011). Hence, it has been argued that EO symbolizes a concept that is more than the mere sum of its dimensions (George & Marino, 2011). Thus, the dimensions become a manifestation of the larger construct that constitutes a firms strategic stance. Below is visual depiction of the model discussed:



(George & Marino, 2011, p. 1001)

Considering the discussion above our study agrees with the view of EO as a second-order reflective construct. By saying that, we can still assume that a firm's strategic stance will be manifested through the actions and decisions of the employees (Rauch, Wiklund, Lumpkin, & Frese, 2009). Thus, it is still possible to examine the effects of family owned governance structure, and what factors that influences EO. However, it is crucial to be aware that the actions and decisions in itself is not an antecedent of EO rather its permeated through the firm based on the strategic inclination of the same.

### 2.1.3 The three original dimensions

The strategic commitment of a firm influence the levels of the dimensions, which in turn form patterns that can be found in an organization's: planning activities, decisions making, strategic management, culture, shared values, and corporate goal's (Lumpkin & Dess, 1996). Hence, we define the dimensions in order to be able to measure how they are influenced correctly. Below the original dimensions of EO is explained further in order to explicitly depict what type of behavior is associated with the same.

#### *Innovativeness*

Schumpeter first discussed the role of innovativeness and the relationship to entrepreneurship in 1934. Since then it has played a pivotal role in the literature surrounding entrepreneurship and EO. Moreover, one can and should distinguish between technologic innovations and product/market innovations. Technological innovation refers to the development and introduction of products as is strongly related to R&D functions such as product/process development, research, and technological expertise. Product-to-market is the weight being placed on product design, market research, and marketing (Lumpkin & Dess, 1996). Innovativeness can be categorized in different ways and is often dependant on context. However, a review of literature revealed general tendencies which include creative and experimental behavior that leads to either: new products or services and/or being in the technological forefront by a R&D department that engages in new processes (Rauch, Wiklund, Lumpkin, & Frese, 2009). In sum, innovativeness is important for EO since it is pivotal for pursuing novel opportunities (Lumpkin & Dess, 1996).

#### *Risk taking*

Risk taking refers to the level of risk that a firm is willing to engage in. For example, the relationship to what is unknown and the brash actions that are needed to go there. Further, risk taking can also be associated with the amount of debt a firm is willing to take on, substantial borrowing for example, in order to cease new business opportunities. Moreover, risk taking can also be associated with the distribution of a firm's resources, particularly as it relates to venturing in the new areas (Rauch, Wiklund, Lumpkin, & Frese, 2009). Risk taking behavior also includes preferences for participating in risky projects. The inclination towards cautious or bold ways of

dealing with firm objectives provides insight to what extent a firm is entrepreneurially oriented (Miller D. , 1983).

### *Proactiveness*

Proactiveness is the inclination of a firm to spot new opportunities, look to the future, and foresee the future needs of the customer's. This is expressed through new products and services being released before competitors (Rauch, Wiklund, Lumpkin, & Frese, 2009). Proactiveness also guide firms to discover asymmetries in the market and act to exploit them. In practice, an entrepreneurial firm would tend to be a leader in the market since it would discover new opportunities and act upon them, before the competitors (Lumpkin & Dess, 1996).

#### 2.1.4 Entrepreneurial Orientation as experimentation

As mentioned previously a large amount of studies have focused on the relationship between EO and firm performance, in fact most of the studies regarding EO (Miller D. , 2011). It therefore provides an interesting perspective that can be used to position our study.

Firm's today face an increasingly competitive environment where swift changes, shortened product/business lifecycles, and an ambiguous future are common. Hence, litterateur has typically assumed that firms that engage in proactive, innovative, and risk-taking behaviors will benefit since the above-mentioned activities would best mitigate the challenges of a harsh environment. The inclination of pursuing the dimensions of EO would thereby make a firm better suited to deal with the hostile environment common in most industries, and thus perform better than those that do not (Rauch, Wiklund, Lumpkin, & Frese, 2009). Taking bigger risks when going to market, more aggressively positioning of the products/services, and the anticipation of demands are examples of behaviors that give firms advantages. Hence, conceptual claims have been made that pursuing EO in fact leads to higher performance. The level of correlation however has been disputed. Studies differ and while some have found a positive correlation between EO and performance (Wiklund & Shepherd, 2003) others have found a weak relationship between the pursuit of EO and performance (Lumpkin & Dess, 2001). However, a meta-analysis study shows a positive relationship between EO and performance, which stresses the importance and significance of EO-research (Rauch, Wiklund, Lumpkin, & Frese, 2009). The relevance of the EO concept was instrumental for our study since it provides empirical evidence for the validity of the construct.

Building on the discussion above it is interesting to consider if there are adverse affects between pursuing EO and performance. Further, considering the abundance of research regarding the topic, it is important to assess the relationship and discover other perspectives. There seems to be a preference to view EO as a tool for performing better. However, recent studies have shown that EO could be a doubled edged sword.



The notion of EO as a positive factor for performance has been named “EO-as-advantage” and specifies that a firm benefits by engaging in EO. This stance, as previously mentioned, is the most common view on the relationship. However, recent articles have voiced a contrasting opinion dubbed “EO-as-experimentation”. This notion reflects that EO is linked to greater variance discrepancy that augments both failure and success (Wiklund & Shepherd, 2011). This has important implications for our research. In order to examine the relationship of EO-behavior and the moderators within a firm, it is pivotal to acknowledge that levels of EO can have a positive and negative effect on firm performance. Elaborating further, it will help provide us with possible motives that can explain the entrepreneurial oriented behavior of employees and management within the firm. Hence, we adhere to the notion of “EO-as-experimentation” in this study, since it is the most recent, and to date, most accurate model. The relationship between EO and performance has been extensively researched and we cannot aim to make a contribution to literature. However, it can be concluded that a firm engaging in EO will have higher chances of outperforming firm’s that do not.

Hence, the factors that influences EO, and in the extension, performance is therefore interesting to study. The external and internal factors that influence a firm’s ability to act but also the partiality towards EO is something that should not be neglected. Considering that most current research is largely focused on the effects of entrepreneurial behavior, this study’s focal point is on the factors that influence a firm’s entrepreneurial orientation.

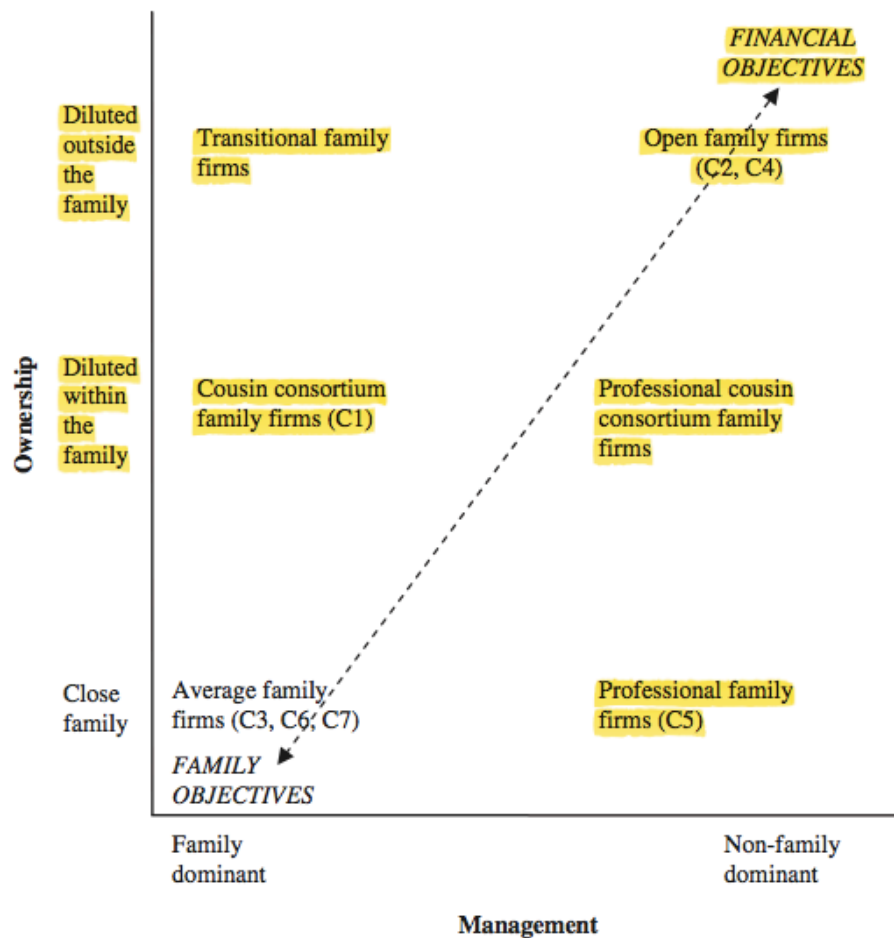
## 2.2 Family Firms and Entrepreneurial Orientation

Studies have shown that EO is a relative concept, meaning that in different context different levels of EO is desired since it affects performance differently (Wiklund & Shepherd, 2011). Furthermore, a review of literature shows that there are different moderators that affect how a firm’s act entrepreneurially (Lumpkin & Dess, 1996). In order to position our study, we strived to find an area where a limited amount of research had been conducted. Building on the argument of Naldi et al. (2007) we agreed that EO research would benefit further by devoting more focus on the role of organizational context as it relates to entrepreneurship (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007). Thus, we chose to examine EO in the context of a family owned firm. It is important here to discuss the different types of family firms in order to establish which type is relevant for our study.

As noticed by other researchers, family firms do not have any universal definition (Miller, Le Breton-Miller, Lester, & Cannella Jr., 2007). It is therefore problematic to find a definition that has consensus. A review of literature clearly shows that many studies used definitions where a family member is in managerial position (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007) (Carney, 2005) (Dyer Jr. & Handler, 1994). Throughout literature it is emphasized that family firms are heterogeneous (Carney, 2005) (Cruz & Nordqvist, 2012) (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007). Thus, there is a need to examine different types of family firms and map out their characteristics in order describe what firm we refer to since this have implications for the goals, strategy, and subsequently EO. The common denominators that are used to set family firms apart are usually ownership, management, and financial/family

goals. Ownership is used to understand how much of the firm that is controlled by the family. Management refers how involved and/or how many of the family members that are managers. The mixture between financial and family goals refers to which goal is prioritized. Articles like Ang et. al (2000) and Cruz and Nordqvist (2012) use the two first parameters to discuss differences between family firms. The article by Westhead and Howorth (2007) has found evidence for six types of family firm and their relationship between management, ownership, and objectives. Briefly, we will discuss the different types below:

Average family firms focus on family goals and have tight family ownership and are well represented in terms of management. Professional family firms have a mixture of family and non-family goals. The ownership is close within the family and management consists of mainly non-family members. Cousin consortium family firms also have a mixture of family and non-family goals, the ownership is dispersed within the family, and family managers are predominant. Professional cousin consortium family firms have a stronger focus on non-family objectives (such as financials), ownership is dispersed within the family and management consists to a large extent of non-family members. Transitional family firms blend family and non-family objectives, with emphasize on financial goals. Ownership is spread outside the family but family-members are dominant in management positions. Lastly, the open family firm has a strong focus on financial objectives. The ownership is dispersed outside the family and non-family members largely hold non-family management (Westhead & Howorth, 2007). The importance placed on financial or family objectives could affect the firm's strategic inclination (EO) and is therefore an important parameter to consider. The involvement of non-family owners and managers are likely to affect the firm's internal environment and behavior.



(Westhead & Howorth, 2007)

The dimensions of EO are likely to be affected dependant on what type of organizational context a firm is active in. It has also been argued that family firms differ considerably to each other and that it is possible that they might show different patterns regarding EO (where risk taking is an dimension) (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007). This further ads to the purpose of this study since one might expect that the dimensions of EO will behave differently dependent on the organizational context. Thus, combining the unique context with the widely adopted construct (EO), one can assume to contribute to theory by examining what and how moderators are influences the professional family firm.

Furthermore, researchers have stipulated that risk taking might be more significant in some type of family firms (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007), which sustains the notion that organizational structures and governance should be taken in to consideration in order to increase the understanding of the dimensions and entrepreneurship (Lumpkin & Dess, 1996). Naldi et al. (2007) further argued that family firms might be of particular interest when attempting to comprehend the context specific factors of the relationship (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007).

*“Entrepreneurial orientation (EO) is an established construct that has attracted substantial research. Generally, this research finds support for positive relationships between all dimensions of EO (including risk taking) and performance. Our findings suggest that such statements may need to be qualified. In some contexts, the relationship may actually be the opposite. This suggests that future EO research would benefit from paying closer attention to organizational context (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007, p. 43)”.*

### 2.2.1 Family identity as an influencing factor

The heterogeneity of family firm firm’s has the implication that theory does not have a clear understanding of what the differences is between family firms (Boers & Nordqvist, 2012). The uncertainty arises from the fact that a family business is the mixture between two institutions: the business and the family (Tagiuri & Davis, 1996). The notion of organizational identity can be used as a mean to understand the concept of families and the different characteristics it creates. The distinguishing character that an organizational identity constitutes can give way for positive and negative outcomes. The uniqueness of a family firm combined with the business identity creates conditions that are difficult to replicate elsewhere (Boers & Nordqvist, 2012). The family identity can be advantageous since the firm can combine and take advantage of both business and family characteristics. The involvement of the family and the family identity creates unique influences to the firm and the dimensions (components of involvement, essence, and family firm identity) create inimitable family-resources that can lead to higher performance compared to a non-family firm. However, the family influence can also be viewed as a negative influence as well (Zellweger, Eddlestone, & Kellermanns, 2010). Too high family involvement and family identification can lead to firm being inefficient, unable to act on opportunities, and ultimately lead to the decline of a firm.

Building on the discussion above the identity of a family firm is an important aspect to consider when examining EO and what might affect it. Continuing, the hybrid organization is a relatively new concept that has been used to characterize publically listed family firms (Boers & Nordqvist, 2012). Organizations that are utilitarian are described in theory as firm’s that are controlled by information and hence makes business decisions based on the same. Consequently, normative organizations make business and strategic decisions based on ideology (Boers & Nordqvist, 2012). The former organizational type is more associated with a non-family business while the latter is associated with family-firms. The hybrid organization is a mixture of the both where ideology and information are influential factors to the firm. The hybrid organization is described as a publicly listed family firm that would have both family and business motives concurrently. In this study we examined if the hybrid identity can be applicable to family firms that are not publically listed. This was important since Sundaramurthy and Kreiner (2008) argued that the uniqueness of the family identity leads to advantages. Moreover, we sought to see if the identity influences a firm’s EO as well.

### 2.2.2 Agency Theory

Agency theory is the leading paradigm used to investigate issues of family governance (Carney, 2005). Agency theory assumes that the separation of ownership and management creates agency costs (James, Chua, & Litz, 2004). Typically, it is therefore presupposed that agency costs are lower in family firm since the ownership and management tend to be intertwined. The notion of agency theory is that managers of firm's will not as thoroughly as owner-managers, manage and care for the firm's affairs (James, Chua, & Litz, 2004). Agency cost occurs when systems are put in place to mitigate the motives of the managers (agents) and the owner's (principal). Incentives constitute a typical tool that is used to mitigate the risk and thus, becomes an agency-cost. Researchers have assumed that owner-managed firm have low to no agency costs (James, Chua, & Litz, 2004), and hence, it is often used to characterize family firms. Altruism within families therefore has been assumed to reduce agency-costs. However, altruistic behavior could be the source of other agency-costs such as: the hiring of family members without relevant experience (nepotism), prevalence of ineffective managers (difficulty in firing employee's) and/or predatory managers (preoccupied with own motives) (James, Chua, & Litz, 2004).

Concluding, one can see that agency-theory and the discrepancy between owners and managers goals and vision might influence a firm's internal environment. Hence, the relationship between owners and managers could create issues that might affect a firm's strategic direction. The occurrence of and potential solutions to, agency theory might cause affects internally in terms of culture, strategic direction, and efficiency. Theory have empirically tested and confirmed that family firms increase performance by introducing monetary incentives and the use of strategic planning as a control mechanism (James, Chua, & Litz, 2004). Considering the relationship between performance and EO, one might expect that incentives and strategic control positively influence both performance and thereby EO.

### 2.2.3 Family propensities

As mentioned previously, family firms are not homogenous and tend to differ in terms of structure, organization, and values (Naldi, Nordkvist, Sjöberg, & Wiklund, 2007). However, attempts have been made to categorize characteristics that might be found in family firms. The characteristics are labeled propensities and refer to the natural inclination towards behavior of family firms. Due to ownership, family members have control rights over firm's assets and hence, have the opportunity to influence decisions made in an organization and thereby exert authority over the decision making process (Carney, 2005). The control rights of a family could therefore be expected to yield a unique organizational environment that is likely to affect EO. Furthermore, the family governance might influence dealing with external parties like business partners, suppliers, and financiers (Carney, 2005). The family ties to business partners might be very much dependent on the governance structure. We designed the interview guide in order to collect data regarding partners and the firm.

Below we discuss general propensities that might have an effect on the organizational capabilities.

Perhaps what is the most unique characteristic of a family owned firm is the unification of ownership and control. Control in this context refers to the ability of owners to control the assets of the firm, meaning that the owners can dispose, add or direct them without the interference of a third party (Carney, 2005). The combination can vary between different types of firms but regardless of the configuration the relationship gives way for propensities that could affect the EO-level. Other dimensions that are inter-related to EO such as incentives, authority, and long-term perspective are also likely to be affected by the governance structure (Carney, 2005).

### *Parsimony*

Parsimony addresses the notion that since the wealth of the firm is equaled to the wealth of the owner's, decisions regarding the expenditures of that wealth might be affected. This stems from the notion that one is always more likely to be careful with one's own money than one is with other's. Continuing that thought, this propensity is closely related to agency theory where others would argue that a family owned firm mitigates the adverse affects of agency theory (Carney, 2005). Theory states, that when mitigating the risk of the agency issue, a firm benefits since it removes the need for incentive programs for managers and decreases monitoring costs of the same (Carney, 2005).

Moving on, if an owner is involved with taking out profits from the firm (which tends to be the most common behavior of owners), cost reducing tactics is likely to be employed (Carney, 2005). Combining the parsimony factors, theory states that a firm will have a strong focus on efficiency and a tendency of being spares with the firm's resources compared to other governance structures (Carney, 2005).

### *Personalism*

Personalism refers to the role of the owner-manager and the effects that has on the firm. The owner-manager adheres to less internal constraints, which is something unique for a family-managed firm. H&R processes for example, could be by-passed in order to fit the goals of the owner-manager, the people that are deemed right for the firm might not need to use formal channels in order to get employed. In the dealings with the external constraints such as: accountability, disclosure, and transparency the owner might satisfy the constraints through their own best judgment. The implication being that the owner has a unique role compared to managers of other governance structure, where accountability and transparency is key. The personalization of authority that is represented by the owner/owners allows for their vision to be instilled into the organization. (Carney, 2005).

### *Particularism*

Particularism is closely related to the authority aspect mentioned above and has its roots in the owner-manger's perception of the business as theirs. Managers that are employed by the firm are expected to provide expertise and balanced decision making skills, this is true for all types of governance structures. The role is slightly different for managers in a family-owned firm, since family members due to the

ownership can interfere in the business decisions. The owners can impose virtually any rules and regulation of their choosing, which leads to a greater variance in their role of authority. Nepotism and altruism can be imposed criteria and is likely to affect the culture and attitude of the employees. Literature discusses that acquisition strategies may, in some cases, be used as a means to improve social status for the owners (Palmer & Barber, 2001). There is also a tendency of dealing with business partners for a long period of time and the decisions are not necessarily based on profitability, rather on close relationships. In contrast, owner-manager firms tend to be extensively calculative for day-to-day transactions (with for example suppliers). The configuration appears to be dependent on personal beliefs and the business mindedness of the owner-manager and may therefore be different from firm to firm and might also change as a new generation enters the business.

#### 2.2.4 Family firms and EO

Interesting studies regarding EO in family firms have highlighted the generational perspective as an influencing factor. While not available for investigation in this study, the notion brought forward provides for a more holistic view of EO in family businesses. Specifically, we are interested in the external and internal factors that affect EO. It is important to acknowledge that the external environment poses a threat to firm, however, it also provides for opportunities. Previous studies have shown that the perception of the competitive environment is an important determinant for a firm's EO-level (Zahra, 1991). Studies have measured the perception of the external environment, as it relates to EO, by collecting data from CEO's (Cruz & Nordqvist, 2012).

Cruz and Nordqvist (2012) highlighted the external factors that influence EO levels. They discuss the perceived environmental resourcefulness, since it is the perception from managers that ultimately serves as basis for decisions. Firstly, environmental dynamism reflects the instability of, or tendency to change in a market. It affects EO levels since a firm needs to adapt the strategic inclination based on how the market behaves. Secondly, perceived technological opportunities refer to the extent innovation and bold changes in technology are possible in a market. A perception of the possibility and/or frequency of breakthrough ideas would surely influence a firm to focus more or less on research and to explore new opportunities. Thirdly, is the perceived industry growth that mirror's the existing and potential demand for products/services. A highly perceived demand for products/service would lead to less urgency and thus negatively affect EO (Cruz & Nordqvist, 2012).

Furthermore, Cruz and Nordqvist also highlighted the internal factors that influence EO levels. Firstly, they discussed the affect of non-family managers. They argued that the presence and decision making of non-family managers would increase levels of EO during the third-generation of a family firm. The argument being that the non-family managers was not an influential factor for EO in the first and second generation, but grew in importance and becomes pivotal for third generation and further. Secondly, non-family investors were described as an influential factor in the third-generation stage of a family firm. The reasoning for their positive effect on EO was said to be the inflow of new capital combined with market and business expertise (Cruz & Nordqvist, 2012). The conclusion one can make from the article by Cruz and Nordqvist is that a generational perspective is valuable when examining EO in family firms. For this study important finding was the external and internal factors and their affect on EO levels. We believe that these factors are not only relevant from a

generational perspective, but are likely to be permanent factors that influence EO in a family-firm. As for the internal factors, the article described them as positive influencers at later stages in the family-firm (Cruz & Nordqvist, 2012). Lastly, Nordqvist and Cruz (2012) suggest that environmental factors are more significant for foreseeing EO in second-generation family firms. Hence, it was used in our study to see if it holds true for the private family firm as well.

