



SCHOOL OF
ECONOMICS AND
MANAGEMENT

There Is No Place Like Home

The relevance of socio-emotional wealth for family firms and their
decision to retain production locally.

by

Louise Eriksson Knast, Teodor Eriksson & Johannes Hasenöhr

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Supervisor: Zahida Sarwary

Abstract

Family firms play an important role in the global economy. Family firms are defined as firms owned and managed by a family constellation. While their governance structure is different from non-family firms, family firms face similar questions of internalisation as their non-family counterparts. This study aims to determine how non-financial aspects may motivate the choice of internalising in family firms. To investigate how the non-financial aspects are relevant to the family firm's decision-making, this study focuses on one aspect of operations, production. The research question stems from theories of socio-emotional wealth, which is conceptualised through the five dimensions of the FIBER framework. To explore the relevance of socio-emotional wealth on family firms' decision to produce locally, qualitative semi-structured interviews have been conducted with four Swedish-based family firms. The results indicate that four dimensions of FIBER are reflected in the selected interviewees' decision to keep manufacturing locally. The dimensions which appear to be relevant are; family control and influence, identification with the firm, binding social ties and emotional attachment. The results do not indicate that the fifth dimension, renewal of family bonds to the firm through dynastic succession, has a relevant impact on the research question stated.

Keywords: Family firms, manufacturing internationalisation, socio-emotional wealth (SEW), FIBER framework, case study, Sweden.

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1 Introduction

The following introduction aims to provide an overview of the thesis overarching topic and introduce the research questions together with its delimitations. This thesis contributes to the growing body of research on family firms' socio-emotional wealth (SEW) and its influence on decision-making. In particular, the thesis investigates the relevance of socio-emotional wealth for Swedish family firms who retain their manufacturing locally rather than building capacities in potentially more cost-efficient locations. FIBER, a qualitative framework used to describe the SEW model developed by Berrone, Cruz and Gómez-Mejía (2012) is used as the main assessment criteria.

1.1 Background and Problematisation

In 1995 Aronoff and Ward published an article with the title “Family-Owned Businesses: A Thing of the Past or a Model for the Future?” (Aronoff & Ward, 1995, p.121). For a considerable period, researchers did not consider family business research as a predominant topic, and some already declared this concept to be irrelevant. For instance, Alfred Chandler, one of the most renowned business scholars of the 20th century has dismissed the concept of the family firm as historical and unpromising for future generations (Chandler, 1980). Today, contrary to Chandler’s prediction (1980), family-owned and managed firms are far from being overhauled nor are their numbers declining. On the contrary, they continue to act as an essential pillar for the global economy and the economic success of societies. The Economist (2015) writes that family firms have always worked as the backbone and centre of business. Family firms provided the foundational steps of capitalism and remain a great power throughout most industries and business sectors. The Economist (2015) further argues that family firms represent up to 90% of the world's corporations.

In the last twenty years, the interest in family firms and their potentially diverging decision-making, in general, has attracted an increasing amount of attention. In 2007 Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson and Moyano-Fuentes (2007) published the basis for what is the socio-emotional wealth model for family firms and constitutes the basis for a modern theory of the family firm. SEW aims to capture the non-economic factors that influence decision-making within family firms. Developing SEW further Berrone, Cruz and Gómez-Mejía (2012) proposed the FIBER framework as a way of classifying the different dimensions of the SEW model. FIBER stands for family influence and control, identification with the firm, binding social ties, emotional attachment to the firm and renewal of family bonds to the firm through

dynastic succession. The context in which family firms' decision-making occurs sets them apart from non-family firms and this context can be studied through the FIBER framework.

Despite the growing interest and academic focus on family firm research, the SEW model and the FIBER framework there is still a significant gap in terms of empirical research into these topics and how they relate to internationalisation decisions (Arregle, Chirico, Kano, Kundu, Majocchi & Schulze, 2021). The internationalisation process, its outcomes and the choice of entry mode appear fragmented, due to the family firms' heterogeneity, leading to diverse conclusions and interpretations (Arregle et al., 2021). Most reviews, however, agree that family-governed firms are less likely to internationalise than firms with other governance structures (Hennart, Majocchi & Forlani, 2019). The literature has proposed two main reasons for this. First, the so-called bifurcation bias, proposed by Verbeke and Kano (2012), suggests that family management is less willing to hire external managers. This in turn is necessary if knowledge of foreign markets is missing within the family to successfully reach new customers abroad (Gómez-Mejía, Makri & Kintana, 2010). Secondly, internationalisation can be expensive and too large to be internally funded with family equity (Hennart, Majocchi & Forlani, 2019). Sanchez-Bueno and Usero (2014) argue that any form of external financing, which would be required to launch internationally, involves a loss in control for the owners to external shareholders or debt investors. These two arguments have been identified and cited as the most influential factors for reduced internationalisation by family firms in several recent publications (e.g. Kano, Verbeke & Ciravegna, 2021; Hennart, Majocchi & Forlani, 2019; Gómez-Mejía & Herrero, 2022).

It is therefore of interest to fill the gap, discussed above, in current research by investigating if the theories presented by Gómez-Mejía et al. (2007), and further developed by several groups of scholars, hold for specific areas within the decision-making in family firms' internationalisation processes. To contribute to the growing area of family firm research this thesis has been narrowed down to a national context to reduce potential cultural and geographical parameters which could alter the validity of the results. The country chosen for this study is Sweden. The study has been further narrowed to one specific area of operations to explore the motivations of internationalisation decisions of the activity by industry representatives. This is done to ease the comparison of the empirical results without having to question significant differences in organisational structures and the scope of their industries. The chosen operational activity is production.

Sjögren (2017) argues that family firms are an important factor in the Swedish economy and the country's economic success. The author presents that despite the comparably lower capitalistic freedom, corporations in the Nordic countries have had a significant part in the success of the country's welfare state. This is enforced by the social-democratic policies. The author emphasises that both the socialists' political goals and family firm management share an interest in strong Swedish exporting and local employment, instead of moving jobs and production abroad. Sjögren (2017) continues to argue that there are strong incentives to keep production locally. This is contradictory to Johansson and Olhager's (2018) description of the macroeconomic state of Sweden, where the authors argue that Sweden has comparably higher production costs than other developed countries. The annual average total producer price of

industrial activities in Sweden was 9 per cent more expensive than the average in the euro area in 2021 estimates (OECD, 2022). While the average cost of production remains high in EU countries, as presented by OECD (2022), the costs increase even further in Sweden. Supporting arguments by Johansson and Olhager (2018) further confirm that the most prevailing difference between Sweden and other developed countries in terms of production cost is caused by high labour costs. To summarise, family firms are of importance to the Swedish economy and the family firms that decide to retain their production locally endure high costs compared to other countries.

The SEW model and the FIBER framework aim to explain why family firms act in certain ways beyond financial optimisation. No successful company will be able to cover costs that exceed revenue generated sustainably, and it is reasonable to assume that most companies aim to achieve lower costs where it is feasible. In manufacturing companies, the production costs will represent a substantial portion of the costs associated with doing business and this thesis aims to explore how the non-financial aspects of family firms play a part against the minimisation of production costs by evaluating, using the FIBER framework, why family firms in Sweden choose to manufacture locally.

1.2 Aim and Objectives

Answering the call for more qualitative case studies with a diverse geographical background, investigation of the underlying intentions of internationalisation and provide further empirical evidence for the SEW model and the FIBER framework made by Berrone, Cruz and Gómez-Mejía (2012), this study aims to explore how socio-emotional wealth is relevant to Swedish family-owned and managed firms' decisions in keeping production locally. Using the five dimensions of the FIBER framework the study will attempt to narrow down and understand how and which parts of the socio-emotional wealth model have the greatest relevance to Swedish family firms' decision to retain production locally. By doing so, this study extends the knowledge of the family firm in a geographical and cultural setting that has not explicitly been explored in previous literature

To achieve the aim of this study the objectives have been divided into three parts. (1) based on current literature a theoretical framework is used to identify relevant decision-making dimensions within the family firm research, (2) four case companies are selected to generate data based on interviews with managing representatives of the family firms, (3) the patterns identified based on the FIBER framework will be matched with the collected data to evaluate the validity of the results, identify similarities and differences and finally, the implications of the study are concluded and the contributions are assessed.

1.3 Research Purpose

To conclude the introduction of the socio-emotional wealth model and its implications on family firms in Sweden the research question needs to be stated. The authors of the thesis were interested in understanding the underlying mechanism of family firms' decisions to stay locally with their production facilities rather than relocating as non-family firms tend to when scaling up internationally. This study will focus on the socio-emotional wealth model and its relevance for Swedish family firms' strategic decision-making processes in order to reach an explanation for their localisation of manufacturing. Based on those objectives and the situation discussed above the research question reads as follows:

How is socio-emotional wealth relevant to international Swedish family-owned and managed manufacturing companies' decisions to retain their production locally?

1.4 Delimitations

The scope of this paper is delimited in the selection of family firms, to increase depth and clarity in the multi-case analysis and improve the output quality. Particularly due to the heterogeneity of family businesses and the broad applicability of this business concept, it has been necessary to limit the selection. The following section mentions the firm's size, its main value-adding process, production, as well as the national context as delimiting factors for the study to ensure the validity and reliability of the results.

Relatively recently founded companies are often still entirely privately owned by the founders or their immediate families and operate with very little external capital. Those firms are in general included as family firms as they align with the most relevant criteria of a family firm. Based on the definition of family firms by the European Commission (2009), those criteria are based on two main aspects: (1) at least 25% of the decision-making rights are possessed by the established or acquired family and (2) there must be at least one family member who is involved in the management or has an influence over governance. However as the development of those firms could not yet reach the same stage as more developed firms, the incentive and relevance to diversity production is potentially lower or even lacking. To avoid looking at those micro-firms or start-ups which are still in their founding or first development phase, the study has set a delimitation in terms of corporate age. A certain quantifiable number of years in business is not always an applicable measure to draw conclusions from, to identify the stage of corporate development. Different market and sales conditions, the corporate strategy and the entrepreneurs' personal circumstances, among others, can have a corresponding influence on this. Therefore this study is solely based on observations of firms which are currently at least in their second generation of family ownership and management. This is to avoid the above

mentioned risks of low incentive and relevance for production diversification within the case studies.

The study is also limited to manufacturing and did not aim to evaluate other parts of the family firm's operations and how they might support in explaining the bigger picture of decision-making. While in Sweden and other developed countries production-related costs are generally considered as high, leading to potentially unprofitable situations for labour-intensive tasks and therefore the production localisation was particularly interesting, other countries or regions have deviating relative costs. This could lead to situations where it is interesting to look at other stages of production and examine them in relation to decision-making in family businesses.

Furthermore, the study is limited to one specific national context. Since family businesses generally cover a very broad spectrum of governance structures and sizes, the limitations in regards to company size, manufacturing facilities and the Swedish origin ensure improved validity in answering the research question. As a result of the narrower scope, the group of potential interview subjects were also limited, leading to reduced generalisability of the study.