#### 2.2.5 Job satisfaction

Job satisfaction has been widely researched in entrepreneurship literature and is an influencing factor to work behavior (Wong Kam, Fooo der, Leung, & Lee, 2011). Employees that have a higher sense of job satisfaction tend to be more loyal to the company and stay for longer periods of time. Further, they will feel more dedicated to the organization and their work, resulting in more constructive behavior. Constructive behavior includes actively looking for better ways of solving work tasks, which improves the likelihood of accepting innovative ways of dealing with work tasks (Niu, 2013). Job satisfaction and innovative behavior thus is related and an increase in the former results in an increase of the latter (Wong Kam, Fooo der, Leung, & Lee, 2011). Hence, the study by Niu (2013) shows a positive relationship between job satisfaction and innovative. Further, the study also proves that job satisfaction can improve innovative behavior, the implication being that innovative behavior is not innate but it can actually be affected by job satisfaction (Niu, 2013). Furthermore, the positive correlation between satisfaction and innovativeness can have implications for employees in the firm to act entrepreneurially. Thus, the level of job satisfaction may influence one of the dimensions of EO.

#### 2.2.6 Size

The growth of a firm leads to organizational changes and a re-focus on structure and formal processes. Successful firms tend to grow over time and as the size of the firm increases restructuring is needed. Due to this, firm's faces stages of revolution and evolution (Greiner, 1998). The size requires a new set of rules and organizational processes. At a given point, a firm faces what Grieiner called a Revolutionary phase where the firm has to remodel and reshape their way of doing business. During this stage a firm is severely affected and needs to adjust to the changed conditions. There is an increased need for new management and centralization, which leads to changes in the strategic and the culture. In fact many firms cannot handle the issues sufficiently and eventually faces a decline that leads to the dimes of the firm. The businesses that are able to re-structure the internal processes typically move on to the stage of evolution where growth is stable and low levels of internal turbulence is expected (Greiner, 1998). In this study, it appeared to be an important issue to consider as it may affect EO if a firm currently is going through a stage of revolution.

#### 2.2.7 Long-term strategic view

The long-term strategic view is something is a common characteristic of family firms Further, it has been discussed by other research discipline such as family business research (Le Breton-Miller & Daniel, 2006) and strategy literature as something that positively influence higher performance and competitive advantages in firm's (Lumpkin & Brigham, 2011). An important aspect related to the LTV is that it allows for family firms to pursue non-economic goals (Chrisman, Chua, & Pearson, 2012). The reasoning for adding this to the frame, is that the long-term view and the pursuit of non-economic goals is likely to affect the firm and possibly the EO. Moreover, the



long-term view is a underdeveloped theoretical concept and we aim to illuminate this area further by examining the long-term view in a professional family firm.

### 2.3 Summary of influencing factors found in literature

After a thorough investigation of literature we have found factors that act as moderators and that could affect EO of firm. We are interested in examining how these factors relate to a professional family owned firm. Thus, for the convenience of the reader we have outlined the moderating affects of EO found in literature. In the findings, we will present what moderators that were found through our interviews and in the analysis we will discuss how they relate to literature.

Carney (2005) discovered general propensities typical to family owned firm. The propensities are: *Personalism, Particularism, and Parsimony*. Furthermore, Carney identified incentives, norms of authority, and long-term perspective as factors that are influenced by the governance structure. Hence, we can expect that the latter factors mentioned could also affect EO. Lastly Carney (2005) talks about relationship with partners as something special for a family firm. Business partners generally affect each other implicitly or explicitly based on the demands and length of relationship and could therefore affect the ability to be and act entrepreneurial.

The external environment was discussed by Zahra & Garvis (2000) as influencing factor to EO. Specifically, the article stated that a firms pursuing higher level of EO is rewarded when the external environment is hostile. Typically, managers tend to focus on cost-reduction strategies and low risk-levels when faced with increased external hostility levels. The research showed however, that calculated risk-taking a proactive approach contributed to higher performance (Zahra & Garvis, 2000). Hence, the article emphasizes that the external environment is an influencing factor for a firm's EO levels. Further evidence for the consideration of external environment was found in the article by Tan&Tan (2005). The article examined the external environment and moderating affects over time in the context of Chinese State owned enterprises (Tan & Tan, 2005). While the article by Tan&Tan did not add any factors that could be examined in this context, it did provide the perspective of the external environment. Thus, it can be concluded the external environment is an important factor to take into consideration in terms of moderating affects for EO. Relating that further, Nordqvist and Cruz (2012) discusses three types of external factors that potential could influence EO. The environmental dynamic, the perceived technological opportunities, and the perceived industry growth are potential influencers.

Furthermore, Nordqvist and Cruz (2012) argued that the affect on non-family management and non-family investments as important positive influencers during the 3<sup>rd</sup> generation of family ownership. As discussed previously, we do not apply a generational perspective in our study; however, the internal factors should be considered in our research to assess the moderating affect in a second-generation family owned firm. It is important considering the heterogeneity issue of family firms.

Rauch et al. (2009) saw a discrepancy in the relationship between EO and performance that could not be attributed to sampling error. Thus, they explained the discrepancy through the affect of moderators. The moderators that they identified were: national culture, business size, and the technological intensity of the industry (Rauch, Wiklund, Lumpkin, & Frese, 2009). National culture showed no significant difference in the article by Rauch at al. (2009), and in combination with resources-

limitation, was not used for this study. Technological intensity and business size was however investigated.

Job satisfaction is an important influencing factor towards innovative behavior. The article by (Niu, 2013) showed a positive correlation between satisfaction on the job and levels of innovative behavior. Thus, it is an important factor to consider in terms of EO.

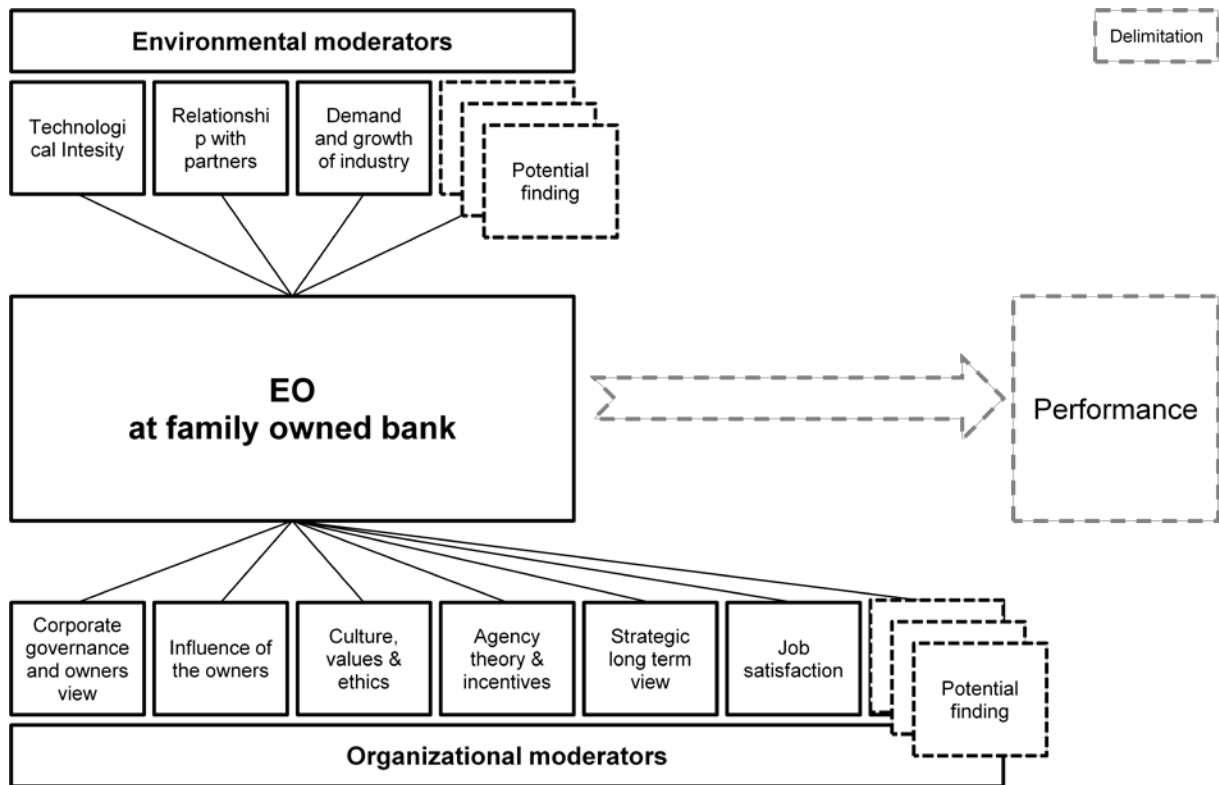
The size of a firm can lead to changes internally, which has the potential to effect the strategic inclination and the internal processes (Greiner, 1998). Thus, the stages of evolution and revolution are important to examine since they could have an influencing affect on EO.

Lastly, the culture will not be discussed at length since the concept is a research area in its own right. However, the culture could influence EO and hence is important to mention, as it could be important for our study. Fayolle et al. (2008) proposed an original culture model that includes corporate, national, and industry culture as factors that influence EO. While national and industry culture is out of the scope for this study for resource reasons, we intend to validity corporate culture and how it relates to the professional family firm. According to Fayolle et al. (2008) there are three dimensions to corporate (firm values); firstly it serves as an omnipresent context for all that employees do and think in the firm. Secondly, the corporate culture delineates what is expected by others, and what types of behaviors that are encouraged, and what is valued. Thirdly, the shared history, the past success or failure, and the learning's from those experiences also provide an important part of the corporate culture.

### 2.3.1 Merging conceptual frameworks

The Entrepreneurial Orientation construct has been used widely to examine firm-level corporate entrepreneurship (Lumpkin & Dess, 1996). Family firms have been researched and often contrasted in order to examine how the family firm differs from non-family firms. Influencing factors to EO in general is mentioned by theory frequently. However, a study that examines the influencing factors to EO in a family owned firm has not thoroughly been addressed. Hence the graphic model below can illustrate the scope of our study.

Based on the literature review we noticed patterns in the factors that affect EO. The common denominator of all categories was that they are either organizational (internal) or environmental (external). Hence, we categorized the factors discovered in literature and through empiric collection of information saw which ones affect EO in a professional family firm. Hence, we combined the theoretical construct EO in the context of a professional firm and examined factors that influenced the construct.



### 3 Research methods

The methodology chapter is a collection of conceptual frameworks that helped us to analyze and explain the methods. Furthermore it will shed light on the resources and explain the process of data collection, analysis and presentation.

#### 3.1 Overall research design and process

An assignment to assemble an innovation model for a bank offered us a unique opportunity to get firsthand experience at the headquarters. For the past five months, we have observed employees, how they work, their entrepreneurial behavior and how the organizational structures influence their work. In addition, abundant internal documents helped us in orienting as well as aligning our initial thoughts, plans and ambitions. They also helped us getting inspirations for research areas as well as serving as a crosschecking method for the data collection. All these factors combined helped us to a great extent to gain insights into the case company. Various exclusive contextual attributes were found at the bank that propelled us to further research these. The aim was to combine empiricism and theory. Consequently, the overall research method is of qualitative nature and the design is based on a case study design at a single organization. A case study allows for a detailed and intensive analysis of a single case. More complex or unique features and relationships can be researched using this design (Bell & Bryman, 2011, S. 59). It is a popular choice in business research that enables the researchers to study the complexity and particular nature of the given case (Bell & Bryman, 2011, S. 59). When we considered all circumstances, the case study design was found to be the most suitable research design to collect, present and analyze data (Bell & Bryman, 2011,

S. 60). It provides the greatest value for the given opportunity and uniqueness. As one study from our frame of reference was a case study as well, we compare cases in one instance (Boers & Nordqvist, 2012).

The general approach to our research methods was to establish a research question first. The research question was initially based on our primary interest of entrepreneurial orientation that we saw great potential and applicability at the case company. In addition, we started to see the great value of the unique context. Combined with reading of recent hot topics in entrepreneurship, under-researched areas and suggestions for future research, we arrived at our research question. After observing our case company, we found that most of the research was too general, not context specific enough (Eisenhardt, 1989). Hence, our main aim was to test and validate existing literature and find confirmation in their results or weak spots to point at further research opportunities. Although the research question was slightly amended after the first interviews and more in-depth reading of the literature, it was a guiding help for us. Further iterations between inductive and deductive approaches followed suit.

### 3.1.1 Kind of RQ/knowledge you are seeking

The knowledge, we are seeking can be characterized as exploratory since literature hints at the underdevelopment of the research areas. In line with a semi-structured interview guide an open exploratory approach was chosen. This resulted in an exploratory formulated “How”-research question that leaves the exact result somewhat open, as we aim to verify existing knowledge and attempt to find new the relationships and influencing factors.

### 3.1.2 Role of theory/literature

Following the establishment of the research topic and question, we went on to conduct a thorough literature review to establish what has been written about our research area. We then picked the main articles that were most applicable and interesting to piece them together into a viable frame of reference. We took primarily the most recent articles into consideration. However, when researches generally agreed on a basic established concept that is widely used, accepted and applied, we included this into the frame as well. At some point, we had to make well reasoned judgmental calls. One example is the number of elements used for EO. While some papers used five, most used three. After reading the researcher’s reasoning why they use which, we decided to only consider the three elements. As one can see, the concept of the inductive approach was used at first to see what the bank is a unique case of, what can be researched there and what general findings can be found by observing employees (Eisenhardt, 1989). Secondly, theory helped us to position our study and to see what concepts of theory can be applied at this case (Bell & Bryman, 2011, S. 59).

### 3.1.3 Our role in the process

On the one hand, our role allowed us to be an insider as a worker in an assigned department working on an innovation project. On the other hand, our “consulting” role

still enabled us to view the bank from an outsider's perspective by interviewing people and not being involved ourselves with normal day-to-day tasks. Consequently, this gave us a unique perspective that could potentially reduce any bias towards this study as a result of our unique outsider's role. We believe, our internship placement offered a unique platform to conduct in-depth research on site. Working at the head office had numerous and diverse advantages. Some of them include the breadth of departments and the depth of hierarchical level. Some 200 employees work at the headquarters which allowed us for plenty of informal talks as well as access to a lot of potential interviewees and internal documents. Observation served for the sole purpose of gaining better understanding. It further served as a starting point to guide us to the research question.

#### 3.1.4 Confidentiality

Our case company has asked us as the researchers of this project to mask the company name including all affiliates as well as all interviewed employees. In addition, all internal documents have been adapted in the appendix to fit the case company's requirements. We were also asked to change and summarize the wording of the interview transcription to make the employees' way of expressing themselves unidentifiable as well as the date of recording. We have done everything to our best, not to alter any content and results. Furthermore, we believe that changing the name of the company and the interviewees will not affect the outcome of the study.

#### 3.2 Data collection

As the next step we designed the interview guide. The interview guide was designed to be categorized in themes to allow for a better understanding of the relationships (Eisenhardt, 1989). The interview guide included 17 open semi-structured questions that were firstly based on themes in the literature (Eisenhardt, 1989) and secondly the themes identified in the pilot interview. We had some of the themes in form of bullet points that were not asked immediately in order not to be too results-leading (Bell & Bryman, 2011, S. 467-469). If relevant, we prompted some of the themes in the bullet points to see if it was relevant to the interviewee. This was to confirm themes and also to find out new themes. We then started to collect data in the form of interviews and the subsequent transcriptions. We had one pilot interview first to see if our questions would feed back the relevant responses that would answer our research question. Some fine tuning of the interview guide was done after the pilot interview. In case, new questions were added, we contacted the previous interviewees to help us answering the questions missed out. The interviews amounted to a length of approximately one hour each. In general, the data gathered were of high consistency and had no significant outliers. The sample size was nine, including two line managers, six middle managers and one executive. We were striving to get a complete an in-depth view of the whole headquarter by selecting people from different departments according to relevancy and representation (Bell & Bryman, 2011, S. 511,496) In addition, we wanted to interview people from various hierarchical levels to include their perspective from employee driven activities to executive decision making. We also chose the executive, because of his proximity to

the owners. Additionally, we have included a larger number of middle managers than any other position level as research has demonstrated the crucial role of the middle manager facilitating entrepreneurship in the organization (Hornsby, Kuratko, & Zahra, 2002).

Internal documents provide valuable background information (Bell & Bryman, 2011, S. 550), helped us to build up a description of the organization and allowed us to some extent to track strategic and organizational change. They represent authentic, credible and representative sources (Bell & Bryman, 2011, S. 550).

The literature was collected via Google scholar, the Lund University database and the social citation index. Often, we looked at sources that were used in the articles as well.

Delimitations were identified in accordance with literature and the research approach as previously written. We argue that the sheer scope to include the performance would not be suitable for this thesis. In addition, performance requires some kind of quantitative measures and comparative study.

### 3.3 Method for data analysis

Based on the interviews, internal documents and the frame of literature, we started to find potential relationships and explanations to them (Bell & Bryman, 2011, S. 570). The interviews served as the primary data for the analysis (Eisenhardt, 1989). Each interview was later coded and categorized into themes that would later correspond with either elements of EO, moderators or governance structure. As can be seen in the frame of reference, a tool has been created and visualized. It shows the relationship of all elements, the delimitations and represents the core of the research question. The research question was always a key part when discussing and relating findings to literature. Existing literature was compared to our findings and parallels were attempted to be found by testing and validating them. Weaknesses of previous studies were elaborated where applicable and novel findings presented.

Furthermore, we strived to separate between what was caused by the governance structure and what was not. In addition, the contextual factors were further elaborated in relation to the tool we created. Grounded theory was the foundation of the data analysis, meaning that data was systematically gathered and analyzed through the research process (Bell & Bryman, 2011, S. 577). Our approach was, as described in the grounded theory, very iterative and recursive (Bell & Bryman, 2011, S. 577) shifting between theory and data.

#### 3.3.1 Limitations

We are aware that any kind of qualitative and open question data gathered will come with a set of natural limitations such as subjective bias (Bell & Bryman, 2011, S. 571). We have tried to the best of our knowledge to stay as objective as a case study allows by using an epistemological approach. Furthermore, inconsistencies in data were rare with very few outliers. The minor outliers were mostly found in the differences in department and position level. We further strived to minimize bias

during the interview by not being too leading (Bell & Bryman, 2011, S. 473) and by controlling our body language. However, it is impossible to completely be non-biased and hence this might have minor implications on the study. The findings and analysis were displayed as objective as possible where sometimes observation helped us to make healthy judgments. We further believe that nine interviews with one hour each worth of interview resulting in 20 pages of transcripts correspond to a decent sample size for a case study design, as specific kinds of data were collected systematically (Eisenhardt, 1989). As the case is conducted at a unique case study, it is hence difficult to replicate (Eisenhardt, 1989) (Bell & Bryman, 2011, S. 408). In other words, the external reliability might be impacted as a result of this (Bell & Bryman, 2011, S. 395). Consequently, this study also faces the issue of not being generalizable or externally valid (Bell & Bryman, 2011, S. 408,395). However, we argue that although some parts cannot be generalized, future research should test and validate our findings as large parts of the research area are still in its infancy stage. The fact that we were two researchers increased the internal reliability. We tended to reach consensus to make sure that the data was as accurate as possible. Lastly, we were aware of the issue of the lack of transparency in qualitative methods (Bell & Bryman, 2011, S. 409) and hence we tried to be as transparent as possible by displaying all relevant information.

#### 3.4 Reflections of method choices

Overall, the methods had a great impact on the way the study was conducted and thus the results as well. We learned how the different methods can be applied, each with advantages and disadvantages depending on the research opportunity at the given case company.

In retrospect, the choice of research design was the most effective design to investigate our case company. It was able to highlight all contextual factors in an in-depth nature. We think a different research design would have lead to different kind of results not highlighting the real and desired direction of the study. The theory helped us to a great deal in further narrowing and specifying our research question. In fact, it was the most useful tool to position our study and to find the research gap. The research question was a logical result from this process and proved to be firmly justified and a guiding tool for the data collection, presentation and analysis.

The degree of openness typifying the questions allowed for discoveries of new and relevant themes. Furthermore, it allowed us to better understand the context and the complex relationships. The method for coding the data into themes greatly helped us to find the most significant factors. Further, it supported us in establishing potential relationships between the different factors.

Lastly, we would like to underline that writing this thesis got us involved in plentiful prior research which revealed ample insights to us. Most importantly, it demonstrated how to use data and for what purpose. Comparing academic articles revealed limitations and weaknesses to the respective studies. It helped us further on how

conclusions can be drawn without falsifying the results and limiting bias. It also taught us how to process practical material into a theoretical framework.

## 4 Findings

### 4.1 Case-company

The firm where the case study was conducted is a retail finance bank, present in several countries. The range of services and products include consumer finance and business-to-business finance solutions. The firm is international and is large enough to not be considered a SME with employees around 1000 people. Comparatively the bank is small compared to its competitors. The Family owns several big businesses where the bank makes up only a small part of the business group. The bank grew out of the core business of a large retail firm and was later separated and managed as a separate entity. The relationship to the mother company remains close in terms of business links (Bayse, 2014). The culture and the way of conducting business are influenced by the mother company. The company vision is to create possibilities for better living. The emphasis on products is based on fair terms and simplicity. There are three fundamentals that the firm focuses on. They are: Customer value, Profitability and the company values (internal documents, 2014). These values are: Daring to be different, working together, Common sense and Simplicity on fair terms. Common sense and simplicity is part of the heritage and culture of the bank. The company strives to understand the needs of the customer and explore ways to enhance the quality of their everyday lives. This represents a central part and is more important than following the latest trends. Moreover, this translates into a practical, down-to-earth business approach and a cost conscious mind-set. The simpler the rules, the more natural it is to work with them. Structures and policies are at times essential and are communicated in a clear and straightforward way (internal documents, 2014). The firm appreciates all the different qualities of employees in order to create competent and dynamic teams. The company is characterised by people who work together and mutual respect. Furthermore, the working environment allows for the sharing of knowledge, experience and good ideas. Mistakes are not encouraged but are not punished either. Rather they should help to learn and improve to avoid similar mistakes to happen. The bank seeks to improve the way business is done by actively working with its customers, partners and co-workers (internal documents, 2014). In order to add customer value, the bank has a strong vision that embraces the value that asks employees to dare to be different and ask the simple question “why?” Thereby, existing ways should be constantly challenged and adopted. The aim is to think differently to improve the business or to reduce costs. In addition, this should help the bank’s partners to become more competitive and profitable and to improve the everyday lives of customers. The bank strongly believes that the quality and reputation of the company is determined by the promise made and the promise kept. Consequently, “on fair terms” means striking the right balance between risks and profit. It also means being open and clear in the way of conducting business. Concerning the organization’s business relations, on fair terms



stands for being a good partner. Being available, reliable, delivering what is promised and delivering that on time is one of the primary objectives that the bank perceives. The firm seeks to be a fair company in terms of a fair employer and a good local neighbour. It further aims to encourage this behaviour by promoting sustainable thinking, responsibility in decisions for the economic, social and environmental aspects (internal documents, 2014).

#### 4.2 Entrepreneurial orientation

In this section we outline the entrepreneurial orientation of the case-company. The different dimensions are discussed separately and aim to establish the inclination of the firm. EO is based on the responses at headquarter of the bank. One should keep in mind that the bank still has a de-central organizational structure with country offices. Some country offices are known to be more innovative than others and thus the dimensions is expected to be vary slightly across countries.

##### 4.2.1 Proactiveness

The company is currently characterized by a reactive approach. The large majority of the people interviewed, stated that the firm currently is more reactive than proactive when it comes to business opportunities and ways of solving work tasks (Ronson, 2014) (Dunning, 2014) (Dodd, 2014) (Bayse, 2014) (Ronson, 2014) (Pilsbury, 2014) (Groomes, 2014). Combined with the desired risk-level it appears to be a strategic stance that is well routed in the firm. While there are examples of being proactive namely; being one of the first with Internet banking, not having physical branches, the firm typically strives to be a fast second-mover (Bayse, 2014) (Dunning, 2014). There are indications that in reality the firm has become a slow mover and that the organization has become more fat and happy (Groomes, 2014) (Everist, 2014). Compared to other firms the company is immature in the sense of being a larger company, meaning that they are used to work decentralized and independently and not used to centralized operations (Dunning, 2014). That behaviour translates into inefficiencies and steals focus away from being proactive. The time spent on being reactive compared to proactive was perceived as 80-20%, with 80% indicating reactive behaviour (Everist, 2014). Due to the IT-backlog and the need to stay compliant with regulations after the financial crisis in 2008, the firm have lost momentum and have an increased difficulty in working proactively (Dodd, 2014). The increase in company size and the resulting need in revamping the organizational structures have additionally added to an increased inertia to make bolder strategic moves that encourages proactiveness. Despite this, the firm occasionally engages in foreseeing a need and actively create solutions to satisfy this need. Examples for this include a mobile application that helps to collectively save money towards a common goal (Everist, 2014). Another example is a loyalty application that provides collections of membership cards for customers which greatly enhances the convenience (Bayse, 2014). In conclusion, taking into account the information from the interviewees; the proactiveness of the firm is rather moderate. Even though there is some behaviour indicating that the firm engages in entrepreneurial activities, the overall company is characterized by low to moderate levels of proactiveness.

#### 4.2.2 Risk-taking

Largely associated with risk-taking (as discussed in chapter 2) is the willingness of a firm to take on debt. The case-company is known for never borrowing money or taking in external capital. This is believed to dilute the values of the firm and takes away control from owners (Bayse, 2014). Thus, the firm does not take risks associated with borrowing heavily in order to pursue new business opportunities. Rather, if the firm wants to invest towards a new business opportunity, they will do so with internal capital (Everist, 2014).

Especially interesting is the perception of the employees when asked about risk. Many directly associated the word with credit-risk, something that is an important factor in most financial services. In terms of credit risk, it is something positive to not be risk-taking, particularly when handling different people's money. In entrepreneurship on the other hand, taking calculated risk is something that is a pillar stone. In some instances the firm appears to be risk-taking when moving into new business opportunities. Most of the risk-taking seems to be in the past however, and now the risk-level is moderate (Groomes, 2014). The owner's express that in some cases the firm can allow larger risk for new business opportunities but the overall risk level should diverse and moderate (internal document, 2014). However, this does not happen frequently (Bayse, 2014) (Groomes, 2014). Furthermore, the direction stated by the owners express that the firm should not go into business areas where they do not have the right competences (internal document, 2014). However, the bank has in the past sporadically invested or acquired outside of the core business. One example is the acquisition of a sport retailer (Dodd, 2014). There seems to be no particular strategic inclination towards allocating resources to specific entrepreneurial activities, despite having the monetary means to do so (Bayse, 2014). Likewise, the firm shies away from business decisions that have a significant level of ambiguity. Lastly, all interviewees have shown a great understanding and respect for risk and it appears to be logically linked to the financial essentials of their industry (Groomes, 2014). Concluding, the owner's desire to keep a moderate risk level appears to be reflected in the firms operations and in the attitude of the employees. Industry typical risk averse behaviour and only sporadic bold business decisions overall lead to moderate levels of risk.

#### 4.2.3 Innovativeness

Although, being entrepreneurial and innovative in the essence of the company DNA, innovativeness occasionally stands in conflict to the ability to innovate the products and services of a rather traditional and conservative financial sector. Today, this paradigm seems to be in a swift change as numerous start-ups from different industry backgrounds have entered the banking sector, creating disruptive innovation. These innovations mostly concern the front end which is the façade visible to the customer. This can be innovated by industry outsiders like IT companies. To innovate in banking, it requires fast adaption of new technologies (Groomes, 2014). Consequently, banks do not create technology but rather adapt it to the customer needs and the in house banking expertise. Thus, the R&D aspect of development is

not common in the banking sector. Rather, the ability to be innovative is based on the product-to-market strategy inherent in a firm. Product design in the banking context can be viewed as packaging the offering (Bayse, 2014) (Dodd, 2014). At the case company there has been little focus on innovative product packaging/ design (Dunning, 2014). While the firm performs poorly with regards to marketing and marketing research, they do engage in customization of products to partners (Groomes, 2014). In terms of market research the firm uses old school methods such as surveys for instance. Furthermore, the marketing efforts are conducted in a similar matter, resulting in low conversion rates, which indicate a low correlation between marketing and customer acquisition (Bayse, 2014). Competencies outside the core, like mobile application development, or mobile payment solutions are not present internally. Subsequently, the lack of competence increases the difficulty of adopting the new technologies. To date there have been low amounts of usage of new technologies, whilst competitors have started to utilize new technology (Ronson, 2014). The case company appears to be more engaged in innovative behaviour towards business partners than to regular consumers (Groomes, 2014) (Bayse, 2014). This is displayed through the customized offerings offered to business partners. The innovativeness is significantly affected by the current backlog in IT (Dunning, 2014) (Bayse, 2014) (Groomes, 2014) (Ronson, 2014), and is an important contributing factor to the firm missing innovative opportunities. Interestingly enough, the case-company was regarded both internally and externally by customers and competitors, as innovative. Largely since the firm was early adopters of the internet and telephone banking. To an extent, this perception is alive within the company and in some of the countries that the firm is active in (Everist, 2014) (Pilsbury, 2014). However, the innovative behaviour has declined while the spirit of being different is still present in the perception of the employees. The “dare-to-be-different” value highly regarded and the employees tend to be proud of working for a bank that does things differently. The decline of the innovative behaviour can be traced back to staying compliant, to rigid industry standards, and a lack of strategic direction, and the increase of complexity and size of IT. Subsequently, as most products and services are based on IT and the case-companies failure of reacting and adjusting has caused significant set-backs for the firm.

#### 4.3 Environmental factors

This heading includes all factors that relate to the external environment. The factors identified to be important for the bank were: Technological intensity, regulations and compliance, demand and growth rate. Below, detailed findings for each category will be outlined.

##### 4.3.1 Technological intensity

Considering the dynamics and quick technological changes in the high tech industries, EO can be utilized more efficiently and rewards the firm that pursues it. On the one hand, the banking industry seems to rely less on technology as compared to high tech firms such as Apple (Pilsbury, 2014). On the other hand, the banking sector increasingly and in the investigated firm particularly, the front end becomes

technology reliant (Bayse, 2014). Today, the digital channels are where the firm meets the customer. Moreover, the website acts as the main sales channel as no physical stores or branches are existing (Everist, 2014). Hence, the increased speed of innovation implicitly affects the banking sector. Consequently, the case company has shown signs of concern and worries that it cannot keep up with the technological adaption rate due to the backlog in IT (Everist, 2014). This issue is magnified by the fact that the company is relatively small in size compared to its competitors leaving it with comparatively less resources for development (Dodd, 2014). However, the firm might be more suitable for a shift in technology, since it has not invested heavily in IT (Everist, 2014) (Dunning, 2014). That means that the firm have a better position to move quicker than their competitors. The banking industry is in no way highly technological, but the industry is affected heavily by technology that comes out of such industries (Pilsbury, 2014). The industry is currently in a paradigm shift where technology could significantly alter the way front-end banking is done (Dodd, 2014). The banking industry is adapting existing technology rather than creating it. This results in very low research and development costs. The investigated case company has no dedicated R&D department, which is very likely to be found in a highly technological firm. A high tech firm is often forced to develop and release new technologies on a regular basis. This is clearly not the case for a bank (Pilsbury, 2014). Technology is readily available on the market and can be purchased from 3<sup>rd</sup> party suppliers for instance. This reduces the overall technological intensity of this industry (Bayse, 2014). In addition, high tech firms frequently have to deal with very complex new and sometimes bold technologies. Banking on the other hand requires proven and secure technologies in order to be adapted to the banking sector. The technologies developed for banking are less complex and are less frequently released to the market (Ronson, 2014). Bold innovations like the internet banking come very sporadic while as cell phone manufactures are forced to constantly innovate each year. Furthermore, banks do not usually protect their services and products through patents making it accessible but also harder to protect and be unique (Pilsbury, 2014). The discussion above shows the role and intensity of technology in the banking industry.

#### 4.3.2 Regulations and compliance

The banking sector is a highly regulated financial sector. This has worsened after the financial crisis in 2008 when numerous regulations were either tightened or introduced. Since then the case company has spent significant resources in staying compliant to these regulations (Bayse, 2014) (Dodd, 2014) (Dunning, 2014) (Everist, 2014) (Pilsbury, 2014) (Ronson, 2014). Some interviewees argued that the focus on compliance have taken away some of the efforts directed towards innovation and entrepreneurship (Dodd, 2014) (Everist, 2014). Consequently, available resources are being spent on staying compliant to a larger extent. Looking past the resources, the increased regulations also dampens the innovation and entrepreneurial spirit. Interviewees also expressed that it is less likely that employees will share their ideas since they are not knowledgeable about regulatory issues and thus becomes afraid to be denied (Bayse, 2014) (Ronson, 2014). Consequently, the negative perception

of regulation further contributes to negative attitude toward what can be achieved. To further illustrate the focus on regulations, the company has a rigid process dedicated to changes made in products, services, and processes. The purpose is to make sure that the firm stays compliant with the latest regulatory demands (Dodd, 2014). This has the side effect that ideas in the pipeline are often subject to lengthy and costly evaluations (Bayse, 2014) (Pilsbury, 2014). In addition, regulations create a lot of boundaries that ultimately inhibit the entrepreneurial activities and set limits where innovation or entrepreneurship can happen. In sum, regulations emerge as a strong influencing factor and eventually inhibitor to entrepreneurial activities.

#### 4.3.3 Demands and growth of the industry

As a European bank, demand has been relatively stable over the years and has provided the bank with steady cash inflows (Everist, 2014) (Ronson, 2014). The demand for basic financial services is something that is constant. While it changes depending on the economic climate, people will always need loans (Everist, 2014). On the other hand, the demands on how and where the services and products are provided, is changing (Everist, 2014) (Ronson, 2014). Therefore, the company is affected if they fail to meet the standards of their customers. Availability is something that is crucial for banking customers today. The case-company for example, does not have an Internet bank portal that is operational 24 hours a day (Bayse, 2014). In addition, the firm's customer web interface has shown signs of weaknesses over the years and needs upgrades. With the advent of mobile applications and the ability to have mobile payment solutions the way banking is done is altered significantly. In the past, banks used to compete on simple metrics such as interest rate, handling fees and face to face interaction (Ronson, 2014). This has evidently changed in recent years. An apparent example is the case company itself, whom were first in its industry to only have a presence online and through telephones (Everist, 2014). Combined with the fact that customers are changing banks more frequently (Everist, 2014), the way demand will influence entrepreneurial behaviour is fundamentally changed. Building on this, customers demand customized and convenient solutions whereas traditional banking will eventually become obsolete (Dunning, 2014). Examples include the incorporation of loyalty schemes and the social media. Therefore, banking solutions will become an integral part of everyday life. In the past people went to the bank, whilst today the banks have to actively approach the customer. As a result, the different dimensions of demand are adding to the system's complexity and are altering the playing field for the industry (Bayse, 2014) (Dodd, 2014). Thus, it can be concluded that demands in the market are rather stable in the future. However, the paradigm shift generates a set of challenges for the industry in general and the case-company in particular, as it struggles to adapt to future demands.

The growth rate has been in line with the industry demand relatively stable in recent years. The growth in the industry for basic financial services will grow with the GDP (Dunning, 2014). Thus, the case-company will aim to grow through market share but not necessarily volume (Everist, 2014). Consequently, the demand for new and

innovative solutions might increase even more in the future. The rise of Klarna (an online invoice company: authors remark), swish (payment between private persons: authors remark) could provide for financially attractive opportunities (Bayse, 2014). The case-company appears to be inclined to focus on core-services and steady growth. As mentioned in the previous paragraph, and by interviewees, this might not be a viable long-term approach (Bayse, 2014) (Pilsbury, 2014). In fact, companies like Klarna or Swish are often not perceived as competitors or industry key player by the case company. These new entrants to the market however, are very relevant to the industry and experience as opposed to the traditional banks significantly higher growth rates (Bayse, 2014) (Dodd, 2014). The expansion of services and movement away from the traditional banking is hence a relevant element when considering entrepreneurial orientation.

#### 4.3.4 Relationship with business partners

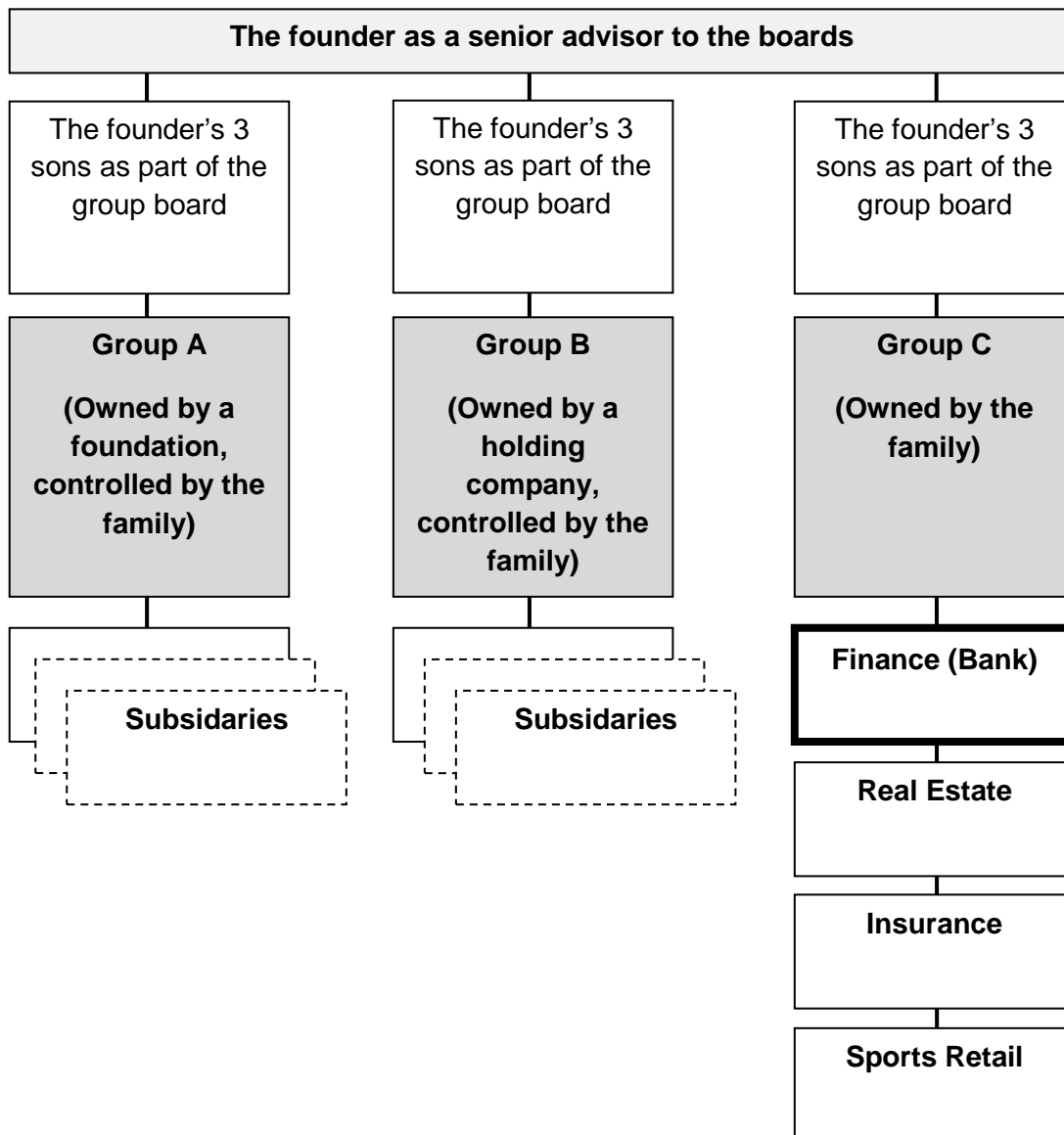
The relationship with partners is distinctive at the company. Typically, the relationships with business partners tend to run for long periods of time and are based on long term strategic goals as well as brand compatibility (Dodd, 2014) (Lawley, 2014) (Werner, 2014). The bank in fact aims to avoid short term agreements just for the sake of siphoning off the short run profits (Lawley, 2014). Also, the relationships are not solely based on financial returns, but rather tailoring financial solutions and focusing on being on good standards are key criterion for the firm (Werner, 2014). Another important factor is also to satisfy the many customers and create a viable solution for them. Products that make common sense and are based on fair terms, serve as a basic foundation for all partnerships of the bank (Dodd, 2014). The overall goal is to be sustainable for all stakeholders by creating possibilities for the better living. Again, the fundamentals for all relationships are deeply rooted in the values such as “working together” and “customer value” (Ronson, 2014). Moreover, the firm has special relationships with the core business (which is also owned by the family) and a large part of the revenue is attributed to that relationship. Some argue, there is to some extent a high dependency on that. (Lawley, 2014) (Groomes, 2014). Non-family firms have as discussed higher pressure to be efficient, which leads to higher standardization of their product offering (Ronson, 2014). Conversely, the family owned firm to a greater extent customizes their offering to partners (Ronson, 2014). The firm behaves cost consciously and ethically which is reflected in the behaviour towards partners. This is appreciated by the partners (Ronson, 2014). This emphasizes the fact that both sides can mutually benefit from each other. The lack of standardizations and the subsequent customization together with long-lasting relationships have a strategic effect on the case-company (Everist, 2014). Altering the business model to ensure the strength and continued relationship is bound to have implications for the firm (Lawley, 2014) (Everist, 2014). Lastly, the continued strong relationship with the core business also effects the strategic inclination of the firm due to the dependencies created by the large revenue attribution.

#### 4.4 Organizational factors

The organizational factors include factors that can be traced back to the internal company environment. Again, the factors are based on some inspirations from literature of moderators in entrepreneurial orientation and themes that were discovered during the open questions in the interviews.

##### 4.4.1 Corporate governance, ownership and owners view

In order to understand the rather complicated governance structure it is important to provide some additional information. The bank is owned by a group which shares the same background and origin as two other business groups. The three groups are inter-related where one is owned by a foundation, one by a holding company while the last one is directly owned by the family (the case company). The groups are separate legal entities. Exclusively, three family members own the group that controls the bank (Bayse, 2014). Hence, the ownership of the bank is completely controlled by the family with no external parties involved in the governance. Three family members sit on the board of the group. However, since the group controls the bank, the family as such exerts rights to control the bank as well. As noticed in many interviews the family chooses not to exert power frequently, but rather express it through broad strategic directions (Dodd, 2014) (Dunning, 2014) (Bayse, 2014) (Everist, 2014). This is amplified by the fact that no family member is on the board for the bank. This results in a rather distant relationship of the owner and the bank. Group A is where the bank grew out off. Hence, from now on we will refer to group A as core-business or the core-retail-business. Below, a graphical illustration of the complex company structure.



While the ownership is totally under control by the family, management of the group and the bank consists of non-family members exclusively (Bayse, 2014). The family have the ability to decide who is appointed in executive positions but do so sporadically only. It appears that a few of the top management is selected by the owners and that they have their trust and also independence to translate their owners view into action (Dunning, 2014). Moreover, management is professionalized and management is characterized by autonomy (Werner, 2014). In accordance with the literature frame of reference (chapter 2) the firm shares most similarities to The Professional Family Firm.