1.5 Outline of the Thesis

This thesis is divided into a series of five chapters. The introduction in Chapter 1 is followed by a detailed literature and theory review on socio-emotional wealth and family firm related literature in Chapter 2. A clear definition of key terms will be presented and the most recent findings concerning the SEW model and the FIBER framework are reviewed accordingly. Afterwards, the propositions are presented based on the observations made within the existing literature. Chapter 3 describes the methodology used for this study. The research design, data analysis and potential limitations of the data are discussed in detail. Chapter 4 focuses on the presentation of the case companies used in the study. It then presents the analysis and discussion based on the main findings in relation to the research model. In Chapter 5 the main findings are summarised, potential future research propositions are outlined and the limitations of the study are discussed.

1.6 Chapter Summary

The introductory chapter to this thesis firstly introduces the concept of socio-emotional wealth and the FIBERframework. Secondly, the core concepts, the background of the family firm and the problematisation behind the research question is provided. Thirdly the aim of the study is presented, as well as how the literature of the theories, in combination with empirical data will assist in filling the research gap. Finally, delimitations in regards to the limited sample size are explained and finally, an outline of the thesis is provided.

2 Literature Review

This chapter introduces the most relevant literature applicable to the thesis research question and builds upon the background and problematisation presented in the introduction. At first, the general understanding of a family firm will be assessed and the definition used in the study will be presented. Afterwards, relevant research regarding the socio-emotional wealth model will be reviewed. Lastly, the FIBER framework, which is derived from the SEW model, is introduced and discussed in detail. In addition, the key propositions are presented which should enable a complete and comprehensive assessment of the research question.

2.1 Defining the Family Firm

The definition of what constitutes a family firm ranges from exclusively considering ownership to a high degree of managerial involvement of family members. In their extensive review of the family business literature Chua, Chrisman and Sharma (1999) describe the family firm as follows:

“a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (p.25).

Management scholars (Anderson & Reeb, 2003; Schulze, Lubatkin, Dino & Buchholtz, 2001) and international business scholars (Hennart, Majocchi & Forlani, 2019) have applied different definitions. The important determinants to categorise family firms are, the level of ownership and/or the level of management influence present. Furthermore, differences between different levels of control are applied. For the purpose of this study, the definition by Chua, Chrisman and Sharma (1999) will be applied, with the adaptation that all the firms observed will be solely owned and managed by members of the family. As Arregle et al. (2021) mention, the limitations of the definition matter in terms of research output, as the amount of control and ownership can have a significant influence on non-financial aspects of the decision-making process. The scholars mention that, especially in comparison to non-family firms with external stakeholders, who have financial needs that must be satisfied, very high levels of equity combined with operational flexibility allow the company to adapt its objectives to its own needs and convictions

While the definition of the family firm is yet to be agreed upon by scholars, as demonstrated above, there is more consensus regarding the relevance of family firms in the business landscape. Worldwide family-owned and managed firms are relevant determinants shaping economic development (Economist, 2015). Their governance structure and family ties make them unique in terms of operational management and strategic decision-making (Gómez-Mejía et al., 2007). Researchers argued that family firms have special resources and capabilities that set them apart from conventional public owned corporations (Habbershon, Williams & MacMillan, 2003). Kano, Ciravegna and Rattalino, (2021) address three explicit resources that are unique within family firms and set them apart from non-family firms. The first resource, according to the authors, is the social capital of the family, which involves strong interpersonal relationships and shared values. The second resource, the authors have identified as unique for family firms, is the long-term orientation of strategic decisions and their implications. Thirdly, the researchers suggest that strong identification with the firm leads to higher awareness of potential reputational damages. Therefore the scholars argue that over time the stakeholders' perception of reliability and social commitment can increase business success. Kano, Ciravegna and Rattalino (2021) has concluded that all three resources can be linked back to socio-emotional wealth and are of special significance for the internationalisation process.

2.2 The Development of Socio-Emotional Wealth

Family firms' decision-making, in general, has been found to be different than in non-family firms. Among these general differences are the internationalisation processes. According to Vahlne and Johanson (1977) internationalisation requires specific knowledge to operate successfully in foreign markets. The knowledge the authors refer to is described as experiential and thus can only be accumulated through gradual integration in the designated market by allocating vital operations abroad and learning by doing. Family firms do not necessarily conform to this gradual growth model and their decision-making processes can not necessarily be explained by the same models that are applied to non-family firms. (Arregle et al. 2021)

Hennart, Majocchi and Forlani (2019) present that established firms are often allocating responsibilities to appropriate managers in the foreign market capable of taking over international operations and further international expansions. The loss in control mentioned by the researchers leads to hesitancy in family firms' internationalisation decisions according to Graves and Thomas (2006). Graves and Thomas (2006, pp.210-211) formulate the reluctance to the loss of control in the family firm in the following way:

“Family businesses are less likely to hire nonfamily “professional” managers because of founders’ reluctance to relinquish control (Boeker & Karichalil, 2002; Davis & Harveston, 1999), their entrenched nepotism (Kets de Vries, 1996), and their preference for privacy (Gersick, Davis, Hampton, & Lansberg, 1997). Family businesses are also

less likely to put their management through regular formal training (Cromie, Stephenson, & Monteith, 1995).”

The argument by Graves and Thomas (2006) is also supported by other researchers (e.g. Banalieva & Eddleston, 2011; Liang, Wang & Cui, 2014). Furthermore, the profitability aspect introduced by Sanchez-Bueno and Usero (2014) also plays part in the risk-averse internationalisation approach observed in family firms. In order to fill the gap in current research and to explain the underlying factors that affect family firms' strategic decision-making in contrast to non-family firms, researchers had to adopt new theories, which could explain the scope of family firms in a more precise manner than the traditional international business theories.

The first attempt to bridge the gap between family firm specific aspects with traditional business administration theories were adopted from the agency theory (e.g. Bjuggren & Palmberg, 2010; Santulli, Torchia, Calabrò & Gallucci, 2019), stewardship theory (e.g. Zahra, 2003) and the resource-based view of the firm (e.g. Zellweger, Eddleston & Kellermanns, 2010; Chrisman, Chua & Litz, 2003; Habbershon, Williams & MacMillan, 2003). According to Gómez-Mejía et al. (2007) despite providing relevant insights and adaptations within the family field research, those concepts were not very well suited to explore and explain family firms' decision-making processes. Additionally, scholars have constantly found contradicting results and come to contrasting conclusions in their empirical studies related to family firms' behaviour and underlying forces (Andersson, Johansson, Karlsson, Lodefalk & Poldahl, 2018; Debicki, Kellermanns, Chrisman, Pearson & Spencer, 2016). Good examples of those effects can be found in internationalisation research. While Stadler, Mayer, Hautz and Matzler (2018) and Van Essen, Carney, Gedajlovic and Heugens (2015) have found positive effects of family involvement others such as Graves and Shan (2014) and Tsao and Lien (2013) have argued against any benefits arising from owner family involvement. Those inconsistencies are potentially based on the heterogeneity of the firm, cultural differences as well as institutional deviations (Arregle et al., 2021; Arregle, Duran, Hitt & Van Essen, 2017).

In 2007 Gómez-Mejía et al. (2007) introduced a new paradigm that could potentially describe the relevant differentiation aspects between public and family firms concerning decision-making, internationalisation, corporate responsibility and strategy. The new model presented is referred to as socio-emotional wealth and gave the discussion appropriate guidelines and a better understanding of family firms and how they differ in both general and specific decision-making. The SEW model is based on behavioural agency theories introduced by Wiseman and Gómez-Mejía (1998) as well as Gómez-Mejía, Welbourne and Wiseman (2000). Those original theories were not specifically intended to relate to family firms, instead, they were intended to broaden the context and applicability of agency theory and behavioural theory of the firm. The fundamental notion of the behavioural agency theory is that a firm's decision-making depends, to some extent, on non-financial aspects and prevailing principles within the corporation and does not necessarily depend only on financial risk and return (Wiseman & Gómez-Mejía, 1998). Furthermore, the narrow context applied to agency theory as discussed by Wiseman, Cuevas-Rodríguez and Gómez-Mejía (2012), has significant limitations on the applicability of the

concepts. The extension and consideration of a broader set of influencing factors, including the agent's and principal's environment and personal background, ultimately led to the development of the SEW model (Gómez-Mejía et al., 2007).

Gómez-Mejía et al. (2007) argued in their research that the interests of the owning family do not necessarily align with those of traditional investors and shareholders. The main idea behind the SEW model is that the owning family does not want to lose any of the socio-emotional wealth they have created through long-term generational management. (Gómez-Mejía, Makri & Kintana, 2010; Gómez-Mejía & Herrero, 2022). Gómez-Mejía et al. (2007) argue that the SEW model represents “non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence and the perpetuation of the family dynasty” (Gómez-Mejía et al., 2007, p.1). With this model researchers are able to identify and explain the different forces, responsible for seemingly contradictory results in analogous studies, as mentioned above. Gómez-Mejía, Makri and Kintana (2010) describe the forces at work as internationalisation both lowers the business risk through greater diversification and thereby preserves SEW as well as reduces the control and influence of the owning family through less diversification, which leads to a loss in SEW.

The theories have been adopted and improved over time and five years after the introduction of the SEW model Berrone, Cruz and Gómez-Mejía (2012) developed a framework within the SEW model, to be able to make socio-emotional wealth aspects methodologically applicable and easier to capture. The researchers summarise the five dimensions as FIBER: “(1) Family control and influence, (2) Identification of family members with the firm, (3) Binding social ties, (4) Emotional attachment of family members and (5) Renewal of family bonds to the firm through dynastic succession.” (p.259). As discussed in the seminal paper by Berrone, Cruz and Gómez-Mejía (2012) and several following studies, the empowering emotions and relationships relevant to the FIBER framework are difficult to measure. Neither can the family management be seen as a synchronous group that follows matching interests, nor are all family firms homogenous in terms of organisational characteristics and culture. Kano, Verbeke and Ciravegna (2021) argue that, while the FIBER framework provides a detailed analysis of the SEW model, it is of less relevance for large Multinational Enterprises (MNEs) family firms as their strategy is often indistinguishable from non-family MNEs. According to the researchers' findings, this is the fact as those socio-emotional wealth models are often diminished with large MNEs and they, therefore, act like any other public MNEs.

It remains unclear in which direction the FIBER framework will develop in the future. Since this is a relatively new framework, further evaluation and developments are necessary to find the optimal balance between the individual aspects (Arregle et al., 2021; Kano, Verbeke & Ciravegna, 2021; Gómez-Mejía & Herrero, 2022; Jain, Thukral & Paul, 2022).

2.3 Socio-Emotional Wealth and Local Production

In general, scholars agree on the SEW model, its effects on family firm internationalisation and strategic decision-making. In the following sections, the five FIBER dimensions will be discussed in more detail. This detailed analysis should account for the fact that the SEW model and the FIBER framework dimensions should, as mentioned by Arregle et al. (2021), be seen as multidimensional rather than a homogeneous concept. The applicability of each dimension and item of the FIBER framework should, due to the heterogeneity of family firm management and governance structures, be assessed on an individual basis.

2.3.1 F-dimension: Family Control and Influence

The family control and influence dimension of the FIBER framework concern the governance of family firms. Berrone, Cruz and Gómez-Mejía (2012) identify that family control and influence is a key characteristic that separates family firms from their non-family counterparts. The control and influence of the family firm may take different forms, family members' occupation of management positions, majority ownership, or personal influence are three forms stated by Berrone, Cruz and Gómez-Mejía (2012).

Kano, Verbeke and Ciravegna (2021) argue that family control and influence (F-dimension) is the most vital building block in the pursuit of strategic SEW objectives. Kano, Verbeke and Ciravegna (2021) support this argument by addressing the limitations of the SEW effect on strategic decisions without efficient control mechanisms. Mitter, Duller, Feldbaur-Durstmüller and Kraus (2014) support the favouring of family control by arguing for the potential benefits of centralising decision-making to mitigate against bounded rationalities. Mitter et al. (2014) favouring the centralisation of managerial decisions are partly in line with Kano and Verbeke (2015) who advocate for the benefits of addressing risks of conflicts, which are based on divided preferences of resource allocation between dispersed business units. Furthermore, the historical data of successful family firms collected by Miller and Le Breton Miller (2005) suggest that the generationally overlapping relationships managing family members built while pursuing long-term strategic goals are protecting them from problems arising from bounded reliability, discussed in Kano and Verbeke (2015). Finally, the governance structure of a family firm allows strategic decision-makers to become more agile as they have more authority than managers in non-family firms without personal ownership (Kano, Verbeke & Ciravegna, 2021). In contrast to the potential positive effects described above, Alessandri, Cerrato and Eddleston (2018) identify the issues which can arise from sustaining control without inhabiting the experience and capabilities required for complex international business environments. Chrisman (2019) acknowledges the issues presented, the author includes those as part of bounded rationalities and advocates for the integration of stewardship in order to mitigate those risks.

In summary, based on the arguments above and in line with traditional economic theories there are reasonable motives for a family firm to internalise rather than outsource to not limit their control of production. Additionally, the literature review has unveiled that control and influence in the family firm, as defined by Berrone, Cruz and Gómez-Mejía (2012), is best executed from a local perspective. Thus, in order to address the study's research questions, the following proposition is suggested.

***P1:** A family firm's desire to keep control, incentivises them to keep production locally.*

2.3.2 I-dimension: Identification with the Firm

With the second dimension Berrone, Cruz and Gómez-Mejía (2012) address secondary effects related to family members' identification with the firm. While in public companies' top management can segregate between personal and business life or responsibilities, the authors argue that this is not the case for families involved in leadership positions of their family-owned firms. As the F-dimension has played a part in the delegation of control, the I-dimension is more about the outcome of that control and how it plays part in shaping the identity of family firm managers. Berrone, Cruz and Gómez-Mejía (2012); Hauck, Suess-Reyes, Beck, Prügl and Frank (2016); Filser, De Massis, Gast, Kraus and Niemand (2018) have identified, that actions concerned with the reputation of the firm are more carefully selected, which leads to an agency costs reduction and the communication has a stronger alignment with the corporate goals. According to Filser et al. (2018), this effect could be even stronger for firms or brands sharing the name with the family. Kano, Verbeke and Ciravegna (2021) also mention internal operational and strategic benefits arising from those reputational gains. First, they state that a good reputation can be seen as a firm-specific advantage, improving internationalisation capabilities and mitigating risk. Secondly, the authors argue that the intrinsic motivation of managers can improve internal task execution effectiveness and quality. The latter aspect however, could be negatively influenced by the bifurcation bias, introduced by Verbeke and Kano (2012). Bifurcation bias describes the potential downsides and its implication on performance when a family member is hired for a key position in favour of a more suitable external applicant. In summary, the positive approaches resulting from this effect can be described as stronger stakeholder involvement and positive side-effects for corporate responsibility.

While beneficial traits from reputation and quality aspects are observed in various papers, research has also identified negative aspects. A defensive and conservative approach to corporate governance, driven by a strong focus on reputation and family history, can hinder the business model's ability to innovate and strategize for the future (Gómez-Mejía, Makri & Kintana, 2010). Kano, Verbeke and Ciravegna (2021) cite several significant examples from the last 20 years, which may also indicate the validity of this statement. The underlying assumption for these cautious measures within the family firms in cross-border activities was discussed by Kano (2018). The author proposes that uncertainty in complex situations, potentially involving partners and suppliers, could often be perceived as too risky and other

opportunities are favoured. Sciascia, Mazzola, Astrachan and Pieper (2012) have found the same effects within family firms and explicitly note that these can be observed more frequently in smaller family firms in particular. Research in other countries, which shares several similarities with Sweden, has revealed the I-dimension to be a strong influential factor in decision-making (e.g. Filser et al., 2018). Based on observations from other scholars mentioned above, the following proposition in relation to local production has been developed and will later be tested with the data collected in the case interviews.

P2: The interlink between identity and firm makes family firms hesitant to move production.

2.3.3 B-dimension: Binding Social Ties

The third dimension of the FIBER framework refers to the firms' social relationships, both internal and external (Berrone, Cruz & Gómez-Mejía, 2012). Berrone, Cruz and Gómez-Mejía (2012) further explain how these binding social ties stem from kinship ties, i.e. being family. Kano, Verbeke and Ciravegna (2021) characterise the social ties within family firms to be stable and long-standing while being deeply embedded in the organisation. Berrone and Gómez-Mejía (2012) highlight that the societal connections a family firm creates both internally and externally are potentially stronger than for non-family firms. The explanation given for this is that relationships formed by family firms are built on trust to a larger extent than with non-family firms.

Stadler et al. (2018) explain the binding aspect of the B-dimension by highlighting the relationship attributes of stability, mutually beneficial, interdependent and long-term orientation. Kano, Verbeke and Ciravegna (2021) present the B-dimension as rather complex, as it tries to evaluate human interaction patterns for a wide variety of different firms. The literature by Kano, Verbeke and Ciravegna (2021) discuss that the binding social ties are not necessarily dependent on family membership and might be observed in non-family firms, as well as between the family firm and external subjects. Although, the authors highlight the advantages a family firm has in enforcing these relationships through generations by referencing the R-dimension, of succession. The ability of generational transition is hard to replicate for non-family firm competitors, despite the opportunities this creates for the firm, there are still some things to consider. Kano, Verbeke and Ciravegna (2021) argue that due to the favouring of these long-term business relationships, the firm may become limited in building new relationships and incur high switching costs. The assumptions about the family firms favouring an already established connection lead to an assumption that the family firm might have more incentives to keep the production locally. By doing so they can reap the benefits from the long-term strategic relationship they have built for generations. This could potentially result in periodically financial disadvantages that should not be neglected, although it would take time and commitment to replicate these relationships somewhere else.

Summarising the previous research results, it can be deduced that the family firm might have more incentives to keep the production locally to benefit from the long-term strategic

relationship they have built during the history of their operations, even though potential strategic disadvantages should not be neglected it would take many years to build up new connections elsewhere. Nevertheless in line with the research questions the third proposition that arises from this, resumes as follows.

P3: The binding social ties that have been established locally are difficult to replace.

2.3.4 E-dimension: Emotional Attachment to the Firm

The fourth dimension addresses the emotional connection to the firm and is, to some extent, intertwined with the second dimension of identification. Berrone, Cruz and Gómez-Mejía (2012) once again address the thin line of separating personal and business dimensions in operations. They argue that this results in more emotional influence on decision-making. The authors also address the limitation of studies in this specific dimension, as the focus of previous research has often focused on how emotionally dysfunctional organisations affect performance and not emotional effects on daily operations. Berrone, Cruz and Gómez-Mejía (2012) further discuss the positive spillovers emotional attachment to the firm may create as family members potentially are more likely to invest more of their life in the business. This effect is described in the stewardship theory which is known as the opposing idea to the agency theory. Verbeke and Kano (2012) suggest that both theories can be aligned with family firm theory and need to be regarded in combination.

The emotional attachment to the firm is difficult to capture as it is highly individual. As proposed, the E-dimension is strongly interlinked with the other dimensions and gives rise to advantages associated with stewardship. Kano and Verbeke (2018) investigate the risks associated with emotional attachment if not managed properly. The authors highlight the problems which may arise if a family firm let their emotions interfere with financially sound decision-making. One example which is referred to in Kano, Verbeke and Ciravegna (2021) is the most common decision in transaction cost theory, make or buy decisions. The authors argue that several families choose to internalise some activities which are not financially defensible in comparison to outsourcing those activities. The findings Kano, Verbeke and Ciravegna (2021) present could be one of the main reasons that family firms in Sweden keep their production locally, simultaneously it would be difficult to separate to which degree emotions affect their decision-making in comparison to other explanations.

From this, it is proposed that the emotional attachment to the firm might explain that a family firm potentially wants to keep production where it has been to preserve the feeling associated with the firm and the history they relate to the original manufacturing site. Following the line of reasoning, the literature indicates a positive connection between the decisions of family businesses and the socio-emotional wealth model addressed in this section. Unlike the B-dimension suggests, research in recent evaluation has found a stronger correlation between decision-making with the emotional aspects and identification with the company, rather than the binding social ties related to it. Although it is worth repeating that the dimensions in

question are not necessarily separated from one another (Hauck et al., 2016; Gómez-Mejía & Herrero, 2022). Whether similar results emerge in the present study can be seen by examining the following proposition.

P4: *The family firm's emotional attachment to the place of origin outweighs the financial gains of relocating production.*

2.3.5 R-dimension: Renewal of Family Bonds to the Firm through Dynastic Succession

The last dimension aims to explain the long-term strategies which are usually present in family-owned firms. Berrone, Cruz and Gomez-Mejia (2012) argue that the main driver for long-term sustainability in family firms is the desire to keep the business within the family and for future generations to continue with the work started by their predecessor. This dimension is to a great extent directly connected to the first dimension, family control. To achieve the long-term success of family firms discussed by Miller and LeBreton Miller (2005) the successor of the firm must share the goals and visions of its predecessor.

The R-dimension is closely aligned with the F-dimension, as it is a way for family firms to preserve their acquired control through their descendants. Alessandri, Cerrato and Eddleston (2018) argue that family control may cause liabilities if current and future family members do not possess the management capabilities required to lead the firm. According to Kano, Verbeke and Ciravegna (2021), some family firms mitigate against this risk by ensuring that the next generation possesses the capabilities required. The issue of quality control through generations is also explained by Bloom and Van Reenen (2010) and Cucculelli and Micucci (2008) who investigated the concept of *primogeniture*, the right of the firstborn child to succeed as head of affairs in the family business. The authors concluded that this kind of succession in itself, without strategic incentives, is not in favour of the organisation's long-term success. The underlying reason for this is described by Verbeke and Kano (2012) as the bifurcation bias.