The founder of the core retail business group, now aged in his eighties has transferred ownership to his three sons, where one focuses on the bank in particular. The bank was separated from the core-retail business in the 1980's. However, the bank still adheres to similar values to the core business which were established and subsequently greatly embraced by the founder in the core business (Dodd, 2014).



Today, the owner's uphold the core values, principles and entrepreneurial spirit that have so much manifested the different groups' successes (Bayse, 2014).

The owner's expressed their view in internal documents. The perception of the owner's also form a key for this discussion. The owner's perceive the company spirit as important for success. The core values; common sense and simplicity, working together, daring to be different bring the firm together and provide for good results. The owner's perceive the core values as something that needs to be the same in all the different branches of the bank, but acknowledges that the interpretation of the values might differ depending on the country and activity. The owners claim to have a great interest in the development of the firm. Furthermore, they state that they exercise the ownership through the group board, but also declare that they give a great deal of autonomy to the business management to run the business. Furthermore, the profit is intended be re-invested in the firm to a large extent for the future development of the same (internal documents, 2014).

The owners view themselves as entrepreneurs and therefore believe that they have a responsibility to make mistakes and learn from them. The risk should they want to have a well diversified moderate risk and profit profile on existing business areas. Moreover, they state that they might accept higher risk on new activities. They want the firm to only enter new activities where they have the right competence. The view on financials is that profits should provide for resources and independence. Furthermore, growth is not the main goal as such, but the firm should be profitable in the long term. The most profitable growth from the firm will in the owners view come from developing the existing business area. However, the firm might, to a limited extent assign resources for opportunities outside the existing business areas. Lastly, the owner acknowledges that the firm has a responsibility towards the mother company and that the business partnership with the same should reflect this (internal documents, 2014).

#### 4.4.2 Influence of the Owners

The perception of the employees on the owner's is that they are somewhat mythical (Ronson, 2014) (Pilsbury, 2014). The core retail business has a strong legacy and the owners are known to be highly entrepreneurial with strong value and a cost conscious mindset. Cost-efficiency, never thinking that the job is done, and believing that the most is yet to be done are all attitudes that the employees strongly associate with the owner's (Dunning, 2014). Half of the people that we talked to had never actually met any of the owners; still they spoke about them as if they knew them. The people that we talked to that had actually met with the owners expressed a great deal of admiration and perceived the meeting/meeting's to be inspirational. The large scale core retail business appears to be of higher importance and thus keeps the owner preoccupied with the core business (Dunning, 2014). Due to this absence of day to day managerial activities by the owners, the level of influence is restricted to only broad strategic directions through the board of the group (Bayse, 2014). This has further implications on the owner's perception and the ability to understand the

detailed layers of incremental decisions (Bayse, 2014). The owners further exercise authority through the sporadic hiring executives at key positions thereby ensuring that their strategic vision is followed. In addition, they are also giving strategic directions to top executives (Pilsbury, 2014). However, this is done through a somewhat supervisory role through the board. Some describe the owner's role as passive rather than active (Groomes, 2014) (Bayse, 2014) (Ronson, 2014). The founder, although limited now due to his age, is still active on all groups as a senior supervisor (Bayse, 2014).

In conclusion, the owner's influence is limited to certain extent. This is because they are not involved in day to day management, and have no regular employee interaction like the founder had when he was leading the retail business. In addition, there is no hard-line strategic goal formulation from the owner's side. Hence merely strategic alignment and holding up the core values seems to be the key objective and intention of the owners. Thus, the values strongly and lastingly permeate through all levels in the bank (Dunning, 2014). Consequently, the owners affect the strategic inclination of the firm and influence the culture of the same.

#### 4.4.3 Culture, values and ethics

The bank is a strongly value driven company that wants to be perceived differently from the rest of the banks. Furthermore, the culture includes being fair and transparent both to business partners, but also internally (Pilsbury, 2014). The culture, value and ethics of the firm strongly relate to the retail legacy which in turn is personified in the owners. There appears to be little to no nepotism in the firm (Bayse, 2014) (Dodd, 2014) (Dunning, 2014) (Everist, 2014) (Pilsbury, 2014) (Ronson, 2014). The legacy was found to be a major contributing factor to the culture, the values and also the ethics. The founder of the retail business started very simple from scratch on the country side. His incessant presence in the company at all levels with a hard working down to earth approach and a parsimonious attitude can best describe the founder. The resulting impact on the company groups was a flat hierarchy where you find low power distance (Dodd, 2014). The legacy and leadership role has transpired deep values at the company that attracts similar minded persons and unites them to some degree at the company. The result is a unique company spirit that is quite specific. Employees enjoy a large amount of autonomy, work discretion and freedom in the company. Many expressed general happiness as the firm tends to take care of people. Employees can develop and grow with the company. Moreover, acting in an ethical manner is deeply rooted in the company as the many customers should be treated in a fair way. The entrepreneurial culture is something that many expressed to be at the core of the firm (Dodd, 2014) (Everist, 2014) (Ronson, 2014) (Pilsbury, 2014). The employees related this to the value of "daring to be different". While evidence clearly shows that the firm used to really adhere to this value and truly attempted to be different, many expressed this might not be the case anymore (Dunning, 2014) (Bayse, 2014) (Ronson, 2014). However, the entrepreneurial culture is still rooted in the firm even though it does not materialize into new offerings and internal services (Pilsbury, 2014) (Bayse, 2014).

#### 4.4.4 Agency theory

Agency costs are considered to be minimal at the case-company. All of the interviews revealed that the discrepancy between the owner's (principal) view and the execution from top management (agents) appeared to be extremely limited (Bayse, 2014) (Dunning, 2014) (Dodd, 2014) (Everist, 2014) (Groomes, 2014) (Ronson, 2014) (Pilsbury, 2014). The limited involvement of the owners plays a key role in the low principal agent conflict. The owners provide a great deal of autonomy and trust to top executives which minimize agency costs as well. All the interviewees believed that the owners are being represented in a way that they are both satisfied and comfortable with.

#### 4.4.5 Strategic long-term view

In a family owned firm there will be special conditions due to the governance structure. The bank has a strategy paper like most other companies. However, this paper is written by the management of the bank with only very few strategic inputs from the owners. The interviewees attributed the long-term view as something special and unique for their family owned firm. We observed that the long-term view seems to influence the culture of the firm. Employees typically stay for longer periods of time and tend to grow with the company. This could implicitly affect the way work is conducted and combined with a traditionally slow moving industry, appears to reduce the sense of urgency. The economical pressures are less since they do not have to report quarterly results to external owners. It was emphasised, that the firm have demands on returns and efficiency, but to a smaller extent than non-family owned firms (Dunning, 2014) (Dodd, 2014) (Ronson, 2014) (Everist, 2014). Considering a public company, the goal is to maximize shareholders wealth, and since there typically are more owner's the economic pressures are high. The public firm thus have to have short time perspective since they have to please their owners on the quarterly basis. In the case-company, the family ownership allows for a longer-time perspective (Groomes, 2014). The owner's accumulated wealth makes them not interested in short-term returns (Bayse, 2014). As mentioned previously, they have to date not taken out any profits. So while the owner's want the firm to be profitable the maximization of profits does not appear to be the main goal (Pilsbury, 2014). The long-term view allows for a good foundation to undertake large and complicated objectives (Everist, 2014). It is especially beneficial for entrepreneurial projects since ambiguity is often associated with projects of that nature, time and resources need the longitudinal perspective and dedication in order to prosper. On the contrary, the long-term view also is associated with inherent adverse affects as well. The position has contributed to the firm displaying fat and happy attributes (Groomes, 2014). Efficiency levels are lower than competitors and strongly relates to the long-term view (Ronson, 2014) (Bayse, 2014) (Dunning, 2014). Without formulating a clear strategy where ambitious goals and explicit direction is outlined, the long-term view decreases the efficiency (Groomes, 2014) (Bayse, 2014). Concluding, the long-term view is a double edged sword. It could be beneficial for large and complex commitments towards entrepreneurship where the long-term view would actually enhance positive

outcomes. Conversely, combined with a lack of strategic direction the long-term view creates propensities towards in-efficiencies.

#### 4.4.6 Incentives

Monetary incentives only apply for top executives (Bayse, 2014) (Lawley, 2014). The incentives that previously were available for middle managers have been discontinued due to regulatory demands (Dunning, 2014). Incentives in form of financials hence, does not apply for the large majority of the organization. However, if a member of the organization suggests and convinces the steering committee of an excellent idea, incentives provided could be that the idea generator gets to head up the development. Other forms of non-monetary incentives include receiving encouragement when something has been well conducted (Everist, 2014) (Ronson, 2014). Some employees argued that monetary incentives would not increase entrepreneurial behaviour (Dunning, 2014) (Groomes, 2014). However, efficiency and greater financial results would likely benefit from monetary incentives (Lawley, 2014) (Everist, 2014). The majority even argued that the financial and strategic goals are not sufficient enough (Bayse, 2014) (Dodd, 2014) (Groomes, 2014) (Everist, 2014) (Pilsbury, 2014) (Lawley, 2014) (Dunning, 2014) (Werner, 2014). Likewise, if no goals are set, there is little incentive to do great work (Lawley, 2014) (Bayse, 2014). All of the interviewees said, it decreases efficiency significantly. Equally, people usually don't work long working hours and from time to time work from home (Bayse, 2014). The lack of ambitious goals decreases the lack of urgency and negatively influences the company's strategic orientation (Bayse, 2014) (Lawley, 2014) (Pilsbury, 2014). American companies or banks in general are good in setting ambitious goals and subsequent rewards. Even though, oftentimes goals are too ambitious and not attained, it overall increases the spirit to work hard for this goal and significantly increases company results (Lawley, 2014). Interestingly, the case company as a bank works completely different. As a result, only very few actually engage in risk taking activities since there are no rewards (Lawley, 2014) (Bayse, 2014) (Dodd, 2014). The lack of incentives creates a focus on day-to-day tasks, and decreases thinking outside the box (Pilsbury, 2014) (Groomes, 2014). Great company results are not particularly rewarded in terms of bonuses. As a result, the incentives instead are informal and are based on creating a pleasant work environment and stable employment (Ronson, 2014) (Everist, 2014). The steady revenue stream from the key business relationships combined with the loan book, further contributes to the lack of urgency and perceived need to engage in entrepreneurial behaviour (Bayse, 2014) (Dodd, 2014) (Lawley, 2014).

#### 4.4.7 Job satisfaction

Job satisfaction appears to be high within the firm. Only one out of the people that we interviewed expressed dissatisfaction with the work situation (Bayse, 2014). Generally, the job satisfaction stems from the ability to freely structure their work and the influence that one can have on the daily work but also the strategic decisions of the respective department (Everist, 2014) (Dodd, 2014). The long term view (Groomes, 2014) (Lawley, 2014) and the easy going environment (Bayse, 2014)

(Lawley, 2014) with little external and internal pressure contribute to a good environment and thus high job satisfaction (Ronson, 2014) (Everist, 2014). In addition, the culture with the values taking the centre stage, employees feel highly related to them and thus set a great fit between their personality and the company (Lawley, 2014) (Werner, 2014). People feel enthusiastic to work for the company and do not seem to have less rivalry. This also results in a high tenure and loyalty to the company, and a sense of pride (Werner, 2014). Furthermore, the loyalty is reflected in the behaviour. While there are no formal regulations regarding expenditures, employees vary of how much they spend of firm's money (Lawley, 2014) (Bayse, 2014). As an example, they typically aim to travel reasonably, do not spend extensive money on representation, and use public transport rather than taxis (Dodd, 2014) (Lawley, 2014). Internal rivalry and competition is low and contributes to higher job satisfaction. Furthermore, people are engaging in communication internally and share ideas (Groomes, 2014). It serves as a basis that increases cross-collaboration, discussions, and idea generation. This appears to work well since the people tend to share the same values and it also attracts people that share them as well.

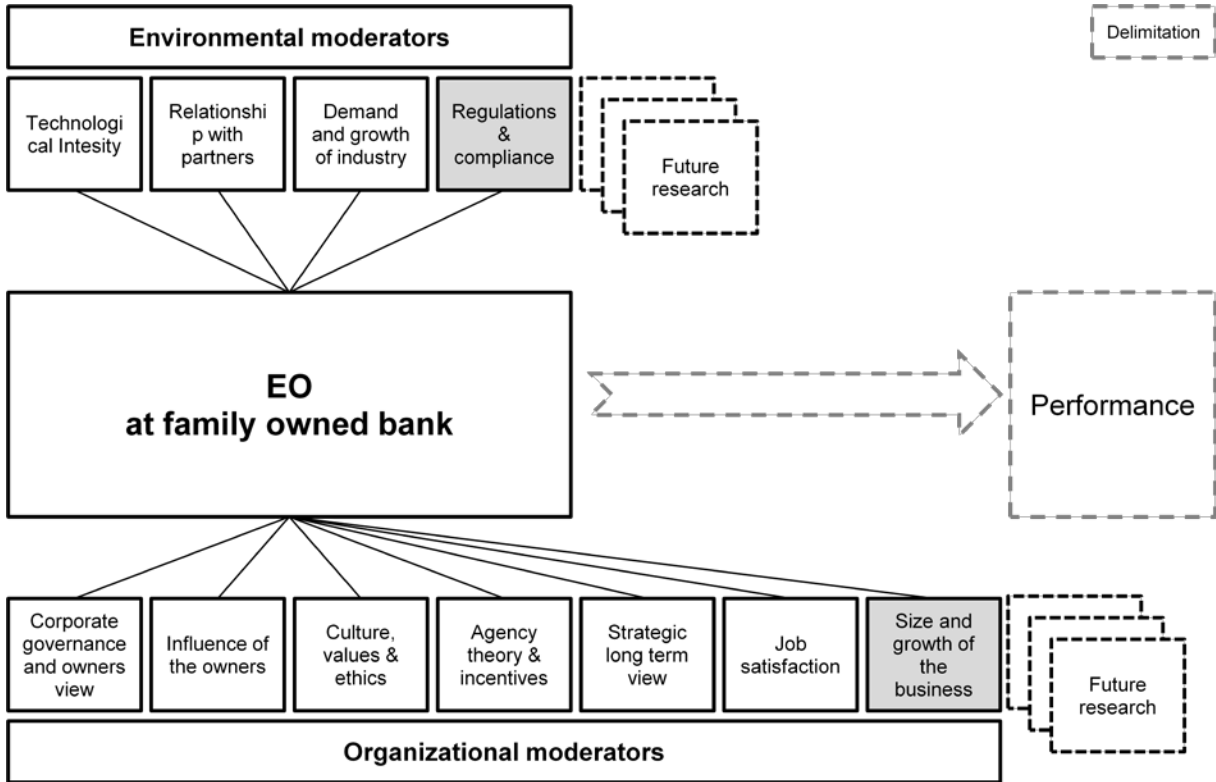
#### 4.4.8 Size, complexity, and organizational growth

Currently the firm is undergoing a restructuring process that aims to provide a more centralized organization. This has many implications for the way the employees and their ability to be entrepreneurial (Everist, 2014) (Dodd, 2014). The restructuring process aims to create a centralized structure in order to leverage the capabilities of the whole firm (Dunning, 2014) (Groomes, 2014). The restructuring is large and adds complexity to the operations of the firm in the short-term. Once the structure is implemented and functional all the interviewees believed that the firm would be more efficient and entrepreneurial. The strategic choice to move into the centralized structure is perceived as needed in order to create coherent IT systems and common practice of working (Ronson, 2014) (Pilsbury, 2014). Furthermore, sales growth has decreased in recent years, which has created a need for change. The decentralized organization worked well when the firm was smaller, however, the growth added complexity and created inefficiencies (Dodd, 2014) (Dunning, 2014). The countries in the past worked too autonomously which led to diverse offerings with local variations. Hence, it became increasingly difficult to co-ordinate the organization and create holistic offerings and processes (Dunning, 2014) (Everist, 2014). All of the interviewees mentioned that the restructuring took attention from the firm's ability to be entrepreneurial. The reasons for this were the allocating of resources (time and money) towards the restructuring, which in turn decreases creativity and slows down the activities of the firm. Further, many stated that once the restructuring was complete the firm will be better suited to perform creatively and entrepreneurially (Dunning, 2014) (Dodd, 2014) (Groomes, 2014) (Lawley, 2014). The involvement of top management has changed relative with the growth. In the beginning the firm's top executives were more individual and entrepreneurial, while now they have the role of an observing regulator (Bayse, 2014). This is related to the business need and the

people hired in the past tended to be more entrepreneurial compared to now where top executives are more traditional bankers (Lawley, 2014).

5 Analysis

This section aims to critically discuss and link the findings of entrepreneurial orientation to moderating factors found in the interviews and relates them to the relevant literature. Furthermore, similarities and discrepancies to the literature will be discussed. For the sake of simplicity and the apparent similarities we have merged some of the factors of the findings chapter in this section. Below, there is an illustration depicting the newly combined factors. The novel findings are marked in grey.



5.1 Environmental factors

In this section we discuss the external factors and how they affect EO.

5.1.1 Technological intensity and dynamism

Theory states that the higher technological intensity the more firms benefit from higher levels of EO (Rauch, Wiklund, Lumpkin, & Frese, 2009) (Zahra & Garvis, 2000) (Kellermanns & Eddleston, 2006). As discussed in the findings, the banking sector is not considered to be a high tech industry. However, there has been a recent shift from the more traditional banking toward a more technologically oriented approach to banking (Dodd, 2014). Hence, the increased technological intensity poses a threat and opportunity for the firm (Pilsbury, 2014). Proactive and risk-taking behavior is becoming increasingly important in the industry as technology is change

rapidly i.e. the dynamics of the industry increase. Theory suggests that external threats usually results in to cost-reduction strategies, low risk-levels, and focus on efficiency (Zahra & Garvis, 2000). The typical behavior of firms thus is the opposite of entrepreneurial behavior and significantly reduces EO. Moving into a centralized organizational structure aims to streamline the operations in order to be more proactive (Dunning, 2014) (Groomes, 2014). The case-company is less proactive than competitors as it relates to adaptation of technology (Dodd, 2014). The firm has not been able to efficiently react to the changes in the market (Everist, 2014) which is apparent considering that the firm does not have a mobile application for banking and that the website is not operational on a 24 hour basis (Bayse, 2014). Employees attributed the lack or proactiveness to internal processes being outdated (Dunning, 2014) (Groomes, 2014). All the interviewees stated that the firm is aware if this and are actively working to solve the problem. Tan&Tan (2005) stressed the environmental conditions such as technological changes as a contributing factor in terms of EO levels, which is evident in the banking industry (Dunning, 2014). Considering the rapid changes in technology there is an apparent need to stay updated and be one step ahead of competitors i.e. bet on the right technology which is inherent with calculated risk taking. The case company has realized this pressing need and understands its implications. In fact, they have initiated several initiatives aiming to stand out as an innovative bank (Everist, 2014) (Bayse, 2014). Furthermore, the external demands increase the need to proactively adapt to new technology in order to not be left behind. The case-company is aware that they are behind in terms of technological solutions, both internally and towards customers (Everist, 2014) (Ronson, 2014). Hence, the strategic solution for this problem is to centralize operations and in a more structured way deal with innovation (Dodd, 2014).

We noticed that the external technological intensity influences the level of EO as suggested by Tan&Tan (2000). Furthermore, the strategic inclination of the firm is accordingly being changed by the case-company (Dodd, 2014) due to the increased threat of technology. As suggested by Rauch et al. (2009) firms engaging in proactive and calculated risk-taking are especially rewarded when the external climate is harsh. The hostile environment and move towards a more technological based industry positively affected the family-owned firm, as they recently engaged in better innovation management activities. One example is the recent development of an innovation model focusing on idea generation, refinement with a strong customer focus (Bayse, 2014) (Dodd, 2014). Another example is organizational restructuring which aims at improving the entrepreneurial output in the long run (Dodd, 2014) (Everist, 2014) (Werner, 2014). The new structures will enhance organizational processes across departments or countries and thus will save time that can be used for entrepreneurial activities. Further, it will also increase cross-collaboration. Lastly, resources are being allocated more efficiently in favor of entrepreneurship which is exemplified by the growth of the new business department (Dodd, 2014). Furthermore, employees saw a clear need to be more entrepreneurial which indicates a positive change in their attitude towards innovation (Bayse, 2014) (Dodd,

2014) (Everist, 2014) (Groomes, 2014) (Lawley, 2014) (Pilsbury, 2014) (Ronson, 2014) (Werner, 2014). It has to be noted however, that since the beginning of the industry change, the case company has been very slow in realizing the change and adapting to it. Hence, there is a time lag. This may be due to internal structural problems and inefficiencies that kept the employees and the firm away from entrepreneurial activities (Bayse, 2014) (Dunning, 2014) (Lawley, 2014). Hence, the EO level has only started to change recently. Thus, we can see a correlation between the technological intensity of the industry and the firm's reaction to it. Concluding, the strategic inclination of the firm has changed in order to better deal with technological intensity and entrepreneurship. Building on the argument by Rauch et al. (2009) the harsh external environment appears to positively influence EO of the family owned firm which is shown in the strategic decisions of organizational change, attitude of the employees, and growth of the new business department.