Other scholars discuss the R-Dimension from a stewardship perspective. Davis Schoorman and Donaldson (1997) explain stewardship theory as a concept where leaders act in a utilitarian way, with the aim of organisational contribution, rather than self-serving actualization. Davis, Allen and Hayes (2010) quantitatively tested the stewardship theory within family firms based on the dimensions of stewardship, agency, value commitment and trust. The results from their regression model indicated that to some degree the stewardship theory aligns well with successful successions in family dynasties, as all the “positive” attributes had a higher value in family firms than in non-family firms. Although, the researchers also address the limited scope of the study, as well as the differences in perception of the concepts by employed family members and employed non-family members. The differences addressed explain that family members argue that the stewardship is higher than non-family members, they explain these findings by suggesting that the employed family members identify themselves more with the firm and therefore self-aligning interest might be perceived as utilitarian.

In summary, it is reasonable to believe that a managing family member is likely to aim for a continuous operation and development towards the goals the family firm has set and therefore it is more likely for the leaders to want the next generation to take over and protect the family heritage. Associated with the heritage are also the traditions that are established in the company and the local community. Outsourcing divisions of the company would lead to a significant change in those traditions and can therefore be seen as a threat to losing SEW. Following this conclusion, the last proposition can be derived.

P5: In honouring their predecessors, succeeding generations of a family firm are hesitant towards moving production.

2.4 Chapter Summary

Firstly, this chapter motivated and defined the family firm definition for the study. Secondly, a brief overview of the development of socio-emotional wealth and the FIBER framework was provided. Thirdly, it was explained how socio-emotional wealth is of relevance when investigating the localisation of manufacturing in family firms. The main findings observed were that family firms' decision to keep manufacturing locally may be motivated by their desire to keep control, their identification with the firm, the social ties established in the local area, the emotional attachment to the place of origin and their respect for previous generations. Finally, propositions were formulated in line with the study's aim and objectives in order to guide the formulation of interviews towards answering the research question.

3 Methodology

This chapter encompasses all relevant information regarding the different theoretical considerations and methodological steps the researchers have made during the study. It begins with the research approach and research design in order to set a general frame for studying the research question and further reflections necessary to be able to derive an appropriate conclusion. Afterwards, the data collection, including the interview design and the research questions, are addressed and an argument for the case sample and its validity is given. On this basis, the flexible pattern matching style is presented as a suitable data analysis method. Finally, considerations in regards to the methodological limitations and the reliability of collected data are mentioned.

3.1 Research Approach

The research approach seeks to bridge the gap between theory and research according to Bell, Bryman and Harley (2019). The following section addresses relevant aspects in this context and based on the underlying research question, describes and argues why a deductive approach is best suited to the study and which ontological and epistemological considerations are made.

The deductive and inductive approaches are well established within business research according to Bell, Bryman and Harley (2019). The two approaches, deductive and inductive, can be seen as inverted processes of each other. The deductive approach to theory and research, as explained by Bell, Bryman and Harley (2019) entails the researcher to study what is known in theory about a phenomenon, develop a hypothesis and subject the hypothesis to empirical testing. This implies that the researcher's data collection will be determined by the theory and subsequent hypothesis. The inductive approach, the authors further explain, reverses this and begins with the data collected and from there develops a theoretical proposition. Bell, Bryman and Harley (2019) further explain that it is common that a degree of the inductive approach is found within deductive research and vice versa.

The thesis' aim is to explore how socio-emotional wealth is relevant to Swedish family-owned and managed firms' decisions in keeping production locally. This is conducted based on the FIBER framework, by discovering underlying motives or dimensions within the case firms. The deductive approach described above is more appropriate for the aim due to the researchers' ability to construct propositions from an already existing theoretical background. While the literature review has shown that some aspects remain controversial within family firms' decision-making literature and the closely related FIBER framework, the main theoretical

foundation of choice is established and accepted by family firm scholars. Bell, Bryman and Harley (2019) state that a deductive approach could suffer from issues regarding the choice of theory and how it should be tested. This concern can also be mitigated by the well-established foundation of research, presented in Chapter 2 and the broad applicability of FIBER in relation to decision-making processes in family firms. The alternative, an inductive approach, would entail developing new theory or additions to existing theory, based on the observations made in this study (Bell, Bryman & Harley, 2019). This is not in line with the aim of the study and is therefore discarded. The choice for this study is therefore a deductive approach based on the FIBER framework and the underlying SEW model to investigate the localisation of production in Swedish family firms.

Apart from the relationship between theory and research, epistemological, as well as ontological considerations should be defined in order to describe the research approach holistically. Both considerations have relevant implications for the interpretation of this study (Bell, Bryman & Harley, 2019). Constructionism is the logical approach for this study, in terms of ontological considerations. Examining the underlying FIBER dimensions, which potentially influence the firm's production localisation decision in family firms, is in line with the definition of constructivism presented by Bell, Bryman and Harley (2019). Family firms' decision-making research is grounded in socio-emotional wealth assumptions rather than in traditional rational International Business theories. This entails that different personal backgrounds and the missing homogeneity of family firm governance can have a substantial influence on the research topic. The resulting inconsistency of research findings in this area indicates that this conclusion has potential relevance and that the social phenomena are dependent on social actors within this research field. In other words, rather than based on a general, universally applicable theory, constructionism aims to understand the respondent's individual perspective on a certain aspect. This is in clear contradiction to an objectivist approach which implies that social actions can and should be seen as detached from human beings performing those actions (Bell, Bryman & Harley, 2019).

From an epistemological orientation perspective, there are two underlying assumptions scholars can base their research on. Bell, Bryman and Harley (2019) differentiate between positivist studies and interpretative studies. According to the authors, the former assumes that the world follows strict laws which can be tested, similar to natural science and the research on objects. The latter aims to understand phenomena by the interpretation people ascribe to them, as human beings and social interactions require subjective interpretations (Bell, Bryman & Harley, 2019). This study aims to understand human behaviour and reasoning for localisation decisions, based on socio-emotional wealth aspects. Therefore, it is important not to underestimate the social aspects and to interpret and evaluate the answers from interviews in reflection to the respondent's social context.

These arguments lead to the conclusion that only a deductive study approach can be considered. Inductive reasoning would not align with the study's research question and the gap between theory and research could not be adequately addressed. The same also applies for differing assumptions in terms of epistemological and ontological considerations.

3.2 Research Design

To collect and analyse data necessary to answer the research questions, an appropriate research design is to be applied. In the following section, arguments are provided why the study is built upon a case study design. Thereby, all applicable criteria for the selection are discussed and relevant arguments for the corresponding evaluations are presented.

3.2.1 Qualitative Research

Business research can be conducted qualitatively and quantitatively. According to Bell, Bryman and Harley (2019) qualitative research focuses on descriptions and the collection of social phenomena in text, while quantitative research relies on numerically measurable variables to base the research on. The following section describes relevant considerations for both strategies and provides arguments for why this study is based on a qualitative research approach.

Bell, Bryman and Harley (2019) mention that a clear differentiation between the two research strategies in terms of their applicability is not always easy to make and may also deviate from the general norms depending on the research question. Qualitative research is, according to the authors in general, well suited to capture inhomogeneous research fields in which subjective realities could lead to changing interpretations of events. The researchers think that qualitative research is therefore appropriate if a constructivist ontological perspective is present in the study. In contrast, a quantitative research method is often considered appropriate when a study has an objective ontological orientation (Bell, Bryman & Harley, 2019). As mentioned in Chapter 3.1.1 this study is based on constructionism. To capture the constructionist assumptions and thus the individual perspectives and the underlying emotions or feelings, text is more appropriate and accurate than quantitative measurements. The problems in quantifying emotional aspects virtually rule out this design and at the same time lead to the argument to follow a qualitative research strategy in this study.

A second distinguishing factor between the two research strategies is the epistemological orientation of a study. Bell, Bryman and Harley (2019) argue that in general quantitative research requires a natural science-related model, often based on positivism. Qualitative research however rejects positivism and instead focuses on how social actors perceive their environment. As mentioned above, the study is based on social human reactions in a very diverse environment which can be linked well to an interpretive approach, as a contrast to objectivism. Therefore a qualitative strategy is the preferred method to apply at the research question in this study.

Concerning the third distinguishing feature between qualitative and quantitative research methods Bell, Bryman and Harley (2019) mention that qualitative research is often used for studies generating new theories, rather than testing them. The authors argue that an inductive

research approach is often utilised for this purpose and that deductive research tends to be applied to quantitative research methods. That being said, the authors also outline the possibility of using deductive methods within qualitative research. Yin (2014) argues that deductive approaches such as replication strategy and pattern matching (PM) analysis can be seen as experimental techniques rather than grounded theory and therefore they are suitable for qualitative case studies. Later in this chapter, data analysis and flexible PM analysis will be discussed in more detail. However, it can be stated here that such an experimental technique as described by Yin (2014) will be used for the study. This concludes the third point and the argumentation as to why a qualitative approach was chosen in the present case and how it is justified.

3.2.2 Case Studies

Within qualitative business research, several designs can be used to conduct a study, such as case studies, surveys or cross-sectional research. Bell, Bryman and Harley (2019) mention that in order to evaluate which of those is the most appropriate design to answer a particular research question, the research approach, as well as the research method, need to be considered. The authors mention that case studies are very popular and well suited for qualitative research with an interpretative approach. According to the authors, this is based on the ability to capture a “bounded situation” (Bell, Bryman & Harley, 2019, p.60) in detail and intensively investigate complex social phenomena. Yin (2014) also mentions that case studies in general are appropriate designs to answer questions focusing on how an entity is affected by something. Both aspects align with the research question at stake and its characteristics.

Other research designs such as surveys would potentially not allow the researchers to identify enough relevant information as the underlying factors influencing the SEW model are often implicit rather than explicit. This entails that surveys and other research designs would potentially not be able to identify the necessary questions in order to generate an in-depth analysis and the necessary information for the researchers to identify the relevance of the different dimensions within the FIBER framework.

To increase the theoretical generalisability of a case study, Bell, Bryman and Harley (2019) present the multiple case study as a popular evolution and modification to single case studies. Analysing multiple corporations and internationalisation strategies reduces the risk of outliers and provides higher trustworthiness for the study and the collected data (Yin, 2014). Furthermore, a multiple case study allows for comparisons between different cases and enables a more in-depth analysis of the results (Bell, Bryman & Harley, 2019). The thesis aims to answer the relevance of the SEW model for family firms' decision-making in terms of production localisation. To address the broad variability of potential factors which affect SEW and considering the heterogeneity of family firms, a multiple case study is most appropriate to capture the variety of potential factors influencing SEW.

3.3 Data Collection

The following section will first present the chosen method of choosing a sample for the study. Advantages and disadvantages of the selected method, purposive sampling, will be discussed. Afterwards the selection process of finding suitable case companies will be described and evaluated. Lastly, the selection process for suitable interviewees is described.

3.3.1 Purposive Sampling

Purposive sampling is one of the most commonly used sampling methods when it comes to qualitative data research (Bell, Bryman & Harley, 2019). According to Bell, Bryman and Harley (2019), quantitative data samples are focused on random sampling in order to draw general conclusions about the outcomes. Qualitative data sampling and especially interview-based methods, however, are reliant on the authors' statements appropriate for strategically approaching the selection of interview partners or resources. Thereby the most relevant and meaningful statements for the research question at stake can be obtained. According to Bell, Bryman and Harley (2019), it is important to mention, that even though purposive sampling does not follow a random approach, one cannot assume the data collection to be a convenience sample either. The important difference between those two, according to the researchers, is that there are clear criteria defined and used in the purposive sampling method in order to select corporations or employees to be interviewed.

The decision to follow a purposive method in this study is based on two variables. First, the research design of a multi-case study is very well suited for approaching the research questions of the thesis at hand. This sampling method allows the researcher to pick and choose corporations relevant and themselves interested in sharing information about management decisions and strategies within their organisations. Secondly, the limited time frame available required an efficient work mode and a rapid data sampling process to start analysing and interpreting information in time.

3.3.2 Case Company Selection

Before collecting data and setting up interview appointments, the study requires a suitable scope of potential case companies. An important source of reference for orientation are the evaluations of Andersson et al. (2018) who have provided a current overview of the family firm landscape in Sweden. The authors found that there were around 156,000 non-listed limited liability, 27,000 joint and limited partnerships and 100 listed family firms actively conducting business. Their research shows that approximately 90% of employer firms, or in other words all corporations excluding sole proprietorships, are family-owned and controlled and in total, those firms employ around 35% of the workforce. This suggests that many family-owned enterprises

have on average fewer employees than other non-family owned companies. Andersson et al. (2018) have found that nearly 70% of companies with fewer than 250 employees are family-run. It is also interesting to note the distribution of companies in the various industrial sectors. In their study, the authors indicate that construction, hotels and restaurants together with wholesalers are more frequently family-owned, while “financial intermediations” and “other community, social and personal service activities” (Andersson et al., 2018, p.9) are mainly private and non-family-owned corporations. Additional quantitative comparisons between family and non-family firms are, due to different sizes and industry specifications, difficult to draw. However, it can be concluded, based on the figures presented, that family firms are a highly relevant part of Sweden's economic performance.

Particularly difficult was the identification of suitable cases in terms of governance and control within family firms. While Anderson et al. (2018) have used a more broadly defined definition of family firms, this study's definition of family firms has been aligned with Chua, Chrisman and Sharma (1999). The stricter interpretation of family influence together with the delimitation in size of the family firm, allows the researcher to focus on a relatively small group of companies. The missing stochastic distribution of family firms across sectors and industries identified by Heugens, Van Essen and Van Oosterhout (2009) as well as Andersson et al. (2018) has however no major effect on the decimation of potential case firms. The focus on production-related firms, stated in the research question, already anticipates this limitation.

Based on those assumptions the researchers have reached out to fourteen corporations that fulfilled the specified criteria and were therefore principally suitable corporate cases in order to answer the research question. The identified corporations were contacted via personalised emails. Of the fourteen companies contacted, five gave positive feedback and four cases were actually conducted.

The narrow scope which was applied to this study resulted in relatively low numbers of potential case companies overall. On one hand, this leads to lower applicability and generalizability, on the other hand, this narrow definition was deliberately chosen to improve the significance of the results. Among other things, this also helped to counteract the limited time available for further interviews. Saunders and Townsend (2018) argue that the necessary number of participants in a qualitative research study is difficult to quantify and unlike quantitative studies, not necessarily to be determined by statistical relevance. The scholars argue that in order to identify a sufficient number of respondents to answer a research question two interrelated questions need to be considered. On one hand, the authors mention that during the planning stage an early estimate is needed to evaluate the study in principle according to its feasibility and significance. On the other hand, the researchers argue that during the data gathering and analysis process a precise number is required, closely related to the research findings of the data collected to date, to ensure a credible answer to the research question. Concerning the first question, a broad range of estimates exist from different sources, but as mentioned by Saunders and Townsend (2018) they are not aware of any scholar within the business research community who does offer empirical results on the question at what point

data saturation, an indicator for enough interviews, is reached. In this study, early estimates have suggested that five or six cases should be enough to obtain a meaningful result.

The second question and the final case selection quantity is according to Saunders and Townsend (2018) dependent on three major factors. These consist of “the research question, saliency of data and the researcher’s epistemological and ontological positions” (Saunders & Townsend, 2018, p.489). The research question in this study was not intended to prove a specific variation or frequency distribution but rather concerned with the observation of FIBER dimensions and whether SEW is relevant to the localisation decision of production in Swedish family firms. According to Saunders and Townsend (2018), in such and similar research, fewer data points are needed to arrive at meaningful results. This only applies if the characteristics of the data seem appropriate, which has been the case in this study. After four case studies have been carried out, it has been established that the data collected, points to similar conclusions and that a saturation point has been reached. All four companies made similar statements during the interviews with regard to their decision-making principles and no seriously divergent statements were made.

3.3.3 Interviewee Selection

Relevant for the applicability of a certain case was not only the governance structure of a family firm and its production facilities but also the availability of a managing family member. In order to answer the research question accordingly, it was indispensable to talk to the owning family within the corporation and hear their opinions, rather than external employees' thoughts. Only by asking them, the researchers were able to collect the corresponding impressions and data points to analyse their reasoning and draw conclusions based on the FIBER framework.

To identify potential interview patterns within the selected companies, an internet search was conducted. In some companies, a third person was used to contact the relevant family members. Due to the different governance structures and the resulting variations in the number of family members in the top management, it was decided to interview only one person in each company, ideally the current CEO. In total, four different company profiles were created, based on interviews with three CEOs and one firm representative involved in corporate management. Bell, Bryman and Harley (2019) mention that interviewing single individuals reflecting on processes can lead to a biased view and potentially distorted perceptions. Bieger, Heer, Kuster and Tuckermann (2021) however argue that it is not uncommon, especially in family firms, to follow a strict top-down approach with regard to strategic decisions. A broader perspective in relation to subordinate positions would therefore not necessarily provide additional insights to the production localisation strategy. Furthermore, not all companies had several relevant interviewees with the corresponding management competencies.

3.3.4 Interview Design

Qualitative research can be executed with different designs. For this paper qualitative case interviews are chosen to identify the underlying values of remaining local instead of internationalising production facilities for Swedish family firms. While structured interviews, as discussed by Bell, Bryman and Harley (2019), are primarily used for quantitative research, do qualitative interviews follow a different strategy as the researchers have a general interest in the interviewees' opinions and perspectives on the chosen topic. The authors further describe how the semi-structured approach, within qualitative interviewing, provides enough guidelines for the interviewer to stay within the relevant topic and allows for an effective data gathering process when conducting multiple case studies. The level of unstructured conversation can thereby vary from case to case and is according to Bell, Bryman and Harley (2019) dependent on the topic and the interview partners.

For this thesis, semi-structured questions were used. The characteristics and benefits provided by this design, described by Bell, Bryman and Harley (2019), make them the most appropriate and applicable concept. The flexibility, in terms of question design and conversation adjustments enable the identification of pertinent aspects of the concepts investigated. It also enables exploration in more depth and the possibility to highlight the most crucial statements. The alternative, a completely unstructured design would allow the respondents to digress and possibly avoid or undervalue relevant questions.

The interview questions were developed based on the extensive literature analysis conducted before preparing the interviews. Bell, Bryman and Harley (2019) argue that this is necessary to align them closely to the paper's research question and the propositions stated in the literature review. Berrone, Cruz and Gómez-Mejía (2012) have proposed several questions in their article appropriate to address the SEW model and more specifically investigate it through the FIBER framework. The suggested questions were developed to capture FIBER dimensions in a quantitative research setting. Even though the samples were initially proposed for a different study approach, they are still applicable to be compared and contrasted with those questions used in the present study to evaluate their validity and relevance.

To exemplify the similarities in terms of objective, two questions from the list in Appendix A are used to compare with those questions addressed in Berrone, Cruz and Gómez-Mejía (2012). To capture the F-dimension of the FIBER framework, identifying the family control and influence, amongst others the following question was used during the four case interviews, "How many in your family are active in the company and to what extent?" Berrone, Cruz and Gómez-Mejía (2012) addressed very similar topics in terms of content, for instance, with the following quantitatively interpreted questions: "In my family business, family members exert control over the company's strategic decisions", "In my family business, most executive positions are occupied by family members", "The board of directors is mainly composed of family members" (p.266).

The second example is related to the E-dimension and looks at a potential emotional attachment to the corporation. “What motivates you to work within the company?”, in Appendix A, is addressing the same underlying values as the following examples by Berrone, Cruz and Gómez-Mejía (2012, p.266): “In my family business, the emotional bonds between family members are very strong”, “Strong emotional ties among family members help us maintain a positive self-concept” and “In my family business, family members feel warmth for each other”. The main difference in the interview questions is found in the freedom of the interviewee to provide slightly divergent or verbose answers that are explicitly or implicitly emotionally or socially bound. In this respect, it is possible for the researchers to examine the individual factors in terms of relevance and to draw potential conclusions from them.

In the table below the connection between the FIBER framework dimensions and each question is assessed.

Table 1: Theory and Interview Questions

Theory	Question
F: Family control and influence	<ul style="list-style-type: none"> ● How long have you been working for the company? ● What is your role in the firm today? ● How many in your family are active in the company and to what extent? ● What does it mean to you to work with family members? Pros and Cons?
I: Identification with the firm	<ul style="list-style-type: none"> ● What does the company mean to you? ● Tell us about how your operations look like today? <ul style="list-style-type: none"> ○ Where are you located? Sales, admin etc. Pros and cons? ○ Where is your production?
B: Binding social ties	<ul style="list-style-type: none"> ● What is your reasoning behind having production in Sweden/the local area? <ul style="list-style-type: none"> ○ Why Sweden? Pros and cons? ● What does your local area mean to you?
E: Emotional attachment to the firm	<ul style="list-style-type: none"> ● What motivates you to work within the company? ● Have you ever considered another career? ● Have you ever considered moving the production?
R: Renewal of family bonds to the firm	<ul style="list-style-type: none"> ● How do you envision the future once you’ve left the company?

through dynastic succession	<ul style="list-style-type: none"> • Have you ever considered selling to someone outside the family?
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Bell, Bryman and Harley (2019) introduce two main question categories researchers can differentiate from. Open questions are used to identify complex social factors and less straightforward information, while closed questions can be used to ask for facts in a qualitative research setup. The questions used in the study interviews contain except for one question, exclusively open questions. Those open-ended questions are more applicable to address the semi-structured interview format and allow for extended discussions on SEW and its implications. The closed question (Q1) was necessary to address information deficits during the case selection in order to perform a relevant and well-documented analysis and allow the interviewer to evaluate the respondents' questions accordingly.