### 5.1.2 Regulations and compliance

Regulation was very frequently brought up as a major influencing factor in the external environment (Bayse, 2014) (Dodd, 2014) (Pilsbury, 2014) (Werner, 2014) (Dunning, 2014) (Groomes, 2014) (Lawley, 2014). The role of regulations and compliance, particularly in a heavy regulated industry like a bank, has so far been neglected or underdeveloped in literature for this context. Existing literature mention regulations as part of a bigger construct that works as an inhibitor to EO (Tan, 1997). Since the financial crisis in 2008, the already heavily regulated banking industry has witnessed a sharp and steady increase of regulations (Dodd, 2014). This had a major impact on the entrepreneurial level of the bank, and has ever since kept the bank, as an example of a rather small industry player, preoccupied with staying compliant measures. As a result, time and money resources have significantly increased on this part while spending on entrepreneurial activities has suffered (Bayse, 2014) (Everist, 2014) (Werner, 2014). Furthermore, the sense of urgency shifted from being entrepreneurial to staying compliant (Bayse, 2014) (Pilsbury, 2014). This has over the years also lead to a change in the perception of regulations. As harsh regulation strongly limits creative products and innovative behavior, many ideas in the case company have been denied or cancelled. As a result, employees appear to have adopted of being denied with new ideas and make less attempts in submitting ideas or bringing them forward (Dunning, 2014) (Dodd, 2014) (Bayse, 2014). Some argue, entrepreneurship has significantly suffered due to the new dimension of regulation (Dunning, 2014). Some others argue that regulation is a framework the whole industry has to deal with and therefore all industry actors play on an equal playing field. Consequently they argue that, more agile firms that can adapt to the change more quickly will have better chances of taking the regulations as an opportunity to beat competition by being faster to adapt (Lawley, 2014).

We can conclude that staying compliant to regulations had a significant impact on the entrepreneurial activities at the bank. Further, we argue that that the increasing amount of regulation actively inhibits the level of entrepreneurship at the case company and that is has struggled to keep up with the pace of new regulations.



Regulations take up resources that will have to be freed up somewhere else, in our case new product development. One interviewee argued that regulations also could be seen as a double edge sword by stating that a fast adaption rate to the regulation can result in a competitive advantage (Dunning, 2014). This however, seems to be difficult to execute, particularly for a small firm like the case company with fewer resources available (Lawley, 2014). We can therefore conclude that regulations in a highly regulated industry can be viewed as a single acting moderator and hence we call for further research as we believe this to be a novel finding.

### 5.1.3 Industry growth and demand

The growth and demand is inherently linked to each other and is hence discussed here. Theory states that there is positive correlation between environmental resource profusion and increased levels of EO in family firms (Cruz & Nordqvist, 2012). The growth of the industry leads to an abundance of external resources. Hence, the perceived current and future growth of the industry will be likely influencers of the firms EO levels. We noticed that the growth of the banking industry was perceived to be stable currently and expected to be so in the future as well (Werner, 2014). In terms of traditional banking services the growth appeared to not be changed drastically in the future (Werner, 2014) (Ronson, 2014). There were indications that there are additional industries growing out of traditional banking, where technology will play a pivotal role (Bayse, 2014) (Groomes, 2014). However, focusing on the core business of the case-company it does not seem to be volatile changes in terms of industry growth in the future. We observed that the interviewees were quick to bring up technology as an area of the future and also where there was room for improvement. However, there was little to no concern with the traditional financial offering that is their bread and butter. This observation is interesting, since a lack of perceived growth will negatively influence the EO of a family firm. The information attained did not at any point bring up the need for renewal of current core offerings such as loans. We argue that if there is no perceived need to innovative the core offering innovative behavior will suffer. The article by Blake & Saleh (1995) suggested that family firms in industries where there is ambiguity and opportunities perform more innovative than family firms who are in stable environments with fewer opportunities. The case-company exhibited characteristics that lead us to believe that the lack of industry growth negatively effects innovative behavior, and thus EO. The combination between the lack of opportunities to pursue and the false sense of security (Groomes, 2014), were factors found to support the argument. Lastly, the observation of attitudes regarding the industry growth was interesting to see and further emphasizes that the external factor of growth influences EO negatively in the family firm.

### 5.1.4 Relationship with business partners

Relating to the propensities discovered by Carney (2005) is the relationship with business partners. Carney (2005) noticed that family firm's behave differently towards business partners than do non-family firms. Theory attributes the partner relationship to the existence of the owner manager (Carney, 2005). This is due to the

particularistic choosing of partners on behalf of the owner manager and the effective control of the firm and the ability to without concern to a third party dispose, add, or direct firm's assets. We argue that the conditions at the case-company are different. The relationship with business partners in the case-company is based on long-term, history, and other non-financial criteria (Groomes, 2014) (Lawley, 2014). The case-company customizes solution to a greater extent than do non-family firms in the industry (Everist, 2014). This was attributed to the long-term view of the firm since it takes more time to develop these solutions (Werner, 2014). The business relationship with the core business has a huge influence on the case-companies strategic inclination (Bayse, 2014). The largest source of independent revenue is generated from this relationship (Lawley, 2014) and the case-company has to adapt to the demands of the core-business. This means that some strategic decisions are based on how it will affect the core-business (Lawley, 2014). Hence, we assume that the EO will be affected by the demands and requirements set by the core-business. Furthermore, we noticed that the owner's appear to be more interested in the core-business than the case-company (Lawley, 2014) (Bayse, 2014) (Dodd, 2014). Consequently, the case-company is not only a little sister in size but also smaller in terms of involvement from the owner's (Bayse, 2014). The implication being that the case-company is the firm that has to adapt and not the core-business. Furthermore, this could mean that the case-company cannot take decisions solely based on what is best for them, rather they have to take into account the views of the core-business. This has the implication that the case-company could lose out on opportunities that could be beneficial, because they do not want to jeopardize the relationship with the core business. We argue that the dependencies created from this relationship have implications on EO since the strategy of the firm is affected by the core-business. Hence, we disagree with the view brought forth by Carney (2005), that the owner involvement and the particularistic choosing of external business partners characterize the relationships.

Rather, the lack of involvement in the business from the owner's side and their focus on the core-business is the root of the selection of and relationship to partners.

Concluding, the relationship between external business partners that have a shared history and origin is neglected in literature. The effect that this relationship has on EO is also not mentioned. We believe that future researchers can benefit by examining relationships and dependencies between family firms that have the same owner, but are separate companies, in order to get a holistic understanding of EO in family firms and what factors that affect the same. Furthermore, we can see that all the above-mentioned environmental factors influence EO in the private family firm. Hence, we argue that the environmental factor is important for predicting EO in a second generation family firm, as proposed by Nordqvist and Cruz (2012).

## 5.2 Organizational factors

The organizational factors are internal to the firm; in this section we discuss their influence on EO.

### 5.2.1 Corporate governance and owners view

The corporate governance is mainly decided by professionally hired managers of the owners (Dodd, 2014). The owners however are seldom involved in any decision or strategy making, although they are always open for ideas and will support them if they are convincing (Lawley, 2014). Relating to theory, (Carney, 2005) family controlled firms tend to be characterized by high involvement from the owners. Thus, the case-company significantly differs from “traditional” family firms. Further, (Carney, 2005) argue that the family governance creates traits that generate advantages as well as disadvantages. All interviewed have argued that only the values and the influence of the legacy transcend throughout the organization. Furthermore, the propensity of parsimony common in family owned firms (Carney, 2005) suggest that the firm would have a tendency of being sparse with firm resources. Conversely, our findings indicated that the case-company is not involved in parsimonious behavior. The case-company happily spends money if they believe in an idea or process (Dodd, 2014) (Bayse, 2014) (Everist, 2014). Consequently Carney (2005) further argued that since the wealth of the firm is equaled to the wealth of the firm, efficiencies and cost-reduction strategies is likely to be used to maximize profits. Again, we observed the opposite behavior in the case company. Rather, efficiency is low (Bayse, 2014) (Lawley, 2014) (Pilsbury, 2014) (Dunning, 2014) and the firms is not preoccupied with cost-reduction strategies (Everist, 2014) (Groomes, 2014). Continuing on the argument brought forth by Carney (2005) the propensity of parsimony is likely to increase value creation. Entrepreneurial behavior is an important component for value creation. Considering the low levels of parsimonious behavior in the case-company, theory and our data collected suggest that the firm creates lower levels of value. The lack of involvement from the owners contributes to a lower sense of urgency since the demands from them are low (Lawley, 2014). Using reverse logic, we can see that the low levels of parsimonious behavior negatively affect value creation and thus EO.

The strength of having an owner-manager and the implication that has on a family firm is advantageous in terms of creating value (Carney, 2005). The ability of the owner-manager to bypass formal structures and make quick decisions without any resistance is a pivotal aspect. At a first glance it is easy to think that the case-company suffers due to their lack of an owner manager (Bayse, 2014). In some instances this is true. Too soft strategic direction for example contributes negatively to the firm’s identity (Boers & Nordqvist, 2012) which creates ambiguity that decreases the ability to be entrepreneurial (Lawley, 2014). However, after critically assessing the owner’s actual role and the implication that it has, we noticed that the owners have taken measures to mitigate this issue (Lawley, 2014). The influence that the owners had on the appointment of the case-companies CEO sparked a change in the firm. The rigorous selection process and the fact that the CEO has worked for the

core-business transcends the values of the owners onto the firm. The CEO is further more aggressive with business goals than previous CEOs, the CEO also appear to mimic the owners in terms of values and leadership (Dodd, 2014). Hence, the personalism aspect argued by Carney (2005) extends from owner to appointed CEO. Furthermore, the ideology aspect of the normative organization and the more financially focused utilitarian organization appears to have equal weight in the firm creating a hybrid-identity (Boers & Nordqvist, 2012) (Everist, 2014). Interestingly, Boers & Nordqvist (2012) argue that, the reason, why companies turn more utilitarian is caused by the owner leaving the company. Similarly, the case of the bank shows similar signs of behaviour (Lawley, 2014). With the owner being quasi absent (Bayse, 2014), a professional management was hired transforming the company into a utilitarian identity. The owners however, act in the background to ensure their values are properly transformed to the organization through the CEO (Bayse, 2014) (Dodd, 2014) (Lawley, 2014) (Pilsbury, 2014). One can argue that this still keeps a certain degree of normative identity at the bank which is why the bank appears to be more value driven and human than its competitors (Dodd, 2014) (Dunning, 2014) (Werner, 2014) (Lawley, 2014). The conflicting identity however, i.e normative for the owners and utilitarian for the management, could be compensated over time (Boers & Nordqvist, 2012). The clear concordance between the values of the owners and the CEO appears to have aligned and hence reduced the conflicting identity. Shepherd and Haynie's (2009) concept of meta-identity as something typical for a family firm touches upon the conflicting identity of who we are as family and how we are as a business which eventually leads to a consensus on who we are as a family business. Albert and Adams (2002), argue that the settlement on the family business identity results in a sustainable hybrid. The case-company appears to partly be a sustainable hybrid. This has the implication that the case-firm displays both positive and negative attributes. This further elaborated on in the paragraph below.

One interviewee stressed that the purpose of the firm is unclear, on the one hand they serve to support the core-business, on the other hand they display "normal" business behavior in terms of B2C and B2B (Groomes, 2014). Hence, the organization is unclear what the purpose is for the firm's existence. This creates propensities to ambiguity and an unclear direction of where to go (Lawley, 2014) (Groomes, 2014). This indicates that the identity causes issues in terms of acting entrepreneurial. If one considers that the main purpose of the firm was to support the core-business, then entrepreneurial behavior would be dependent on the demands of the core business which limits the entrepreneurial ways in which the firm can go. Consequently, if the firm's goal is to create the best possible product for their customer and other business partners the entrepreneurial vision would differ. While it is possible to be entrepreneurial in both cases, we argue that the combination negatively influences the EO, since the strategic direction becomes unclear. Furthermore, the propensities discussed by Carney (2005), especially personalism, appear to be dependent on the owner-manager. Furthermore, Cuha et al. (1999) also stress that the personalization of authority in family firms instills the family vision onto the business. However, our findings indicate that the values are not necessarily

based on the owner being a manager. Rather, we noticed that the values are a very strong source of direction and pride for the firm (Dodd, 2014) (Werner, 2014) (Ronson, 2014), without the owner being present. The information points towards that the legacy, rather than the presence, of the owner is a pivotal factor for the values and vision being projected onto the firm. Furthermore, the pursuit of non-economic goals on part of the owners further contributes to a conflicting identity (Cooper, 1993). The owners of the case-company pursuit of non-economic goals are displayed by their ethical inclination towards providing better opportunities for the broad public (Dodd, 2014). In some aspects it negatively affects EO since entrepreneurship actions are at its core meant to capitalizing on novel ideas and/or the creation of new business (Lumpkin & Dess, 1996). As discussed the values is a vital source of entrepreneurial behavior, the “dare to be different” was something that all interviewees brought up and believed strongly in. Hence we can conclude that the owner’s implication on EO is twofold. On the one hand, the lack of involvement creates ambiguity that results in soft strategic direction. The fact that they do not take out profits and that they do not set clear financial goals results in a lack of urgency which affects the proactive behavior in particular (Lawley, 2014). It also affects the other two dimensions of EO, since it is important to know where you want to go, and then use EO as a means to get there. If there is ambiguity of where the firm should, we argue that EO as such is negatively influenced. On the second hand, the clear projection of values leads to an encouragement of “daring to be different” which has a positive effect on being innovative (Everist, 2014). Furthermore, we noticed that some of the values are conflicting. The general perception that the firm should dare to be different, which would include calculated risk-taking and innovative behavior, conflicts with the desired risk the owners profess willingness to take. In other words, the owners want to take moderate risk, but still want to engage in innovative and entrepreneurial behavior. This again, leads to conflicting motives and decreases the overall EO of the firm.

### 5.2.2 Agency theory & Incentives

The issue of principal and agent could not be found in the firm. This is according to theory, which states that the unification of ownership and control creates low levels of agency problems (Jensen & Meckling, 1976). Without any exception the information gathered unanimously revealed that there is little to no discrepancy in the owner’s strategic direction and the executive’s implementation of the same. The relationship between top management and the owners was perceived to be close and characterized by autonomy on the part of the top management (Lawley, 2014). Hence, no structures to mitigate the agency cost were put in place by the firm. Theory indicates that a family firm where the owner is a manager typically is characterized by low agency costs since the owner manager is actively involved in the firm (Chua, Chrisman, & Sharma, 1999). Surprisingly enough, the same dynamic is present in the case-company (Dunning, 2014) (Dodd, 2014). The owners are not present at all in the firm’s day-to-day activities but rather, they interact with the firm through the board. With this in mind we expected to find a discrepancy between the vision of the owners and the top management, as suggested by theory. The lack of

principal and agent issue seems to stem from the recruitment of top executives. We noticed that it was common that people were chosen by the owners and often had a history with other firms owned by the family (Bayse, 2014) (Lawley, 2014). Considering that the owners chose people that they trust and have a historical connection with, could explain why the agency theory problems are not common in the case-company. Further, the lack of agency issues can also be contributed to the appeared lack of interest displayed by the owners (Pilsbury, 2014). If the owners only give sporadic direction to the bank management it is unlikely that they will have conflicting strategic views. Going back to theory, common ways of mitigating the agency issue is to provide incentives and strategic planning (Chua, Chrisman, & Sharma, 1999). Since the firm experiences little to no agency issues, it is not surprising that no structures are put in place to maintain control (Bayse, 2014). However, there is an implicit implication that stems from the lack of agency control mechanisms. The lack of clear strategic goals of the firm negatively affect the innovative capacity of the firm since the employees are not sure exactly what the purpose of the business is (Groomes, 2014). Furthermore, the lack of incentives was perceived in some cases to negatively affect the efficiency of the firm (Lawley, 2014). While we got conflicting information regarding wheatear or not incentives would increase entrepreneurial behavior (Lawley, 2014) (Everist, 2014), the lack of incentives significantly sets the case company apart from the industry (Dodd, 2014).

Concluding, the notion of agency theory appears to be a double edged sword in terms of the affect it has on EO. On the one hand, the lack of agency issues positively contributes to the owners getting their vision through to the company. Since the owners are entrepreneurial and clearly express wishes that the firm should be so as well, we can expect that the lack of discrepancy positively influences the strategic stance of the firm (EO). On the other hand, we noticed indications that the structures that are put in place to mitigate agency issues could possibly have a positive effect on EO (Lawley, 2014) (Bayse, 2014). Especially the clear strategic direction as a means of mitigating risk could prove to be a positive influence to EO. Thus, the lack of the control mechanism might unintentionally produce implications that do not positively influence EO. Hence, as theory states that family firms can increase EO and thus performance by introducing monetary incentives and strategic direction as control mechanisms (Chua, Chrisman, & Sharma, 1999), we can expect that the EO of the case-company might be positively influenced if such mechanisms were put in place. Lastly, we assume that agency issues might increase if the owners decide to be more involved in firm.

### 5.2.3 Strategic long term view

Considering the evidence brought forth by Le Breton-Miller and Miller (2006) of family firms and long-term view, it is necessary to critically discuss how it relates to the case company. Exclusively, the employee's contributed the long-term view with the family governance structure. The actions associated with having a long term-view includes longer tenures for management (Dunning, 2014), longer time for financial returns (Dodd, 2014), and patience with invested capital in firm initiatives (Groomes, 2014)

for the case-company. The above-mentioned actions and traits of a family firm are discussed by Zellweger (2007), Sirmon & Hitt (2003), and Le-Breton-Miller & Miller (2006) as unique characteristics caused by the family governance. In the article by Lumpkin & Brigham (2011) the LT view is considered a strategic advantage that contributes to better performance compared to peers. Building on the information discovered in our interviews, the long-term view further contributed to less economic pressures since the case-company does not have to report quarterly on the results (Dunning, 2014) (Ronson, 2014). We can clearly see that the case-company has a strategic long-term view that is reflected in the employee's actions and the strategic actions of the firm. In accordance with theory this behavior could increase the firm's competitive advantage and performance (Lumpkin & Brigham, 2011). Furthermore, the pursuit of non-economic goals requires a long-term perspective and is one of the reasons why family firm's engage in this strategy (Lumpkin & Brigham, 2011). We noticed that the case-company does not only make choice based on financial rationale, rather creating opportunities for better living is a key pillar in their business decisions (Bayse, 2014). Relating it back to the discussion of the company identity by Boers and Nordqvist (2012), we clearly noticed that the firm is a mixture between business and the family identity (Groomes, 2014). Which results in ambiguity about what the purpose of the firm is (Groomes, 2014). Hence, the case-company displays behaviors very much linked to the theoretical understanding of a long-term strategy in family firm. Furthermore, we see a connection between Lumpkin & Brigham's (2011) discussion about increased performance due to the long-term view and EO. The information from the interviews revealed that the long-term view allows for ideal conditions for entrepreneurial behavior (Everist, 2014). Combining the things mentioned and by adding the EO-as-experimentation (Nordqvist and Cruz 2011) view, we argue that the long-term view positively acts as a contextual moderator to EO in the professional family firm. Nordqvist and Cruz (2011) argued that a higher level of EO increases the chance for both failure and success of the firm. The case-company is still active and expanding their business (Dodd, 2014), which suggests that they are successful and have not negatively been affected by their levels of EO. The article by Lumpkin & Brigham (2011) elegantly links the LTV with increased performance. Nordqvist and Cruz (2011) links EO to performance as well, and our findings clearly shows that the long-term view serves as a foundation from where entrepreneurial behavior can be derived (Everist, 2014). Therefore the combination of the two concepts (EO and Long-term view) should be researched further in order to test the positive relationship found and extend beyond family firms to delineate the relationship between the two. Lastly, we also noticed that the long-term view leads in some cases to complacency (Bayse, 2014) (Dunning, 2014). Examples of unrealistic business cases that stretch for long periods of time were brought up to illustrate that the LTV sometimes leads to a "fat and happy" attitude (Lawley, 2014). This appeared to a small extent affect EO negatively since it reduced proactive behavior and risk-taking (Bayse, 2014) (Dunning, 2014) (Lawley, 2014).

#### 5.2.4 Job satisfaction

Looking at the case company, the levels of job satisfaction is perceived to be high (Ronson, 2014) (Lawley, 2014) (Everist, 2014) (Dodd, 2014). Comparing it to theory (Niu, 2013) the high levels of job satisfaction should lead to innovative behavior. The development of a mobile application that aimed to encourage savings (Everist, 2014) is an innovative approach targeted at customer acquisition. The job satisfaction according to theory (Niu, 2013) should lead alternative ways of solving works tasks. As displayed in the example by the mobile application, the case-firm engages to an extent in innovative behavior and alternative ways of solving work related tasks. Building on the argument by Pfeffer (1997) arguing that job satisfaction is a key factor for work-related behavior, we noticed that it transcends in the case-firm and shows in different examples of trying to be different (Dodd, 2014) (Everist, 2014). One interviewee argued that it is encouraged to seek alternative solutions and think outside the box (Everist, 2014). Loyalty towards the firm is high and employees are careful to spend money since it will affect the firm negatively (Lawley, 2014), this serves as another example of behavior that is associated with satisfaction on the job (Niu, 2013). Generally, there was a sense of pride working for the owners (Dodd, 2014) (Werner, 2014). This is not likely to be a part of non-family firms, since ownership is not unified and owners are many (Carney, 2005). Hence, the attribution of the owners as a contributing factor towards satisfaction is a family-firm specific trait. Many of the employees tend to stay for long periods of time, since they are satisfied with their work situation of working together, sharing information, and embracing the company values (Werner, 2014) (Everist, 2014). This is in line with theory and their link between satisfaction that materializes into tenure and innovative behavior (Wong Kam, Foc der, Leung, & Lee, 2011). Employees constantly mentioned the values as a source of feeling good about working for the firm (Everist, 2014) (Ronson, 2014) (Werner, 2014) and combined with the freedom of planning their work further contributed to the satisfaction. This mixture between satisfaction and autonomy hence serves as a foundation from where some innovative behavior stems from (Niu, 2013) (Groomes, 2014). Thereby we can see that the job satisfaction is an influencing factor towards innovative behavior in the firm. Concluding, it is difficult to assess to what extent the job satisfaction in the case company has on innovative behavior. Some of the information attained indicates that the job satisfaction leads to lazy behavior (Lawley, 2014) (Bayse, 2014), which negatively influences “going the extra mile” and actively seeking alternative solutions. To further support the argument that job satisfaction leads to innovative behavior, we noticed from observation the employees that were unhappy with their job situation tend to just spend time on what is expected and shy’s away from activates associated with innovative behavior. On the contrary, the firm’s recent innovative project (mobile application) appears to be directly linked to satisfaction (Everist, 2014). Thus, we agree with Niu (2013) that job satisfaction is an important influencing factor for innovative behavior. Furthermore, we extend the theoretical understanding of job satisfaction as an influencing factor, by adding owner admiration as a contributing factor. Hence, admiration of owners implicitly increases innovative since



it increases the satisfaction of the employee. The argument that high profiled owners of firms positively influence job satisfaction and hence innovation, could hold true in other cases as well. However, we also argue that in some individual cases high levels of job satisfaction could lead to complacency and thus, negatively influence behavior associated with innovation.