The interviews were conducted online via Microsoft Teams® in Swedish. The interviewee did receive a brief and general introduction about the topic together with the appointment's invitation. Details or questions in regards to the topic were not declared beforehand. The idea was to collect unbiased information from the interview partners. The interviewees were informed about the use of the data and the recording of the interview before the interview started. They were also introduced to the anonymization of the data and provided with the opportunity to review the recorded data after the interview and before its publication. Potential ambiguities during the calls could thus be eliminated.

3.4 Data Analysis

Data analysis in qualitative data is generally considered complex, non-linear and strongly dependent on the RQ and the corresponding data (Bell, Bryman & Harley, 2019; Sinkovics, 2018). According to Bell, Bryman and Harley (2019), the volume of data and its unstructured nature can lead to a lack of attention being paid to important arguments or a misinterpretation of relevant aspects. To provide the reader with a transparent analysis of collected data and a comprehensive analysis or discussion of it, the prevailing study will base the results on a pattern matching method commonly used in qualitative research.

Based on the transcriptions for the case interviews, specific patterns and subthemes are identified in order to provide further insights from the results. King and Brooks (2018) describe this process as part of the thematic analysis. The second part of the thematic analysis for this study is based on the structure provided in the literature review in Chapter 2. Both the FIBER dimensions as well as, the propositions in relation to the local production have been used in order to structure and discuss the results.

3.4.1 Flexible Pattern Matching

Bell, Bryman and Harley (2019) idealise the concept of flexibility in research and argue for opportunities in improving qualitative research by being flexible to the unknown parameters that affect the study in real-life scenarios. Sinkovics (2018) has presented a more in-depth publication of the idea and further developed the theories presented by the previously mentioned researchers. According to the author, a 'flexible pattern matching' method in qualitative research methodology can be broken down to the core idea that a researcher should not have a rigid, predetermined and leading research design as this limits the qualitative input from interviews. The author suggests that in order to maximise the value creation from qualitative research the design of the study should first be based on the literature review, but the questionnaire should not be limited to only explicitly addressing issues from the literature. Sinkovics (2018) argues that by asking more open and general questions and being agile in the conversations with study objects the researcher will be able to generate more valuable input and can afterwards make alterations to the initial research questions since the results may unveil results which were unexpected from the first glance.

It has been chosen to include elements of flexible pattern matching in this review due to potential individual differences and characteristics of the interview targets. Their background and their managed businesses differentiate in many aspects and there are several influencing characteristics of them as individuals, their family relationships and their business visualisations and therefore this method can assist the data collection by being open to externalities and outliers which might affect the final implications of the study in a general perspective.

Sinkovics (2018) describes the strengths of pattern matching (PM) in qualitative research as exceptional, as it allows the researchers to document their path from the results towards the study's interpretation. This, according to scholars, enables third parties to identify the lines of argumentation and can eliminate ambiguities about the interpretation of data. Furthermore, Sinkovics (2018) mentions that PM research analysis is dependent on a well-developed theoretical basis built on previous research findings and a consequent discussion leading to a clear-cut theoretical model with patterns relevant to answering the research question. While all three subcategories of PM, full PM, flexible PM and partial PM are similar in a sense that they provide the reader with background information and the full development process of the researchers' argument, each category has its own strengths and weaknesses relevant for different research questions. For this study, the flexible PM strategy was identified as suitable which is often used in exploratory case studies (Sinkovics, 2018).

The theoretical realm is based on the literature review conducted in Chapter 2. Mainly focused on SEW and its implications on family firms' decision-making processes, it presents a commonly used data organisation structure, the FIBER framework. Based on the model and the framework five observed patterns, or propositions are developed in order to conclude the theoretical aspect of the model. In Chapter 4, the observations are presented in four separate case studies in order to allow the reader to make up their own mind and comply with the basic

principle of this data analysis method, transparency and clarity. Finally, the observed patterns are presented in a cross-case analysis and matched with the theoretical findings from Chapter 2.

Other data analysis methods such as grounded theory or discourse analysis are, based on the research approach and research design discussed above, less appropriate. A grounded theory, for example, is better suited to develop a new theory rather than basing the collected data on existing models. Flexible PM corresponds to both, the research approach as well as the research question and can therefore be seen as the ideal approach?

3.5 Validity and Reliability

All data received from the organisations studied will be collected from persons in the organisation with managing positions, as well as ownership stakes within the organisation. The data will most possibly be the most accurate as it may be when performing a study in a specified manner. Although, the data received might suffer from biased perspectives and might not represent the full scope of the organisation, most probably the perspectives from non-family members within the firms will not be represented to the full extent. Therefore, some of the theories of the scientific framework considered might not be empirically validated to the greatest extent possible.

As mentioned above in Research Design, reliability, validity and generalizability have to be considered differently in qualitative research. Furthermore, aspects such as respondent validation and triangulation in data collection processes are becoming more important and should be taken into account (Bell, Bryman & Harley, 2019). Both aspects aim to increase the trustworthiness of the corresponding paper. Triangulation and the multi-perspective approach are reached in the thesis through multiple case studies, from different backgrounds and industries. The action taken to fulfil the responded validation is described in section 3.3.3. By retransmitting the research data and the associated consultation, as well as communicating the final research results prior to publication, necessary steps have been taken to optimise the credibility of the results.

3.6 Limitations

Based on the methodological arguments mentioned above, two limitations need to be addressed. In future studies on this topic, both the number of companies and the number of interviews could be varied or optimised. Both factors tend to be set at a low level for the reasons mentioned above. In order to obtain potentially even more meaningful research results, both factors could be changed individually or collectively in order to determine whether broader definitions of

family firm's control or operations focus conclude at diverging results. A detailed discussion of these two variables is given in sections 3.3.2 and 3.3.3.

3.7 Chapter Summary

In this chapter the fundamental research strategy and the underlying assumptions are discussed. The research approach is based on a deductive approach following constructivism with ontological and interpretivism with epistemological considerations. Based on those observations the researchers have furthermore presented arguments why a qualitative approach is more than a quantitative approach. In the second section, the research design and in particular the case study design was discussed. Based on previous literature reviews within family firm research and the RQ proposed in chapter 1, a multiple case study was identified as the most relevant design to answer the question. In the third part, the data collection, as well as the motivation for the related questions, was argued for. In the final section, flexible pattern matching is suggested as the appropriate data analysis approach and potential methodological limitations were addressed.

4 Analysis and Discussion

In this chapter, the results of this study will be presented. Their implications and patterns are discussed and matched with the introduced literature from Chapter 2. The flexible pattern matching analysis used to analyse and discuss the results in this study consists of three main sections. First, the cases will be presented separately in the case presentations, afterwards, a cross-case analysis will present and discuss the results from the case interviews. Finally, the propositions, developed in Chapter 2 are matched with those results. In the final section of this chapter, the pattern matching analysis, similarities and differences of the cross-case analysis are discussed in relation to the existing theory of family firm internationalisation and conclusions which can be drawn based on the analysis are elaborated upon.

4.1 Case Presentations

To identify and present the results transparently and comparably, flexible pattern matching analysis suggests introducing each case separately. In the following section, all four corporate cases are presented anonymously.

4.1.1 Case 1

Company 1 is a fully owned and managed second-generation family manufacturing company. The company is specialised in premium products and is an established international player within their industry. The company is wholly owned and the percentage of shares is equally distributed among the managing members of the family. The CEO presents that all family members are or have been involved in the business operations and most occupy key managerial positions. The firm is led by the second generation.

The CEO began by presenting the advantages and disadvantages of working within a family firm. It came to light that working with family provides an opportunity to influence strategic decisions to a greater extent than in non-family firms, but there is an increased emotional attachment which could obstruct efficient operations. The CEO stressed the importance of family and like-minded people to build and develop the brand in the designated direction, as there are no external financial stakeholders with other interests. In the same context, the CEO emphasised the interdependence and interaction between the company and the family as a whole and concluded with the following statement:

“Everyone receives their livelihood from the company in one way or another”.

Furthermore, the interviewee mentioned two aspects of family management which could create friction within the family and have further implications for the brand. First, the similarity in background and identity can lead to a homogeneous and uniform mindset which is ground for groupthink. The CEO argued that the homogeneity among the managers of the firms has mostly been positive since it has supported the creation of a common goal and vision for the organisation. In addition, the interviewee also highlighted disadvantages, one being that the frictions within the organisation become part of life outside of the organisation.

“If you have different opinions in a company you often have different roles, you have a certain type of barriers and they do not always exist when the family is involved, I think most people can agree there can be friction and then you have to find ways to manage.”

In a postscript to this statement, the interviewee further emphasises the importance of trust and loyalty within the family and that everyone is always working with the best intentions for the family business. The argument was continued by describing how every member of the family acquired different expertise and experience outside the organisation and brought it back to the family firm. This, according to the CEO, is important for the development of the organisation. The CEO also referred to the informal education given to the current managing generation from their predecessor. The interviewee said that their predecessor played a part in shaping their perspective of corporate culture, ethics and management skills. These lessons have been adopted by the CEO and affected the way the business is run today.

The interviewee was later asked to reflect upon the emotional attachment to the firm among family members. It disclosed that the emotional attachment is expressed differently by the members of the managing family, the CEO recognised that the different members of the family attach value to the areas they are most interested in. Following the emotional attachment the CEO elaborated on different priorities among the family members, it was described in the following way:

“I’m the most long-term oriented of everyone in the family and maybe care more about the more basic things, like building a better company, in the organisation is more important to me than to the others.”

Additionally, learning the interviewee highlighted as an important part of the organisational development, it was described by the CEO in the following way:

“Learning as well, that we work on skills and build that into how we work and take that with us, even mistakes and what we do wrong, somehow becomes something that the company grows stronger from.”

Finally, the CEO concluded that the different areas of expertise and diversified focus has led the family to constitute a good distribution of commitment to different relevant value drivers within the organisation. The interviewee states that the decision-makers within the family are

distributed in different geographical areas, depending on their area of expertise and current occupation, but they share a devotion to brands' heritage and the social ties in their community.

During the interview, the CEO presented several explanations to why they are located where they are. The geographical location has been strategically relevant for the production, the acquisition of raw materials and the human capital needed for the growth of the organisation. When later asked if this has changed over time the interviewee answered that it has but there are still benefits with keeping the production where it is and further argued for the maintaining of control, as well as the learning by doing effect. Additionally, the marketing with a premium label is another reason to keep the core product production local. This allowed the company to charge higher prices compared to its competitors. The CEO also made clear that the growth of the company has led the company to make decisions which have altered some of the local business relationships, and was described in the following way:

“It has become natural that we have sought ourselves more towards larger established suppliers who can follow our pace and where we are at the moment. Yet we value relationships but it is important that you can grow and keep up at the same pace.”

When asked if they have considered outsourcing production to more cost-efficient locations, the respondent made it clear that they are bringing more of the production process back home in order to increase quality and control. In addition, the CEO said that high supply chain costs associated with doing business overseas have initiated discussions of potential alternatives.

The last aspect that was evaluated during the interview was the long-term perspective and potential succession within the firm. The CEO mentioned that currently there are no specific plans to hand over the company to the next generation, but expressed the following words:

“There are pretty big advantages to being able to make decisions and being able to take responsibility. You feel a really big commitment which can be hard to get from an external CEO, especially if you're not as invested as we are.”

However, the interviewee strongly empathised that commitment and professional skills are most important and positions should be given to the most qualified person. In the end, it was important for the interviewee that whoever takes over the leadership of the company can bring the company forward. The CEO showed no interest in selling the company. It was also highlighted that the long-term perspective is a major aspect of current projects and the CEO expressed a desire to see them through before leaving the firm.

4.1.2 Case 2

Company 2 is fully owned and managed by the family's second generation. Since the firm's founding, the family has produced premium products that are sold internationally. Corporate ownership is equally distributed between family members. The case company is represented by the CEO, who leads the company together with the rest of the family members, who also occupy

leading roles. The interviewee has been involved with the firm long before becoming CEO. The current family managers have since taking over from the previous generation, developed and grown the company substantially.

The production facilities have been constantly improved and kept at the state of the art in terms of technology to keep up with the international competition. Apart from the modern manufacturing facility, which is still located in the original factory building, the high-skilled labour the company has acquired is argued to be a requirement to serve the market with the firm's high-quality products. The location and the tradition of the brand, in combination with their mutual dependency with local communities are, according to the interviewee, key success factors which have contributed to where the company is today.

While no potential successors are ready to take a leading role within the company, the interviewee presents that within the last couple of years, more family members have become part of the business, for example, the third generation has been supporting in manufacturing activities. When the respondent was asked to explain why the family has become more involved the interviewee said that they aim to stress the importance of family support for the business and strengthen its relevance for the whole family. The most important step in this direction, the CEO argues, is the integration of respective partners into the board of directors. Based on the question of what it is like to work with the family the CEO stressed the excellent relationship within the second generation.

“It works very well. We have a very good relationship. We are very different as people but have the same values raised in the same way as a safe family.”

Furthermore, based on the above statement, one could see during the interview that the interviewee on one hand is a proud family member and respects the work their predecessor has done. On the other hand, the responsibility the current management team has to protect those aspects can be observed. The business was always a relevant factor at a family gathering and as the CEO mentioned “We live with work”.

The second part of the interview was mainly focused on the location of production facilities. The interviewee described that their manufacturing is completely local. Apart from its main facility, the company does not have any other production sites. Asked about alternatives to move in order to boost production capacity and reduce costs the CEO replied that this is not the intention of the firm and was never an option for the family. The CEO also gave a very clear answer to the explicit question of whether parts of the production had already been outsourced in order to work cost-efficiently.

“No, we haven't. Nah doesn't feel like it's us. I find it hard to see us moving.”

The interviewee has mentioned that there has always been a special connection to the place of origin, which is also the place of manufacturing, as the second generation have grown up there and devoted their entire career to the firm. Furthermore, the CEO says “it would feel like a high betrayal” to the local community, their predecessors in the firm and also the company's brand

name, if they were to move production. Lower human resource costs and improved logistics can, according to the interviewee, not offset the history and the responsibility to the community and its traditions.

The final part of the interview with Company 2 was focused on the long-term perspective the managing generation had for the company and the continued family involvement. The discussion started with a review of the takeover from the previous generation and the long process to go through in order to get to know the company and the processes required to lead and manage the company successfully. The handover took place partly by transfer and partly through a buy-out of shares. The CEO also mentioned that the transition was not directly in motion, the previous generation phased out over a longer period.

Furthermore, the interviewee was asked if another career path was ever considered. The response:

“I haven't. I'll work here until I die, or retire, you never know”

In the second part of this section, the topic moved from the CEO's own history to the future management and the takeover of the next generation within the family. The Interviewee admitted that it's unclear if the next generation is willing to take over the leadership of the company, or working in the family business at all. According to the CEO's answer, the takeover process could start no earlier than a few years into the future. An external person as a top manager is conceivable “for a while”. However, it would seem that the interviewee was hoping for the next generation to take over and develop the company.

4.1.3 Case 3

Like the other two family firms discussed above, Company 3 is also a fully owned and managed second-generation family manufacturing company located in Sweden. The company manufactures specialised industrial goods, serving a big market both regionally and globally. The case interviewee is the CEO of the organisation and runs the company together with his brother.

When asked about the family involvement within company management the CEO mentioned that everyone in the second and third generation of the family is involved in the organisation. They are spread out amongst different departments filling core positions. All the third-generation family members have joined the corporation on their own accord and had to apply for the respective positions within the firm. The second generation is responsible for all the main strategic and operational decisions within the firm, while they occupy different roles, the interviewee argues that they complement each other well.

“We have learned over time, we are quite different, I am the one who accelerates and my brother brakes.”

During the second part of the interview, the CEO was asked about the local production and what motivates their decision to keep the majority of the company's worldwide production local. The interviewee states that they do have two production facilities abroad, however, the majority is still situated locally for two reasons. First, the main customers are located in areas that are accessible within 24 hours from the production location. Therefore, the CEO regards the geographical location as a competitive advantage for the company. Secondly, the family has a history with the local community that they want to preserve. The interviewee mentioned that the company is, among other things, a major sponsor for the local sports team and they are all devoted supporters. The family sees it as part of their social responsibility to support the community in some way. In response to the additional question of whether there was ever any thought of relocating production, the CEO mentioned that they evaluated the option before Sweden entered the European Union.

When asked about the future of the company and how the interviewee sees the company developing in the long-term the CEO has presented several potential scenarios. Firstly, it was mentioned that the next generation of the family has been considered as future successors, showing interest in taking over the business and the responsibility to lead it as a future CEO. Although, it was added that not all of them are interested in the additional responsibility of leading the company strategically and would rather maintain their current positions within the company. Secondly, it was revealed that the option of hiring an external CEO has been brought up in family discussions. Finally, it was stated that they are not neglecting the possibility of selling the firm if that would be suitable in a future scenario. The interviewee mentioned that these options have been discussed and taken into consideration within the governing family, although an internal succession would seem more favourable.

4.1.4 Case 4

The last case company is, similar to the previous cases, a fully owned and managed second and third-generation family manufacturing company headquartered in Sweden. The company manufactures premium products for a global market. The fourth interviewee is a managing partner from the owning family. Unlike the previous three companies, the interviewee is not the CEO. The interviewee detailed how several of the family members are active in the organisation, with some employed in different managerial roles. The family members can be found in different parts of the organisation. The ownership is dispersed between all three generations through the ownership of all the outstanding shares.

When the managing family member of Company 4 was asked about their experience with working with family members, the interviewee replied,

“it is something that, for me, is quite normal. You’ve grown up with it and for me, I grew up just next to the firm, so the firm and home for me are not that separated.”

Based on the quote, the lack of separation between personal life and the business can be observed. The emotional attachment to the local area and the firm is also cited by the interviewee as one of the reasons why the production is still local. The interviewee further states that the history of the firm in the local community and a sense of responsibility towards what has been built are both important reasons for retaining the production locally. It was also made clear that the company in question are in codependency both functionally and emotionally with the local communities as they are the core of both labour and competence in product development, as well as manufacturing.

When asked about their motivation for working in the family firm the interviewee responded that the amount of influence that is offered by working in the family firm can be difficult to achieve in other organisations, which is something the interviewee valued. Furthermore, the interviewee explained how involvement in the family firm enables them to gain experience quicker than at a non-family firm. With increased involvement, there are also disadvantages, according to the interviewee, one of which is that they are aware of many of the operational issues that might otherwise only be discussed in top management teams.

In the final section of the interview, questions regarding the future of the family firm were asked and whether the interviewee could envision themselves staying long-term. In response, the interviewee expressed that if an opportunity came up outside the family firm it would not be unimaginable to accept, although as the respondent continued by saying:

“...here you feel a responsibility, a responsibility for what will happen, a responsibility for employees, a responsibility that things will be done well.”

Finally, it was revealed that the interviewee never felt any pressure to join the family firm, but suspected that it made previous generations both proud and joyful. On the contrary, it was described that it was rather a pressure to perform professionally if a family member were to join the company.

4.2 Results

In this section, the data will be summarised in relation to the propositions stated. Each proposition will be presented separately and common patterns and themes that emerged from the semi-structured interviews are presented.

4.2.1 F-dimension: Family Control and Influence

Two subthemes on how the owner's families are trying to preserve control and influence at a corporate level have been identified. Firstly, all four case companies interviewed have shown a desire to maintain family control of the organisation and its governance structure. Based on the

definition of the family firm in this study, all family firms were wholly owned by one family and there were no external, non-family shareholders. When asked about ownership and governance control, it became clear that there is no immediate prospect of selling any of the respective companies. However, this must be clearly separated from the area of operational control. The current CEOs, for case companies 1 through 3, have expressed a positive stance on the subject of intra-family succession rules, but external, non-family management would also be conceivable for the companies, as explained in more detail in P5.

Secondly, based on the case descriptions all four families have emphasised their need for quality control. This is an implication of the fact that in order to be able to produce in Sweden and justify the higher wage costs, higher prices need to be charged. Customers, in turn, are only willing to accept the higher costs if the quality and the higher expectations associated with the higher price are fulfilled. This again leads back to the necessity of high quality of the product and excellent quality control. By producing locally the owning family can ensure quality control and enable quick intervention to production if necessary.

In summary, both subthemes are very closely related. To control quality, the output and production facilities need to be controlled, and in order to achieve sufficient control over production, the governance structure should be under the family's influence. In order to accomplish this and, if necessary, to be able to intervene adequately and in a timely manner, local geographical proximity is very advantageous. From these results of the analysis of the cases, it follows that proposition 1 has empirical support

P1: A family firm's desire to keep control, incentivises them to keep production locally.

4.2.2 I-dimension: Identification with the Firm

The case analysis reveals two identity-related subthemes. Firstly, all company representatives answered that based on their family experience and background the company has become their own identity. The individual is regarded as part of the company and, based on statements from the case studies, cannot always be separated from the firm, as non-family managers can. Moving away from the family company may have direct consequences to the family's internal relations, while non-family managers can preserve their personal identity.