#### 5.2.5 Size, complexity, and organizational growth

Since the founding of the company, the company has grown to a size of around 1000 employees (Dodd, 2014). In the beginning the company was just built out of necessity to facilitate payment solutions in the retail business (Bayse, 2014) (Dodd, 2014). People were described as entrepreneurial and the company as informal, but efficient in what they were doing (Dunning, 2014) (Everist, 2014) (Werner, 2014) (Werner, 2014). As they moved on, the efficiency had to be increased (Lawley, 2014) and the bank became independent with its central offices opened and a more formal management team taking the stage. The expansion into different markets resulted in the opening of country offices and a decentralization. This is very much in line with what (Greiner, 1998) discovered. We have marked the categories in the various stages applicable to the case company in yellow (Bayse, 2014). Greiner argues that there are five phases of growth that are each characterized by different categories, where only the first three categories were found to be applicable to the case company. The uniqueness of the values and the culture in the company that has managed to survive throughout all the changes in size and age which we believe is quite remarkable. We argue that this is most likely a characteristic that is unique to some family firms, and radically different from non-family firms. The family character and the “working together” atmosphere seemed to be little impacted by the growth which again highlights the strength of the family governance and the impact of the legacy founder.

## ORGANIZATIONAL PRACTICES IN THE FIVE PHASES OF GROWTH

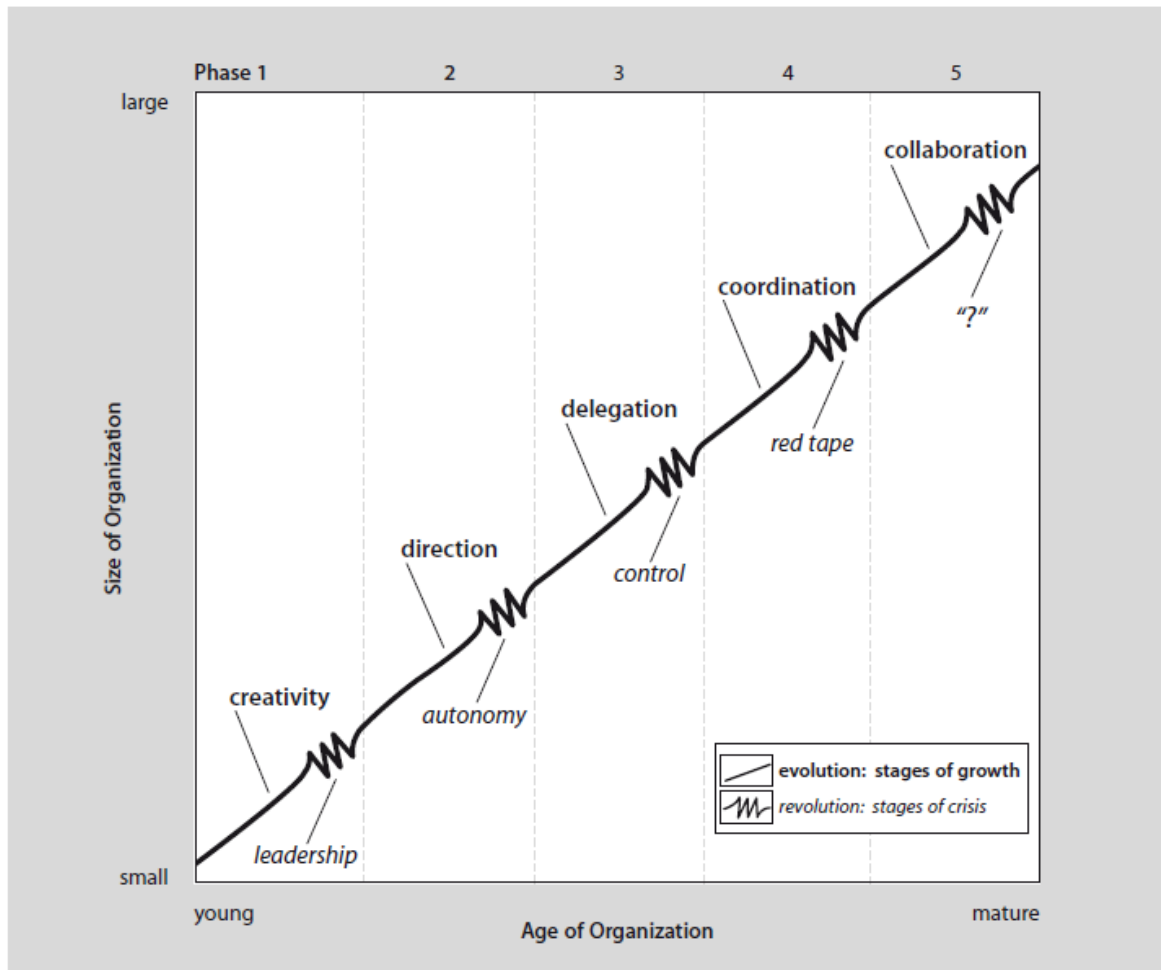
CATEGORY	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
Management Focus	Make and sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving and innovation
Organizational Structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top-Management Style	Individualistic and entrepreneurial	Directive	Delegative	Watchdog	Participative
Control System	Market results	Standards and cost centers	Reports and profit centers	Plans and investment centers	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

(Greiner, 1998, p. 10)

Today, again the organization is going through heavy restructuring in an effort to centralize and streamline operations (Bayse, 2014) (Dodd, 2014) (Groomes, 2014) (Everist, 2014) (Lawley, 2014). The goal is to save time and costs and improve processes in order to be more agile, customer centric and innovative again (Dodd, 2014) (Werner, 2014). One can argue that the bank is currently changing from the third phase to the fourth phase which Greiner differentiates as the phase where additional staff are hired to work at headquarter (Dodd, 2014), planning procedures are improved (Everist, 2014), technical functions, such as data processing are centralized at headquarter (Dodd, 2014), while daily operating decisions remain decentralized (Dodd, 2014). We argue that the size and growth of the organization plays a large role on the way entrepreneurship is conducted. Greiner found that each phase starts with an evolution, i.e. sales growth and company size growth. The growth comes with several implications. The organizational structure is complex and communication is inefficient which takes away much needed resources to develop new products. Processes slow down the momentum of the company and we argue significantly decreasing entrepreneurial activities by decreasing the encouragement to be innovative or to take calculated risks. Problems arise that preoccupy people to solve them. In turn, problems get prioritized over strategic goals to be entrepreneurial. Hence, proactiveness, innovativeness and risk taking propensity will be seriously inhibited in the stage of a revolution. However, the revolution will also help solving old problems and will help the company to stay competitive in the future (Greiner, 1998). Moreover, we argue that the entrepreneurial spirit can be rejuvenated to tackle the problems that have existed in the past. Interestingly enough, Greiner remarks that evolution can be prolonged and revolutions delayed when profits come easily. As a large volume of the profit comes from the core retail business, one can argue that to some extent profits do come easily. Moreover, some

employees in the company have argued that company has reacted far too late with the current organizational change. Some even relate that to the “easy profits” that would not go away and the owner that would not take out dividends in the future. As loans in the bank usually run an average of four years, this creates a lag of results, i.e. a bad year of sales would only show four years later. This significantly alters the sense of urgency and to act in a timely manner to initiate changes.

## THE FIVE PHASES OF GROWTH



(Greiner, 1998, p. 5)

### 6 Conclusion and implications

In conclusion, one can say that the case company served as a good basis to undertake research to study how EO is influenced by contextual moderators in a professional family firm. The study was able to validate moderators discussed in previous literature as well as revealing novel moderators that can be further researched through more case studies and a subsequent comparative case study.

We argue that moderators are often unique to a context while some might be more generally applicable.

### 6.1 Conclusions

The moderator technological intensity has a substantial impact on EO in the professional family firm. The change in the banking industry has increased the technological intensity and hence boosts the likelihood of being rewarded for entrepreneurial behaviour. Consequently, the firm has to adapt accordingly to the changing environment by increasing its EO levels. The increased pressures have positively affected the level of EO since the case-firm has changed their strategic stance in favour of adapting its EO levels to industry requirements.

Regulations and compliance were found to have one of the most profound effects on EO. This is a very contextual finding relating to the banking industry but could potentially affect firms in other highly regulated industries. The family context does not appear to have an explicit influence on this moderator, but rather this is a finding relating to general EO research. Overall, three attributes were found to be particularly affected by the regulations. Firstly, resource allocation tends to favour compliance over entrepreneurial activities. Secondly, the strategic inclination bends towards staying compliant to keep the license to operate which often neglects new product development. Thirdly, the perception of what is allowed and feasible drastically alters the mindsets of the employees and hence inhibits employee driven innovation. Regulations and its effect on EO in the professional family firm context is largely overlooked in theory, thus we conclude that this contextual moderator is a novel finding.

The industry growth and demand appeared to have a similar impact on EO as previously discussed in literature. In accordance with literature, a higher growth rate has stimulating effects on EO. The result hence is that theory is confirmed in the professional family firm as well.

The corporate governance and owners influence has twofold influence on EO. On the one hand, the company values heavily radiate from the owners and have a positive impact on the organization and subsequent levels of EO, with the exception of the risk-taking dimension. Proactiveness and innovativeness is encouraged by the values and actively pursued as a result. On the other hand, the lack of ambitious strategic and financial goals, relative risk averseness of the owners, reluctance to take out dividends from the firm, creates a lack of urgency which in turn negatively influences all dimensions of EO. The unique behaviour of little to no parsimonious behaviour on behalf of the owners is interesting and leads, in accordance with literature, to lower levels of value creation (Carney, 2005) and to a certain extent EO. Hence we can conclude that the balancing act of utilitarian and normative identities has implicit influence effect on EO in the professional family firm.

Agency costs were found to be low and again highlight the well functioning communication and relationship between owners and top management. The low

agency cost influence positively since the owner vision and values permeates through the company (see discussion above). The monetary incentives and strategic direction are frequently used (Chua, Chrisman, & Sharma, 1999) to mitigate agency issues, but is not implemented by the case-firm. Interestingly enough, some interviews indicated that these mechanisms might increase EO behaviour since some employees would be more inclined to pursue risk-taking, innovative, and proactive behaviour.

The long term view positively influences the EO of the firm due to the foundation it creates for entrepreneurial activities. Further, the long term view is inherently associated with traditional family firms and holds true for the professional family firm as well. The positive effect on EO stems from the fact that the long term view inherently is advantageous for engaging in entrepreneurial projects since the time-frame allows for iterations and failures. This further is shown in the attitude among the employees that are not afraid to try and fail. Conversely, the long-term view could have an adverse effect since it in some cases appears to create complacency and a lack of urgency. This could contribute to a decline in the entrepreneurial attitude and is hence reflected accordingly in the level of EO. The insights further contribute to the underdeveloped area of long-term strategy.

The relationship with core-business vastly distinct the case company from other firms. The relationship creates dependencies that appeared to influence EO. To our knowledge, the association between a family firm and its “mother-firm” and the affects it has on EO, has not been discussed in theory. We argue that the relationship to the core retail business is a unique context, which however, might be applicable to other cases as well. The relationship with the core-business strongly affects EO in the private family firm.

The relationship to partners in the case-company differs on one very important point compared to most family and non-family firms. The close and dependent relationship with the core-business creates propensities that affect EO. The dependency creates the need to strategically adapt and adhere to the requirements of the core-business. This influences the strategic inclination of the firm and hence the EO.

Job satisfaction is a double edge sword notion. On the one hand, it enhances employees attitude toward acting proactive, innovativeness and in some case risk-taking as well. Some product initiatives can be clearly related to the high job satisfaction that is found at the case company. In addition, the owner admiration and the connected legacy play a large part in motivating employees to act entrepreneurial. On the other hand however, it can also create idleness to a small extent which has a negative influence on EO.

The size and growth of a company largely plays a role on the levels of EO. We were able to draw clear parallels between Greiner’s (1998) model and the case company. Similar development patterns were found that largely matched his suggestions. Moreover, the current heavy restructuring can be drawn equal to a revolution as

Greiner (1998) coins it. It gave us a unique view that enabled us to conclude on what effect this revolution period has on the levels of EO. The preoccupation with restructuring the company significantly slows down processes and redistributes resources from entrepreneurial activities to restructuring activities. In addition, as risk levels in general are higher in a revolution phase, the company aims to avoid any additional risk which in turn affects the risk-taking dimension negatively. Hence, the concept of evolution and revolution has moderating effects on EO in the contextual environment of a professional family firm.

## 6.2 Implications for research

The results from our research pose some interesting questions that future research can develop further. We noticed that much of family research was focused on SME and firms where the owner is highly involved. A small amount of research has focused on large professional family firm who has owners that are not regularly involved in the business. We encourage future researchers to explore this area. Furthermore, the relationship between another family-firm and the effects that has on EO appears to be a promising area for future research. We suggest that the harsh distinction made in theory of high-tech and non-high tech industries might run the risk of being outdated due to the increasing use of technology in virtually all industries. A more nuanced distinction could potentially benefit EO research. Lastly, we call to researchers to pay greater attention to contextual factors relative to EO, by conducting more case-studies in unique contexts to validate and find new moderating factors. This would allow for future comparative studies which can illuminate potential similarities and differences.

## 6.3 Practical implications

Our research illuminated some areas where the case-company can improve. We suggest that entrepreneurial output could be more regular if resources were allocated independently of other business areas such as compliance. Furthermore, we can see possible issues with being too dependent on the core-business since it could decrease the EO and hence jeopardize the future prosperity of the firm. We can also see that regulations to an extent effect the EO of the firm however, we perceive the firm to be well suited to use innovative solutions that might lead to a competitive advantage in the future. The sense of urgency appears to be affected by many of the moderators discovered and hence is an area where improvement is needed if the firm wish to increase the EO-levels. Lastly, the shift in the banking industry has increased the pressures to be entrepreneurial. Moreover, traditional banking is quickly changing and we suggest that the firm needs to change their EO level accordingly.

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## Appendix

Appendix A – Transcription of interviews

Appendix B - Interview Guide

Appendix C - Internal documents

## Appendix A

### Transcriptions of interviews

Interviewer for all interviews: Etienne Eisfeller, Jonathan Gustafsson

#### Interviewees (in alphabetical order):

1. Arthur Bayse
2. Eddy Dodd
3. Dunning
4. Taylor Everist
5. Wesley Groomes
6. Ronald Lawely
7. Harry Pillsburry
8. Virginia Ronson
9. Sally Werner

Arthur Bayse

The freedom is a positive side at the company; however it could also be a flipside. Another positive side is that employees due to the large freedom have a big influence on what will happen at the company. They also have a great trust from the management. Regardless of position in the company one can always ask questions and talk to them. We don't have so much hierarchy. We talk to each other and people seems happy to work for the firm. In other firms, it would be very strict regulations for example how much money one can spend on representation and travels. Here we decide ourselves, and use the values as a foundation. I think things like that is what people like here. Freedom under responsibility. The firm is not efficient. Examples include the marketing sums being spent. We are the bank that has the highest spending in Sweden, yet we are the one with the smallest market share. The conversion rate of driving traffic to capturing traffic is not efficient. In IT we don't have a system that works in all countries. The system bears the same name but is different from the inside. We need to utilize one single system at the organization. We have some internal company politics as half of the people work in IT and since IT is in a need for change, yet we are dependent, there have been ongoing discussions. We don't have bank that is open 24/7 for example, and that is really bad. People are also changing bank, not frequently, but more than before. Therefore it becomes more important to have all the features that customers want, otherwise they will change bank. We might have an issue there. We typically compare

ourselves to other banks that are similar to us. But today, a lot of non-traditional companies are applying for banking license. Look at facebook and google as examples. In Sweden we can see the rise of Klarna and swish as examples of services that could have grown out of a bank. In our case, I think we don't look for these opportunities and try to stay within our core. We should pay attention to them, but the firm doesn't in my perception. I am not sure how these new players work with their change in offering. At the company, we have to go through a process that assesses if we are regulatory on the right side of the fence. It makes it harder to do really new solutions. I guess it is an industry thing. It is hard to be entrepreneurial if we don't know where we want to go, and where we want to be. Clearer strategy could increase both the way we work and what we do at work. To an extent, the steady revenue doesn't make us aware that we have to come up with new ideas, a false sense of comfort. There is no nepotism at the company. We are reactive in the company. We sometimes struggle with that we can't take the advantages of a private company or a publicly traded company. With that said, we are also proactive sometimes for example we created an app that collects all cards that people carry with them. In that case we were proactive and for sought that there might be an issue with too many cards. The owners are acting very passively. They only act through their position in the board. In fact, no one really takes the role of the owner. The owner has never pulled out any money and so the money always gets reinvested. However, this has the side effect that there is not much incentive from the owner to set financial goals. The owner only spends time on the core business which is retail. The owner's don't know about the specifics of the bank. They are involved in the direction, sure, but not active in management of the firm at all. There are no external capital investments in the firm. Going public or having other investors would take away control from the owners. The company objective is to stay stable, not necessarily to grow aggressively. But since the industry is becoming more delicate and becomes more complicated, the firm can't disregard that perhaps we need to grow or else we will eventually decline. I mean customers stay because they are happy, and leave it they are not. Simple as that. There are financial means available in the company to invest into bold initiatives. When we package our products that is what the customer sees. We need to design it in away that it looks and is appealing. I believe that we can improve there. We have a lag in the loanbook, meaning that even when we are not getting new customers, the dividend is still earned through existing business volumes. That does not tell the whole story, and we might have trouble in the future that are here today – but we can't see them. The competitive advantage is the brand link to the retail business which gives trust. There are incentives for upper management. I think if there the effectiveness is hurt because of the lack of incentives. Why should I take a huge risk with a potential pay-off, if I get treated the same as someone who didn't. I got more to lose in that sense, if I do that. Not that I would get fired or anything, I think that is highly unlikely if you got the go ahead and you were transparent. Still, if there were monetary incentives – we would probably be a little bit more risk-taking. Which of course is healthy to a certain level, but also negative in another way. We have very good and deep business partner relationships, both upstream and downstream. Upstream refers to suppliers and downstream refer to customer related activities such as the retail business. The company is often treated as the small sister while the retail is treated as the big brother, we need to be more self confident and step out. Inside the company most employees have the opinion that the growth of our industry is stable. However, they neglect that new financial related markets opened up in the past the offer new opportunities. These markets are growing rapidly. Consequently, employees don't see them as competitors. We are spending more effort now on staying compliant. I think that regulatory issues creates barriers since people are not sure what can

and cannot be done. The owner's values permeate throughout the organization when it comes to be fair and cost conscious for example. When it comes to fair however, we sometimes are not fair. We for example set different interest rates for people that put less than 10.000 SEK or 100.000 SEK into our accounts. The owner needs to be more present on all levels of the organization to see where things need to be done. They have a twisted view, as they only source information from the board that is sometimes too high level.

Eddy Dodd

Long term focus, no external shareholders, brothers don't take out dividend, strong retail route, bank in a non bank way, flat hierarchy, common sense, people on eye sight, no formal culture, increasing structure because of increasing regulations, the firm doesn't require direct returns. Not efficient, pretty agile, in terms of bigger projects lacking infrastructure and not so agile, no harmonized products, so not agile. Agile in the mindset. Strategy, quick decisions? Yes, the company has always been good, steering is difficult retail mindset. Seize an opportunity, but more reluctant now. More formalized way. Negative things, on the investment side case by case oriented, too much business case oriented, who is involved. No aggressive goals, Have to be more daring putting money aside for strategic goals, too low ambitions, risk averse cost conscious, fear of failure, risk taking. Nepotism it happens, but not extensively, not more than in other companies. Altruism: people are treated in a fair way. Bonuses are not given on sales perspectives. We do a lot for people, take care of people. Job security. Incentives not the same to other companies. Not based on bonuses. The lack of monetary incentive decreases the risk and I think that is the purpose. People would not excessively engage in risk-taking behaviour if there is not potential reward. People wouldn't get punished per se, but it wouldn't feel good, since risk taking is inherently associated with some of the projects failing, that is why they are risky. There is mandate for those decisions. When you have an idea..Are you often thinking of doing something different? Thinking ahead. Do you look a take decision without outcome, take decisions you are not used to, do you have to ask your boss, out of your comfort zone, designs out of box. Do you sometimes see something in a different department a problem and would you take initiative to do sth. take responsibility for business not only area. Use unconventional plans.

Do you know everything from your manager. Challenge yourself. Suggesting new ways to make the goals. Be more efficient and look to new players for inspiration and as competitors. New players that are not doing exactly the same as we are should still be considered competitors in one way or another. They are growing the financial market and if we too want to grow, we need to learn and position ourselves towards the new players. We are being blind when we look at the results. We have very steady cash flows from our loans and the partnerships. That creates a feeling that "everything is fine", which off course it is in a way. But we cant count on that revenue for ever. Compare to routine jobs. In your job, do you look for the long term focus. Yes I do that, it is important to know where we are going. Any organizational boundaries? Budget, urge people to take decision and be proactive. Sense of ambiguity, yes it happens, people never take decisions alone, we are always working together, whether this consensus of culture, you lose the essence of the idea to early. The way I work, It is not always that systematic. Also now, we see more legislation being but on the banking sector. Since it was the banks that started the crisis (not us, but the banking

sector), increased legislation has come out of that. Since we only have 100% effort to devote, more is going to staying compliant. That of course affects the way we can be entrepreneurial. The NPAC (internal process :authors clarification) deals with this and new projects must go through there. In banking it becomes important to design the offering in away that it is appealing. Since we don't have physical products, apart from loyalty and credit cards, the packaging of products is even more important. Banking is changing rapidly, the way people use banks are significantly different now than before. It will only increase in the future. So the demands are increase the whole industry and therefore becomes more complicated. Advantage in the family ownership, the way we work is good, but we need to commercialize it, be non-bankers in a banking industry is a big advantage as well. Makes us less formalized and more formalized. The owners want the bank as possible to be a non-bank, have consumer retail in the back of the mind. Branding is very important. There is no real principal agent dilemma, so close relationship, good relationship. The firm does not usually go into "unknown" areas of business, but we have examples where that have happened. For example: we bought 30% of sports retailer (masked by authors: authors remark). No culture for accountability. Relationship with partners, account management plans, not reflected in partnership, always design differently, approach to partners is different, but necessarily better for a competitive advantage, a maybe better as Nordea..long term relationships, not only profitability , but mutual interest, deep intimate relationship to partners. The firm has not particularly spending aversive. The firm is my culture leadership, family sense

Blake Dunning

We have a long-term view that enables opportunities, especially related to strategy. We are not quarterly fixated or even yearly. Rather, the long-term view provides for strategic decision like: where do we want to be in 5 years? Then we can build a foundation that allows us to get there in 5 years, instead of like 2 or 3 years. That's one of the major benefits of the firm. Also people stay longer, you can create good work-relationships. Other good things of the firm: having the family close to the business is important. If you walk around the office, you can see the values on the wall. At other firms, they like to talk about their corporate values. The quantum leap for me is actually meeting the owners. We had a presentation of the yearly results, and then I went out in the office landscape and saw one of the owners. And he had regular clothes on, a cotton shirt, jeans and a backpack. And I was like.. Hang on, I just presented you with the yearly results. Hearing this guy say: you have a house, you have a car, maybe a summer house.. What more do you need? Things like that make us a value driven company. I would say that we are value-driven firm, and that is a good thing. Need to focus a little bit more focus on being economically stable.

I think that's a drawback from having a LT-focus, keeping in mind that we have always delivered profits, you can see that in our annual reports. At least for the 5 years plus, so we have good results. But if you benchmark, you see the other side of the coin. Compared to the larger companies or even the smaller Nordic ones, we are not as efficient or effective. We don't deliver as good result as we could. So having this nice and cosy feeling doesn't make you the one that finish first. However, you create a good atmosphere of working. The owners

create and run companies but the goal is not to be the best at it, it is being good at it. We fall into that category.

Profitability can be improved. We are changing from a bunch of small companies in to one large company. That is going to fuel change on its own terms, with that comes a lot of process, IT, and product opportunities. Because we start working as one. We will be able to create more synergies with products, marketing, and common platform. Then we can provide a better value. We are still fairly small in our market (except Sweden). We are going from being a big little company to a little big company. We need to have a unified offering across channels and package the product similarly to get augmented affects. Packaging is what is seen externally; hence it becomes what the company "is" for the outside observers. Depends on the task. If it is a single man work task, I and others tend to just plug in the earphones on go at it. Many people here work independently in the office space, we are a very talkative company. We are grabbing people and talking to them. Starting minor projects and activities. Which is one way of doing things. We are very good in combining different type of skills, in a broader sense. However, we are not very good at focusing the energy in to the same target – so there might be a lot of iterations on the same issue. We are not so good at driving the process. We are not always following a very structure way of working. With that, if we fix that, that could be an area where we could benefit a lot. Without it being micro-managed then creating some more ideas on how we work and how we work efficiently – a common structured way of working. An example is the IT-guys, they use scrum, so they all know their role and who is doing what. We don't see that any other place apart from the scrum.

We are currently more reactive and not proactive. But when doing the shift that I talked about, the whole process will lead to this. If you benchmark us with a company with the same size, you would see that we are a little bit immature. In a big company sense – we are kind of young. So there we have a lot of work to be done. It takes away some of the focus. To set up infrastructure. We have a lot of groundwork to cover that space. We are quite Swedish, so we are not taking very bold decisions. Rather we try to be safe than sorry. Not necessarily calculative – but more based on gut-feeling and high level numbers is more the way we do it. We don't find the small spaces of Opportunity, rather the big spaces and that is where we go for. That might be changed a little bit, we are going with the scrum methodology. That is kind of one first step with the change. With the new structure we will see more breaking down Customer life cycle, and than make the internal processes more lean. I think that is going to drive some more changes. it's going to be a little bit more drastic, more tough result, a more bug company thinking. We are not so innovative at the moment

Having a people perspective. We are not so much of big bank, we are down to earth. Customer trust us, the well intended bank aura shins through. I think people will chose us because they trust the company. We are also able to talk to partners, and they trust us because of the relationship we have with the core-business. The core-business is a big part of our profit. The experience and the ability of engaging with retailers for many years is a nice thing as well, and we see that across markets. We have the B2C with costumer. And then we partner with retailers.

Core-business and XXX (masked by the authors: big company) are very much based on the fact that we are family owned – because they are to. When we meet partners that are not family-owned they get that we are retail grown out of retail bank, that gives us an advantage

– because I think we understand their lingo a bit better. More unintentionally than something we use as a competitive advantage, we can probably do more there. That's sort of the think we see with our insight program – who does the analytics, so we doesn't only provide them with financial services but also future prospects on how can they can optimize their business going forward. There are opportunities in there. We are better than most – some other guys are more cost profit based. Pricing is important for some customers, more focused on money they can get out of it. And there are players in the market who are like that as well. We are not good at competing with those players. We look for partners where we can create lasting relationships. We provide financial service but also what can this product do for you. We have an intuitive advantage with retailers compared to our competitors because of this. We can improve and explore that even more. Incentive is only for top-management, everything else was cancelled due to legislation. So no monetary incentive. The legislation has increased since 2008, which means that the firm have to focus more resources on staying compliant.

We don't do much like training incentive either, thing we can do better there. I don't thing people would come up with more ideas if there were more incentives. It might be a national thing. But I think people are happy to get in, get their salary, and be awarded on effort. We don't get so many top achievers, some off course, But I think we will be struggle to keep them. They will come here, learn the trade, and then move. They can't see the same monetary incentives here. You are here at the firm because of the adventure itself, I think. We are somewhat close to market standards in term of salary. If someone is going for the money and the prestige, I would guess that they would be better off at some of the bigger banks. We hire "bankers" where we need bankers, like the back-end stuff. Like treasury or risk management. We do see more traditional bankers coming in, because we need it. The E spirit is something we clinged on to maybe too much in the past. Ent. Is something you can do when you are a little bit smaller. But we took a lot of short cuts and that is the base for some of the problems that we have today. We were a little bit dirty on the IT side, because that meant first to market. We customized a lot to customers as well. As a large bank, that is going to be shut down a lot. Legative pressures you cant be quick and dirty. We are not using it as traditional entrepreneurship. In the company terms it used to function very well, but it has been a slippery slope, since it lead to a little bit messy and sloppy structure. So there is also that side of it as well. There is a risk that we are losing the entrepreneurial sprit where we are coming from.

I think it is a cycle, and now we are in clean up face. Then we need to turn up, a sort of 3.0 phase. Going back and looking at new trends and so on. Traditional offerings are becoming more personalized and convenient. In the past, customers came to the bank. Now they have all the choice in the world, without leaving the house. So now the banks chases the customers. Banking as we knew it will not linger, rather a new way where access and personalization is key will be the future demands the customers set on banks. I am not sure exactly how it will look. But we see tendencies already towards mobile payments, near field communication and things like that.

The money is there, that is one of the up side of being family owned. They are quite generous when allowing us to use the funds within the company to grow the company. Once we go out and look for new opportunities, and if the apatite is there, and if you have a good case you get the money. What we lack is getting the good business cases. Are there barriers to create a good business case? CD will grow and work with entrepreneurship. Generating



ideas and prioritizing them, is something we don't really do. The appetite is there but we are not currently focused on the area.

Growth – The market will grow with the GDP, we are piggy backing on the retailers, so as long as they are growing we are happy. That is our main driver. We are mainly focused on north Europe and it's not a booming outlook. Our growth will be with market share. As I said, we are tiny in many countries. So if we continued to explore that area especially outside the Nordic, we have some opportunities to grow since there are bigger markets.

A internet bank without IT makes no sense. Utilizing the IT, optimization, agility across platforms, it is the main engine. Due to our past, we have some road to cover to get there. We need to use IT right. We are currently changing the inside architecture. We have good opportunities, we only have to change the front end. We can position ourselves to be flexible towards customers and be agile. If we focus more on that we will have some good opportunities. When retail change, we can create something to make their lives easier. Infrastructure in retail is changing –people will shop differently going forward. Actual stores become like showcases where you look and then you pay for delivery to your home. Also you will do price runner checks to see what's the cheapest alternative. You will have this hybrid of shopping and having it delivered and shopping online as well. It will tweak the experience a little bit. The logistics will be the biggest change. We have a good opportunity – unless there is a game-changing shift in technology. The owners exert power and have the ability to decide who is appointed but I am not sure that they always use this. Rather, I think, they sporadically get involved in recruitment and place people they trust in high positions. They stand in high regards internally.

I perceive that there is little to no difference in the direction that the top executive gives and that of the owners. The growth rate of the industry will follow the GDP. The increase for us will be in market share and not in the volume.

Taylor E Everist

I've been working here for 14 years. The reasons is the possibilities that you get. The way that you can affect. Both daily and also contribute with big and small things, from right customer offering to actually help forming the future strategy or vision for our part of the company.

The amount of influence and the are no strings sort of. I have possibilities to make the most of what I have. I have clear goals and clear road ahead. And it's my responsibility to get there. There is a level of autonomy but with structure, both traditional guidelines and the values. We are a very value-driven company. We have had some issues with internal organization and the next step is to canalize the efforts externally. We grew too big and there was a need for structure and that made us not being as entrepreneurial as we used to be. As we centralized there was an increased need for structure. Now we are apart of a big European bank – but it took some years to build that up. No we are a bigger niche bank with

more muscles and that growth made us be less entrepreneurial. Since the crisis the legal boundaries grew and the pressures also contributed to a decrease in entrepreneurial spirit. That goes for the whole financial sector. Perhaps not the spirit actually, but the way that we can act. We still feel entrepreneurial but it is harder now since we are bigger and we need to prioritize but also because of legal requirements. We still feel entrepreneurial and we are to a certain extent. We have the spirit and the people for it, but the focus needs to be on structure at the moment. We still have the same spirit from the mother company which was very entrepreneurial. We have replaced half of the people from a couple of years ago – still we keep the connection and the spirit, and the linkage to the heritage. We have been struggling with prioritizing. We have different sites – different portfolios and offerings. Also the brand recognition is different. That takes a toll on how fast we can go. That is why we now move into a new organizational structure to unify the offering and get more done. We have different core-systems as well which makes it harder. Different ways of servicing the customers as well. If you look at the UK they have a huge customer service centre for example. That is why we need to fix bread and butter first before we can focus on new things. The growth and the divergence have created a need to focus on the core business. And the ambition and the challenge is to keep the entrepreneurial spirit and launch things that are exciting. So a juggle with the core and new offerings. We are underinvested in IT, we put the money on the wrong things in my opinion. We need to fix the core of the IT. So we are not focusing on the right thing. We focus on the back end that the customer doesn't see, and then we need to fix the front end that the customer sees. The owners do have the money. Through all my 14 years here at the company, I have always heard that if there is a good idea there is money. That is one of the things that have made us not focused. When we see that there is a good opportunity to make some money, we jump on that. We are not always ready for it, and we go into a direction that we didn't think we would. That has happened sometime. It makes the business scattered.

The money is there and we are making more money – but I think we should invest more in IT. In general we are reactive – but sometimes we are proactive. This is what is happening in the market, so we need to do this. We work like that. You know, this is what we need to do. I would say that we work 80-20, where 20 is proactive. But it has to do with the back-end stuff that we need to do. For example, we have created an app that is new to the market – that targets savings in a way that is different than our competitors have done. There we were proactive, since we saw connections between savings accounts and why people actually save. I think it is because of the industry – and the financial sector. However, we don't have the same stress with financials to external investors. But we have high demands to return for the owners. The owners want to grow, and we need to make profit in order to do that. The company is famous for not borrowing money. If we want to buy a store – we do that with our own money. I think if we exclude the last few years. We have dared to be different (which is our value), and hopefully we are going back to that. But because of the financial crisis we need to have a solid structure. There is an increased focus on risk that takes time away from being innovative. Financial crisis also affected our returns. We have had somewhat lower profits due to this. The board and the leadership became more cautious. Some of our competitors were dealt large fines for example. The financial institutions are put under scrutiny after the crisis. In the past the family ownership and inflow of money gave us a great base to be innovative and take bold decisions. Yeah, I think sometimes that we become a little bit fat and happy. Because when you're new on the market and an up and comer. We

have sort of had some incremental growth, but managed to provide and be profitable for a number of years. In the last 5 years we have stagnated. We are making money – so in a way we have become fat and happy. We have gotten used to a certain return on our loan book. We need to understand that that might have changed. We might make an increase in actual profits but not in percentage. I believe that it is encouraged my perception is that we are encouraged to dare-to-be-different. We are not a regular bank, we are XXX. I think it depends on the environment off course. For example, it is not good to be so innovative in accounting. But is it encouraged generally I would say. I think it's like anything it is different over time. But it is still here. I would still say that what sort of pours down from the top and the guidelines and directions that have been presented we are back to the roots and again: we are here to be different. It does affect the way we work and the owners play a part of that.

The values and spirit for sure. It is easy to say that but how does it relate to the customer and business partners? But again, we are ordinary people and we are here to make a difference from the customers. We are not targeting the highest per cent of the people – we are here for the ordinary customer. We are not here to make a lot of money on the people that doesn't have much money either. We have shown that we are different before, and then we grew, and now it is time to reclaim that position. We have good potential.

The relationship with partners is mutually beneficial since we customize our offering. For us, that creates ineffective behaviour sometimes, but also ensures long-term relationships. The business partner off course benefits since they get exactly what they want. To a large extent we are influenced by our business partners – specifically the core-business. It changes strategically how we go forth and what products and services we provide. I've encountered the with the executives. But if we talk about how much money that we are supposed to make, the owners might take the money and move it to somewhere where they can make more money. But we believe that the owners really want to make a difference in the financial service industry. I think the owners have given the CEO clear objective that she follow. Less now than before. Negatively effects how we can be entrepreneurial. Because the right people doesn't get the job. There are no formal incentive systems for coming up with a good idea, or coming up with a process that saves money for example. If I come up with something good like an idea or a new process that would be acknowledged. Sort of peer-to-peer. We don't have hierarchy like others do. It is more recognition and actually every Friday there is an e-mail to the employees and mention this is what we did good this was not as good. Like if someone closes a deal with a big company he will say great job – and everyone can see that. So that feels good. Also in meeting people can get acknowledged to show good examples. "these two did this". I think that is a good way of showing other people and get them to think like: well I have a good idea, I can do something as well. Develop and make changes thus comes encouraged. Maybe. I think more would try to present and actually make them heard. I don't believe in that kind of incentives. Monetary incentives are not good for banking. It would be better, in my opinion, if we had clearer strategy where we want to go. Does the lack of incentive relate to the ownership? I think the incentives are related to the long term view helps with that. The way that we did incentives some years back was that the team was rewarded with a bonus and not individuals. I don't see the owners. That sounds like a bad thing but I am neutral to that. I can't see what they do that might have an affect on what we do. I know that the CEO has objectives from them. I understand that, because I see here. But I don't see the owners. The owners are more here in spirit and culture. The basic

financial services will always be there. But the way that they are presented is changing and that we have seen a shift. Behaviour and needs are changing. People didn't change banks for example. But the last few years the digital channels and customer expectations of a bank have changed. Whenever and wherever I want. In the background it is still the same – but how we present it is changing. Mobile payments and such things are new and relevant. The industry sometime find some technology good for whatever reasons. But we can put our selves in the customer seat. If someone needs to buy a kitchen – we know that they need financing. Or savings, some people save money to have security. But increasingly people save money to do something fun. So we try to help them with that. A customer doesn't want a saving account they want the money that they might generate from a savings account. There we should do more and we are but even more. We don't have banking app

We get intimidated by the speed because we have some IT backlog. Then again, we can see it as an opportunity. We can skip a step and take a leap to the future. We can easily take a leap into the digital channels. We sort of have a customer base that knows that we only exist online, since we have no stores. If we can take that one step further it would be great. Again relating it to regular products, but it does make us stressed. We haven't invested heavily in IT infrastructure so we are well positioned to move faster and be more agile. The executives would hopefully support that move. We come from an entrepreneurial spirit somewhat in products but we were online first with that all the way. I think we have that with us but again I don't fully see it with our executives – we still are product focused. Where we meet the customer is most important. It is how we present the information and give products that they use. When we have grown in different steps and when we merged all the smaller companies into one there was a strong focus on getting “banking-people” and it was needed and good, but they are not traditional “company name” people. But if you don't have the same values and if you don't adapt you know.. You cant do the same work that you did in one of the big banks. In periods we have had some “non firm”-people but I think it is getting better now. I think there is ambition and a strive for innovation and entrepreneurship. But I think that we are very much bound by the circumstances the legal and the re-organization. We are waiting a bit frustrated and are ready to go and do new creative stuff. I feel that through the whole organization form my various touch points. It is a general feeling that we set this structure and then we go!

Wesley Groomes

You don't have the high economic pressures on a quarterly basis. We are not required to report everything, and we can take a long-term view on our investment and our business. Efficiency is less than our competitors; we have the pressures from our share-holder's (owner) to provide good and solid results and good numbers. We are not on our toes when it comes to constantly looking at efficiency levels at the company. I mean we have pro's and cons from that. We have more patience when we take business decisions. We can also embed more fat in the organization, since we don't constantly have to report to the stock-market or other external investors that have high demands.If you are public company – you are always looking to maximize the wealth of the shareholders and you have many

shareholders that are looking. Being family owned, they off course have the interest to create more wealth as well but they do not have the demand that they need the result right away, not on a short-term basis. In those cases we are little bit more long-term focused whilst also imbedding fat in the organization. We are part of a group that is owned by the family – so what is our goal with the business? What is the purpose? That is not clear. We are very happy in terms of having the right time of funding. Getting funding is not a problem as such. We don't overspend – we make good business decisions on where to put the money. The discussion is not Can we get the money? Rather is, should we go for this? We are family owned but that doesn't mean that we can overspend and not be efficient. I haven't noticed any nepotism.

We are little bit of a reactive player – it is a culture in this organization. Historically, we have not seen ourselves as an innovative country. We were created to support the core business (part of another group: authors remark). When we have gone outside that partnership – we are not putting like new products on the market and trying to refine the financial services. We copy what we have and sell that to others. That is because of the culture at this company. Now, we can see a shift with the new management. Off course we understand that we rely on the current business that we have – but for the future we need to do something else since we can't rely on that forever. We have some time before getting there. I believe that we see the shift at this moment. We are becoming more proactive – also disconnect the dependencies. If the core business today would say we don't want to work with you anymore, we would have big problems. We are not bold not extremely cautious either. We are a bit of a company that tries to be right behind our competitors. A second mover. We don't take crazy business decisions, rather others do and then we see if we can as well. In certain markets we are pretty fast at being up to date. Risk in this industry is not something that is encouraged. We are bad however in dealing with competitors that disrupt more. Klarna is the typical example. There we are really behind. I think this is due to that we don't have the clear vision. Why are we here and what do we want to do? We are not here with a clear purpose and that makes it difficult to deal with new players. The revenue dependencies are heavily connected to the core business. We are more inclined to go with the proven way rather than trying something completely new. We are floating in the red ocean and that is across markets. So we miss out on opportunities that apparently are just there. Our competitive advantage is our brand. I think that we are doing, and that's my impression, what I see is that we are basically doing what the owners want us to do. However, they are relatively vague with that. The owner's are not involved so much any more. Maybe more so 3-4 years ago. I think that has to do with that we had a large shift of executives and managers at the time, so maybe they take on the higher responsibility. The owner's used to be more involved and more involved in the discussions previously than today. More present and previously. No monetary reward. It depends on the level that you are at in the organization. If one has a great idea and they can purvey the management than the incentive would that the person would head that project – they would be in charge. Perhaps, there might be new company as a result of a new idea an than a person could be the ND of that firm. That is good, but I think more incentives would perhaps increase some more ideas getting exploited. The focus now is more on getting your job done. Incentives might play a role that can change that. We don't have a program that is connected to like bold ideas or improvement.

I don't believe that incentives are influential in terms of that type of behaviour. Rather it's dependant on the management. Whatever the focus of the manager – that will increase. A clear goal from the top could be helpful for everyone since it would increase the focus on

what we want to do and where we want to be. That will come from the country manager – they set the scene. They decide what kind of results they expect and that is reflected in the behaviour. Every business has its own business model – maybe the difference I can see in our firm, is that we might be more open towards the customer demand. When we interact with our customers – we ask them what do you want. Other companies with higher efficiency pressures you might see that they want to standardize the offering. While we try to be more innovative in terms of customizing the offering. The mother firm brings in a lot of business to us. That makes us dependant on them. We will see an increase in the market that we are. But we cant jump on that train because of the products that we have. Classic credit cards or loyalty schemes or store cards will not be a driver in the market for the long term. More interaction with mobile solutions and other type of banking as well. Basically, you know, I never go to the bank office. E-service and mobile service and the payment services will change. We are well suited for a shift in technology because of our investing abilities, we can invest. We have the owner's acknowledgment to do the investment necessary. Also the brand is an enabler moving into new technology. We will not be the front-runner, but we will be up there with our competitors, we can take an active part in that. Today, the competitors in the firm are adapting faster to new technology than we are. The competitors are stuck with old technology systems and we have an advantage because of the brand and the investment capabilities. The market today is divided into several large stakeholders that are providers on the market that are highly dependent on the current infrastructure. Even though them cannot close their eyes from their customers that would like to see more efficient banking.

I think we will follow that curve, but we will not be the ones investing in research and development. We wont be the inventors of a radical shift. That is something that the industry together will develop. Some might not be able to join that shift, but we have a good position. The financial providers will not be the ones developing the technology, rather adapting to it. Other firm's will enable us, so adaptation of technology will be where innovation is occurred in banking.

The infrastructure will change in 5-10 years, maybe credit card will not be important but Visa will still be an important player. Near field communication etc. will shift. Back-end banking will still be important. And as I said other players will not be able to make this shift, but I think we can. Because we are flexible and agile and have safe founding. I think we have become little bit fat and happy. We were and are dependant on the core business. We are provider of financial services. We have not taken the stand on what vision we want, what do we want to do? Fat and happy, and have not been able to develop our strategy.

Ronald C. Lawley

The positive things here really depend on who you are as a person. I would definitely say it is the long term view. We don't have measures like return on equity or harsh expectations. Well that is if you compare it to normal bank as a competitor. It is possible to take initiatives and everything is not quarterly results based. We only need to explain the results internally, that relieves some pressure. We don't need to satisfy demanding shareholders. However, this is good sometimes as they will keep you on your toes. It creates a lack in the sense of urgency. Also, our values. Our values are for real in this company, they are human and they fit my

personality. It's that we keep things simple and that creates a win-win situation for all. It creates a good work environment and foundation to engage in scanning the horizon and coming up with new ideas. It has however some adverse effects with the long term view. We often get unrealistic business cases with a pay off period far too much in the future, and who can predict the future in 10 years? Fortunately we don't have very demanding shareholders. In my previous companies I worked for, we had very precise goals like "we want to have these amounts of revenue in 3 years" Here at the company we don't have that pressure. Also we have not really KPIs for measuring success which again creates a lack in urgency. Our long term goals are not ambitious either. The good thing with other companies related to performance is that have very aggressive goals like particularly in the States. Even if they are not going to always reach those goals, I think it increases the performance and people will work harder to get to those goals or close to them. Of course I think you need to give them a reward for this otherwise they will not walk the extra mile. The owner clearly states that they will not make any strategy. That is for the management to figure out. They only give very soft directions, but no quantitative directions. For example they will never say you have to have a loan book of xxx million Euros by 2015, so will they not say anything about return on equity. They will rather say we want to be a key supplier to this partner by the end of 2020. Recently we had a discussion about the increasing amount of money we spend on internal meetings and I'm not so sure if that sends the right signal to the employees here. At other banks you don't have those discussions because there is a rule for everything. Here, the owner trusts us very much and it is up to us to judge what we do. We base those decisions on the values off course. The owners are open for feedback and very reasonable. They are very prepared to listen to new ideas or problems. They really support new ideas and do not take a lot of time to convince them if the idea is good. So we have a very open culture with them which engages us in an open dialogue. The problem here at the company is that we need to prioritize ideas, we have a lot of good ideas in the company. The regulation and compliance here, I would say the following. You just have to accept them, everyone has to. We have to live in this framework and fulfil them in order to get the license to operate, we have no choice. You can always see the glass as half full or half empty, you get what I mean. Obviously the banking is not the most creative industry, but it is slowly changing now. As a small company being able to act more agile on compliance it actually offers us new opportunities in relation to our competitors.

We have no agency costs here. The owner took a long time and had a rigorous selection process to meet the owners expectations. Of course it was a person they knew indirectly and also that came from the core business and that had long experience in that. It has to be someone who has been brought up with the same values and since the core retail business has almost the same values it is a good fit. I'm quite surprised how little the owners are involved in the company. The founder hasn't attended a board meeting either. This has had a negative impact on the sense of urgency. However this has changed since the new CEO was appointed last year. In fact, how much profit we make is not worrying to them at all. I see them like 2-3 times a year to discuss things. One of them is more involved in the bank than the other two. But all of them kind of personify the legacy of their father, the owner. They trust us on our job and focus on the core retail business. The problem sometimes is that we look up to the retailer as a bigger brother, but the retailer does not look at us. I guess that is natural in some sense. The incentives lack a bit. They are nothing compared to the competition. We can be a lot better with that I think it would also increase the company results. But this conflicts with the values a bit, and I also understand why we don't do it. However I think it could give the extra sense of urgency to run the extra mile. When we had

the best ever company results, we didn't get anything really. But if you set short term incentives you might have one guy that signs one deal just to get the year end results and the go home with the reward. In reality that deal would be maybe quite risky and bad. So that is what the owner wants to a void, any potentially dangerous and risky deal. They are really afraid of people that take too much risk and so the risk level is low to moderate at our bank. They don't want the wall street behaviour. It is really important for them not to put any risk on the customer, however investing a crazy idea that might pay off can be feasible for them too. They have never taken out any dividends and I think that also affects the sense of urgency here, because all know that there are no specific targets how much to earn. We also know the money will always be available. IT has been a political game and it has been one of the reasons that holds us back from innovating. We have been too risk averse as well. People will not get fired, unless they do something really stupid or unethical. If they come up with an idea to was put to market but failed, they will not get fired. So people here are not afraid to fail. We actually have a lot of good ideas and we want to push them through, but we are handcuffed. It is because of the high dependencies on the IT. We are so dependent on developers, and sometimes we only have 2 or 3. So I guess it is a resource problem. It sort of boils down to poor ability to execute due to poor internal structures. The company size has certainly contributed to this. Our time to market is really bad. The job satisfaction is quite high in the company due to the value and entrepreneurship. In benchmarking with other companies we score quite high, a seven out of ten. That also results in that people stay longer. The salaries are quite competitive, at least the base salary. I would say it is middle to high. We are quite different to other banks in that we are more human focussed, other banks are more money focussed.

The owners are quite soft, they often write off losses before they go ahead with suing people for misbehaviour. They are quite mild. Our competitive advantage is that we are better in thinking of new ideas, but the competition is better in the execution. When we make business decisions, for example, business partners. We focus on how well the firms will fit together. Also, strategic wise it has to make sense. It is not solely based on financials, like our competitors. That brings in some inefficiency. Since we are not in it for short short-term financial gains. But also makes be able to customize and be innovative in our offering. We don't offer standardized solutions. The mother firm (core business) is our largest business partner, which brings security. It also however, creates dependencies. We change our offering accordingly, so we are affected for sure. It is good and bad. But we strive for these long relationships, and than, that is something that we have to do. The long relationships create a false sense of security as well. Because we have good cash flows from that and the loans, since they are secured for a longer period of times. I am not saying we should not strive for these long term relationships, but it is something to be aware of. Incentives are not something that is not common here. For some top executives it might be applicable. I'll tell you an example: a few years ago we had our best result yet. So we had a big meeting and everyone was happy. We received a nice jacket. Which is fine, but we did not get any monetary bonus. I think the firm is special there, compared to other banks. Perhaps, incentives could make us more efficient and increase productivity. That is my view. However, it would attract a certain kind of people. And might have the implication that we lose who we are. It is a balance to not be too focused on the short-term reward but also to get the max out of the employees. Probably, the firm could do that better. The owners however, appear to really shy away from incentives, and for good reasons. Without a clear strategic goal however, incentives can only do so much to create innovations for example. I have worked at different banks and there it is very clear regulations and incentives. That creates efficiency



and makes people more inclined to take risks. It is both good and bad off course, and the mixture is what is best. We are different in terms of other banks in that aspect.

Harry Pillsbury

We are different to other banks, we are fair and transparent. This does not always materialize. We have a good DNA in the background and we act internationally in an interesting field. We have a long-term focus and a customer focus. Employees are happy. That makes them loyal company and they strive to keep that trust alive. The advantage as a private company is that we don't have to disclose everything. That gives us more freedom. Through only a few owners it is much easier to reach a consensus as opposed to many shareholders with voting rights. It is therefore easier to convince people quickly. We have more customer value than shareholder value. Stock listed companies have a more short-term focus with a more quarterly view. We have a process that deals with everything that will ultimately change something, be it products, processes, or services. We are forced to have this due to regulative requirements. The process (masked by authors: authors remark), obviously focuses on what we cannot do, and that of course has implications. It becomes harder to do new things. Banking is not as technological as like at Apple for example. So we are not so dependent on innovation although we should not neglect it completely. Currently, we don't have the structure and a rather big company size, so innovating is a bit difficult now. Sometimes, the mindset is missing as well. Entrepreneurship for us means to make things more efficient, cut costs, and increase the product quality. However, we need to challenge things more. We have a lot of regulations to deal with now and that is also a strong perceptual issue. We need a better structure, however too much and tight structure is also bad. We have no capital constraints. We have to say no more often and select projects to go forward. We have more willingness to try things. This is closely linked to corporate governance. Maybe we have to set up a separated research and development department. We have definitely no nepotism in the company. The CEO is from the retailer, but no one from the management was previously known by the owners. The owner's is not interested in quick returns, rather they have other motives, it seems. I have only met the owners a few times during my long tenure at the company. They don't directly influence the company, only through the legacy of the retailer and the firm's values. We are different in terms of customer value, that for example means that we don't spend the customer's money on sponsoring football events or football teams. We have a completely different profile, are down to earth and are not greedy like many other banks. The owner's are obviously very highly admired. Their opinion clearly is respected from top executives to people that are on the "floor". We have a more reactive behaviour, but this is also closely linked to the corporate governance. We are more risk averse, also due to the increasing compliance (moderator). We are not really trying that many things. It's a combination of the industry and ownership factors. Banks have interesting opportunities for creating new business opportunities. We have seen examples of interesting solutions coming out of non-banks. A bank is more a necessity for people not something exciting like a cell phone, so innovation is maybe not that important. We are there to help people manage their economy. And we want to be a good bank. We want to be even a better bank, but for that we have to go back to our DNA and fix something. The lack of

strategic direction is something that creates some uncertainties. Which in turn increase the focus on the regular job. No incentives as well doesn't exactly increase thinking about some really innovative stuff. It is also difficult in the banking industry to be the first to adapt a new technology. The risk increases since it might not work out well, on the other hand, if it works fine others can copy. So there are some advantages in being the first mover, but there are more risk since we can't protect the products because of legal compliance issues.

Virginia Ronson

The positive things at firm are the general atmosphere that increases the job satisfaction. I think the company values are important and are something that I strongly associate with, I believe this is the case for others that work here too. The values originate from the legacy of the family, and life-style of the family emphasis this and shows that it's not empty values written on a wall. We are good at short lead times and short decision times. The exchange of information with countries could certainly be improved. The time to market has decreased in the last couple of years, that could be improved. Generally we have money available for investments, and we are encouraged to be entrepreneurial and try out things and use that money. However, some areas within the company are underdeveloped such as IT. There we need to step up investments. We could have more ideas as well. Plenty of legislation is currently discouraging people from submitting ideas. So, resources for innovation could be improved as well. In terms of risk, we are rather cautious and that is what we are told by the owners to only take moderate risk as it fits the brand and the values. The owners send signals throughout the company by selecting key positions and place people they would think can implement the owner's values in the company. They are very clear in what they want, but believe in our execution of that. The emphasis is clearly developing simple products for the many people like at the core-business. The owners are very visible throughout the organization, although we rarely see them. We have a lot of respect for them and like to work for them. In our industry, there is not that often that new technology comes in and changes a lot. However, it happens more often now than before. Traditionally banking has been slow moving. But now we see more changes, especially in the digital channels. We have special relationships to partners as the partners know who we are, who the owner is and what the values are. We strive for Long term strategic partnerships and that matches our values and are not looking for short term goals when it comes to partnership. Profitability is important but it shouldn't come at an expense. We behave quite cost conscious, ethical and that shows in our behaviour. Our partners appreciate that. The value of create a better living effects our business decisions as well. Our value guide's us not only with B2C – but also B2B. We as employees feel safe and valued at the firm .The annual goals for growth create a sense of urgency and lately we have not met the targets very well. We have had an increase in regulations, after 2008, which have led to an increased focus on compliance. Incentives are not something, monetary wise, which is common from my perspective. However, a pat on the back from the management can serve as an informal incentive. I don't think that monetary incentives would drastically increase coming up with ideas and stuff that. Rather, I think that is up to the personality of the person. I think that monetary incentives could increase efficiency in the short-term. But we are different than other banks, and the people here don't seem to value that as much as others. Not saying that we don't like money. But not as much,

I'd say. People come here because it is stable and you have a great working environment and because we have great values that we really live up to and believe in.

Technology is changing quicker now than before. We haven't created an app yet. Our competitors have done that. You see mobile app's where you can do banking, paying through your phone and other new things that are becoming important for the customer. Usually, even though our firm might not have done so, customer would decide based on price, or brand recognition. Now other things become more important. The demand for financial services will always be there. But there is the change with technology that we talked about earlier, which might change the way that we deliver the products and services. I think it also becomes harder for people to innovative due to the regulations, and before we are up to date on the regulatory issues, it negatively affect the spirit, We are open for learning and failures and openly discuss failures. The company values and the ability to grow and try out new things. The owners are loyal and we are loyal too.

Sally A. Werner

The positive thing about the company is that it allows you to grow. You can always raise your hand and step forward to make suggestion. Then you can take responsibilities. The company also cares about people. It's all based on fair terms, openness and honesty. I think that is what makes people stay and enjoy it here. We feel loyal and want do our best for our company, with The negative things here is really the last ten years, I have been here already for 13 years. Back then we were more flexible and entrepreneurial. Now we are in the stage of change, but we still need more flexibility. However, the authorities don't let us. We have to dare to be different; we are not so good at this anymore. This value has been really negatively affected. This also affect how we work every day, we need a clearer strategy. It is good to have an internal network, I know my people. That is the best way to get things done here. We unfortunately have a lot of internal politics which makes us more reactive than anything else. We don't have an owner that really takes the lead like the former leader of the core retail business. I think, if you take any risk, you won't get anything, I think we have to improve on this. The owners are good in setting the mindset her. We do business rather than entrepreneurship. The culture and structure are not the best really. We are really losing it. The newly hired people are not the same like the people that come from the former times. That changes a lot, like the mind set. New people are more business oriented and professional, but don't share the same values anymore. We still try and do things differently as a company. The competitive advantage depends on the country. I think it is the strong link to the core retail business. This connection helps us in s many ways. This results in that the customer and partner expects a low price. But the good connection to the retail business gives us a lot of business too. We are really late in adapting the company structure, we have fallen behind. I think we should have done it earlier, but that is just the way it is. We are sometimes really slow, particularly recently. This sometimes really frustrating. We have also misbehaved to the retail business the last couple years. The company is really independent from the owner; we don't have to fulfil the typical return on investment rule here. Relationship with partners is special at the company. We don't go in to partnerships just to make money. We always ask: what do you want? And then we do our best to meet that demand. That is not ultimate for us necessarily, because it is hard to be efficient. But it creates greater value to our partners. They trust us, because we go the extra mile. We have a few incentives that encourage us to think outside the box, that has been better before, but yeah..The UK for

example are quite good in focussing on the customer relations, they have won several awards for this. They also have best practice sharing, so some countries are better than others. But in terms of being “faster on the ball”, incentives might help with that. Even more than that, we need to be clear where we want to go. We get inspired by the owner by the vision and values only. And you need to like these values to work here. The industry is growing in a stable manner, but we are at a critical point with all the IT developments going on. A lot of non-banking companies are entering the market. So the competition is increasing, changing the whole industry. The mobile payment market is growing a lot. We need to think outside the box more. We were really ahead before, but now we are behind. I think HR needs to hire more people with specific skills. We need more of these people. We need to hire the right people. Sure we need to have more structures, but through structures innovation also gets killed. We need to give non-bankers more sources clearly.

## Appendix B

Interview guide – alternate versions and questions have be combined. Largely the guide was used to ignite conversation and observe patterns in responses.

- What are the positive things about working here?
  - Mentioned in Literature:
  - Efficiency (strategy),
  - family control – LT Strategic,
  - Sustainability,
  - fast decisions,
  - Principle-agent problem,
  
- What are things that can be improved at the firm?
  - Negative factors mentioned in literature:
  - Altruism,
  - nepotism,
  - weak risk-bearing attributes,
  - under-investment,
  - Family control capital constrains (that inhibits a firms growth), incentive,
  - Personal-rivalries.
  - 
  - Culture: Describe the Culture at the Firm
  - Strengths – Weaknesses
  - Aspects relating to EO-factors.
  - Long-term focus?.

Theme: EO

Subtheme: Pro activeness

How do you plan and work in order to reach your goals?

a) Are you attentative on the development of your area externally?

b) In certain situations, do you tend to anticipate what is going to happen, or do you more react to changes?

Subtheme: Risk taking

Do you sometimes take decisions when you cannot be sure of the outcome?

a) Do you have a preference for bold or cautious ways of achieve company objectives?

b) If you are unsure about something, do you ask your boss?

c) Are you a calculated risk-taker?

Subtheme: Innovativeness

5. Are you willing to discard old beliefs and explore new alternatives when attempting to solve work tasks?

- a) Would you look for unconventional solutions, or use previous known methods?
- b) Are you inspired by new ideas, and do you think about how/if you can use them at work?
- c) Is experimentation valued and perhaps, rewarded?
- d) Do you try to challenge yourself by thinking outside the box in order to deal with issues at work?

- o What is the firm's competitive advantage?  
Internal

- o (Agency-theory)  
Do perceive that there is a difference between the vision on the owners, and that of the executives? Does the executives share the same vision and goal as the owners?
- o Incentives – How are they structured? Positive impact or negative impact?
- o Is there an incentive system at the firm?
  - b) Do you believe to be negative that there isn't one?

Norms of accountability – Do you feel that you are personally accountable for tasks or projects?

Relationship with partners – How you perceive the firm relationship with partners? Is there something special with how the firm works with partners?

How do you perceive the influence of the owners on the organization?

Parsimony

Particularism (Our firm)

Does the owner by-pass HR in order to hire the people they believe to be right? Does the owner deal discretionary with external parties?

Personalism (allows the family to project its own vision on the firm)

More clear, what they want!

External factors

Ownership and control – What is your perception of the owners?  
What is their influence?

How do you perceive the growth of the industry?  
How could that possibly affect your ability to creative?  
How does it affect the firm's strategy?

What is the role of technology in your industry?  
Does that have an effect on the way that you work? Lag etc..

Speaking about the industry – is it fast changing?  
Does that have affect for the firms in the industry?

Appendix C

Internal documents, have been altered to remove sensitive information

<p><b>Culture</b>          The firm Spirit is important for our success. Our core values: common sense and simplicity, working together and daring to be different bring us together and help us deliver good results. The interpretation may vary depending on the country and activities of the business.</p> <p><b>Growth and profit</b>          Profit gives us resources and independence. Growth is not the main goal as such but it must be profitable in the long term. The firm may, to a limited extent, allocate resources for opportunities outside the existing business areas.</p> <p><b>Risk</b>          As entrepreneurs we have the right to make mistakes and the duty to learn from them. The firm's total risk exposure should be moderate. We shall have a well diversified moderate risk and profit profile on the existing business areas, but may accept a higher risk on new activities. The Firm should only enter new activities where we have the right competence.</p>	<p>The firm was born in the wake of the core-firm and is also our biggest partner and shall be treated as such. We shall utilize the experience from this relationship to constantly attract new business opportunities.</p> <p>The firm has an image responsibility towards the core business.</p> <p><b>OWNERS</b>          As owners we take great interest in the development of the business. We exercise our ownership through the Board and we give a great deal of autonomy to management to run the business. As owners, we intend to re-invest major parts of the profits in the future development of the business.</p>
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**Our values**

We want our customers, partners and co-workers to choose us for what we stand for, what we deliver and how we deliver it.

Three basic values guide all businesses: common sense and simplicity, working together and daring to be different. These values support our promise: on fair terms.

In order to achieve our vision, all of us need to pull in the same direction. This requires involvement and a strong will from everybody. Not only must we see opportunities and demands that others do not see, but we must also constantly improve our

**Common sense and simplicity**  
 Common sense and simplicity are part of our heritage and our culture. Understanding the needs of our customers and finding ways to improve the quality of their everyday lives is more important to us than following the latest trends.



We have a practical, down-to-earth business approach and a cost conscious mind-set. We believe that the simpler the rules, the more natural it is to work with them. The simpler the explanation, the easier it is to understand and to carry out.

Structures, policies and guidelines are sometimes necessary but need to be communicated in a clear, honest and straightforward way.

solutions and make them easier to understand and easier to use.

We believe that no method is more effective than a good example. Living our values is how we make a difference.

Working together

differ

On fair terms

Common sense and simplicity

Daring to be different

Working together

We all have different qualities. We surround ourselves with people of different strengths in order to create competent and dynamic teams.

The firm is characterized by people who work together and respect each other's efforts. We create an environment where everybody is important and valuable knowledge; experience and good ideas are shared. Mistakes help us to learn and improve and we share our learnings with each other.

We listen to and gain knowledge from our customers, partners and co-workers. We are on the road to improvement together.

Daring to be different

We constantly strive to find new and better ways to run our business and to add customer value. To do this we must dare to be different and ask the simple question "why?"

Challenging the established way is not just about tackling the big issues; it is also about finding new ways to solve the small daily problems.

When we think differently we do this to stay one step ahead, to improve the business or to reduce costs, to help our partners become more competitive and profitable and to improve the everyday lives of our customers.

On fair terms

At the firm we ask ourselves: "Is this on fair terms?" We constantly review our solutions and our way of working with customers, partners and co-workers. The reason for this is that we are in business for the long run and we seek long-lasting relationships.

Being on fair terms is essential for building strong relationships, creating value and growing a business. We live the promise – on fair terms – because we know that the quality and reputation of a company is determined by the promise made and the promise kept.

On fair terms means striking the right balance between parties concerning risks, work and profit. It also means being open and clear in our way of doing business.

In our business relations, on fair terms stands for being a good partner. It is about being available, reliable, delivering what is promised and doing it on time.

The firm is a fair company, a fair employer and a good local neighbor.

We act for a sustainable future, taking responsibility for the economic, social and environmental aspects related to our business.

We make an extra effort to support selected social initiatives, where our help can make a difference.