Secondly, it became clear that the personal identification with the firm also has implications for the identification with the brand. Family members care for and protect the brand's identity and how it is perceived by stakeholders. A strong reduction of local employees would not only affect the public reputation and identity of the firm but also the personal identity of the family members.

The interviews have shown that the implications on personal identity are closely related to both the locally produced products and the brand identity. Moving production would therefore have

a strong influence on the family's identity. This conclusion indicates that empirical evidence and validity have been found in favour of proposition 2.

P2: The interlink between identity and firm makes family firms hesitant to move production.

4.2.3 B-dimension: Binding Social Ties

The cases have shown that external as well as internal social ties with non-family employees, suppliers and customers play an important role in the B-dimension of this case. Traditions that have grown historically over decades lead to a stalemate situation in which employees and other stakeholders, such as local sports teams, and the firm create a bilateral dependence. The social ties appeared to be very diverse in the case interviews. Different emphasis and relations have been elaborated on and pointed out to be of relevance.

Firstly, it was identified that the work opportunities offered at their manufacturing sites were regarded as an important part of their corporate legacy and a morally important task for the firms to proceed with. The co-dependency between the local community and the family firm implies that the relocation of manufacturing activities could result in a loss in social capital created in the community. A relocation also entails a reduction in manufacturing employment opportunities which would be equally damaging for the respective local community, which all interviews expressed affection for. Secondly, it was explained during the interviews that local consumers can be a vital part of research and development. In addition, it was highlighted that key suppliers and local business partners are seen as relevant aspects not to relocate production facilities.

In summary, it can be said that all four companies depend on these ties and a transfer of important operations of the firm, as production for manufacturing companies, leads directly or indirectly to a personal loss. Therefore, P3 is also to be considered empirically relevant.

P3: The binding social ties that have been established locally are difficult to replace.

4.2.4 E-dimension: Emotional Attachment to the Firm

As with the three previously discussed dimensions, relevant and strongly interconnected aspects were found in the fourth dimension that can explain why family businesses retain production locally. The emotional attachment to the place of origin, which could be identified throughout all case companies, is thereby based on two subthemes. Both, the emotional attachment to the perception of the brand and the local community were identified and addressed as elementary arguments for the emotional attachment to the location of production.

Firstly, the interviews revealed that the representatives have an emotional attachment to what they are manufacturing and a desire to observe the value-creating activities locally in order to

ensure the quality of output. It was also explained by the representatives that there is a strong emotional connection between the place of origin and the quality assurance perceived by consumers. Secondly, the answers given by the interviewees incorporated emotional attachment to the local community and the binding social ties. The relationship with the community exceeds purely strategic interests and the interviewees expressed an emotional attachment to the local community which exceeds financial interests.

In summary, all company representatives seemed deeply involved in the company, not only from a financial point of view. While realising the potential financial benefits of future outsourcing, it did not seem like a real option for any of the interviewed persons to relocate production capabilities. All of them predominantly mentioned the advantages of local production in their place of origin, rather than any disadvantages. They rated potential opportunities from a strategic change in this respect as rather low. Those results indicate proposition 4 to have empirical validity.

***P4:** The family firm's emotional attachment to the place of origin outweighs the financial gains of relocating production.*

4.2.5 R-dimension: Renewal of Family Bonds to the Firm through Dynastic Succession

The answers related to the fifth proposition and the R-dimension have unveiled mixed results and no clear connection to the localisation of manufacturing was observed. Based on the interviews it did not appear that the company representatives were forcing or shaping the coming generation in taking over. Contrary to the idea of the bifurcation bias, the results indicated that the option of bringing in an external CEO or senior executives from outside the family was considered a conceivable situation. Strong family ties and the personal need to keep the management positions in the family to preserve the family dynasty were not communicated. A clear connection with the decision-making process of companies as a whole, however, could not be established from the interviewees' explanations.

A connection between the family heritage, the predecessors' work and the current decision-making considerations, however, was apparent in all four case studies. Yet the degree of this family responsibility varied. The emotional attachment to previous generations and the preservation of their legacy might potentially have been part of their decision to not move the production somewhere else. However, based on this study this cannot be confirmed and the data is not convincing enough in order to state that proposition 5 and the influence of the R-dimension is empirically valid for the question at stake.

***P5:** In honouring their predecessors, succeeding generations of a family firm are hesitant towards moving production.*

4.2.6 Summary of Results

The result of the study can be summarised by highlighting that socio-emotional wealth is of relevance for Swedish family firms regarding the decision-making to remain local with their manufacturing activities. The effect can be described by evaluating how the FIBER framework plays a part in the generalised data gathered from the four cases. With the guidance of the data collected and its connection to the propositions formulated in Chapter 2, it can be stated that the case study revealed the dimensions F, I, B and E to be the most interesting, while the empirical results are too diverse to conclude on the influence of the R-dimension.

4.3 Discussion

The results presented above are directly connected to the propositions stated, which were designed with the guidance of previous literature contributions assessed in Chapter 2. The propositions were designed to purposely separate the different dimensions of the FIBER framework in order to evaluate how each dimension is relevant to the decision to keep manufacturing locally in family firms. The interviews were conducted and the empirical data were coded to the five propositions. The discussion aims to extend the findings presented in section 4.2 concerning the literature and the propositions stated in Chapter 2 in a nuanced way to explain the results observed. This section is designed to cohere with the structure of the literature review and the results. Therefore some parts of the discussion are placed in line with the dimension which they were asked for in the interview, although some entail a multidimensional motivation.

4.3.1 F-dimension: Family Control and Influence

In relation to P1 and the F-dimension, the results and the literature review support family control, as a relevant explanation behind family firms' decision to keep production locally. Kano, Verbeke and Ciravegna (2021) argue that the governance of the family firm through ownership and managerial power is a prerequisite to generate socio-emotional wealth. Based on the arguments made by Kano, Verbeke and Ciravegna (2021) and the results of the interviews it is clear that the F-dimension is present in all answers related to the localisation of manufacturing.

All cases in this study are manufacturing firms, therefore it is reasonable to assume that manufacturing is an important part of the firm's value creation. Production facilities account for the majority of the monetary resources in the form of current and long-term assets, but also for relevant human resources. Which leads to control of manufacturing to be of importance. This explains why family firms can bear the costs of keeping manufacturing locally, if deemed a necessity to retain control. Simultaneously, the interviews also address other aspects which are

of importance. CEO of Company 1 for example, stated the following when asked about the benefits of family control:

“Partly to be able to retain control, but not least the competence part ... you build competence by manufacturing things yourself. That's where you learn a lot.”

The interviews revealed that in all family firms represented, most, or all members of each family were employed in the firm. Berrone, Cruz and Gómez-Mejía (2012) argue that family involvement is a prerequisite for retaining control. The statement by Berrone, Cruz and Gómez-Mejía (2012) is supported by Mitter et al. (2014), who found that family control can mitigate against bounded rationality, as the control inherited leads family firm managers to make more informed decisions. In all interviews, the control aspect was communicated by the interviewees as a central part of their arguments to questions not only related to control, but also in regards to the other dimensions. The representatives motivated their answers in a way that reflected how their governance of the firm has, for example, shaped their personal identity and how this identity is connected to the firm.

Kano, Verbeke and Ciravegna (2021) argue that having both ownership and managerial power provides agility for the family firm's decision-making. The agility that the authors describe is observed in all cases and is reflected in how the representatives formulated their answers. The representatives presented their arguments with authority, reflecting their independence from external owners in regard to decision-making within their respective firm. From the interviews, it would appear that those actions were in line with theories of the SEW model and the FIBER framework and can be useful in order to further understand their decisions.

4.3.2 I-dimension: Identification with the Firm

In relation to P2 and the I-dimension, it was observed in the interviews that all interviewees argued that their firm is embedded into their identity and it is hard to separate the firm from their view of themselves. Differences between cases were observed, but it was possible to recognise patterns and distinctions between the case participants. All representatives had grown up with the family firm as a central part of their childhood. In contrast, the representatives communicated that they never felt steered into a career within the family firm by their predecessor. All interviewees argued that their succession into the family firm was not planned for, but rather a combination of coincidence and their, then, current life situation when their predecessors chose to step down or leave the firm.

The connection between the family firm and the personal identity is a central part of Berrone, Cruz and Gómez-Mejía's (2012) description of the I-dimension. The authors suggest that the interlink is reflected in risk-aversion in major decisions. The authors further motivate their statement by explaining that decisions made by the firm reflect the family's personal decisions, which is often not the case in a non-family firm, where the decision might only reflect the manager's professional opinion. The identification with the firm and the lack of separation

between the firm and the family members means, as in line with Berrone, Cruz and Gómez-Mejía (2012), that major decisions regarding the firm will have consequences for all family members, regardless of whether they are employed within the firm or not.

In addition to the identification with the firm on a personal level it was clearly presented in the interviews and in line with Kano, Verbeke and Ciravegna (2021) that the representatives' identification with the brand was strongly influenced by its heritage. All company representatives clearly argued that the brand has reaped reputational gains and competitive marketing advantages from the connection with their location of manufacturing. It is worth highlighting that in certain cases the brand name was associated with a specific geographical point and therefore a relocation of manufacturing could create additional risks for the perception of the brand if production was to be moved, according to Filser et al. (2018). This is in opposition to Gómez-Mejía, Makri & Kintana (2010) argument that association with the place of origin of family firms could potentially limit future opportunities. The authors further described that too much devotion to the history of the brand identity can limit future development, in the cases observed this was not communicated as an issue. Moving production or any other major part of the firm is perceived as relocation of the family's own identity. This is the conclusion that can be drawn from all three aspects of this dimension.

4.3.3 B-dimension: Binding Social Ties

In relation to P3 and the B-dimension, the interviews' were steered towards investigating how the emotional attachment is reflected internally within the firm and externally to its various stakeholders. All interviewees declared an emotional affection towards the local communities, although their differences in communication made the affection appear in different ways. All case representatives argued that they have a local workforce and it was clearly communicated that there is emotional affection towards them, but to different degrees in the respective cases. Berrone, Cruz and Gómez-Mejía (2012) argued that external as well as internal social ties are major factors in the decision-making process and in this specific case the localisation of manufacturing. All case interviews communicated that they would incur high switching costs if they were to move production. These high costs include finding competent employees, building new relationships with supporting businesses and the moral costs of disappointing current employees who might be financially dependent on their employment within the firm.

All company representatives communicated a sense of responsibility to provide employment opportunities in their local area. In addition, the cases revealed a moral obligation towards socially responsible actions. It was impossible to prove if these motives are purely altruistic or if they were intentionally communicated. Based on the interviewees' answers, it was interpreted that this was done unintentionally and social responsibility is present in all family firms observed. This is in line with Kano Verbeke and Ciravegna (2021) who argue for the mutual benefits of strong relationships with external stakeholders and in this case the local community.

In addition to the external social ties binding the family with the local community, the B-dimension also relates to company internal ties which were expressed to be strong, according to all interviewees. The interviews made it clear that the families are adamant to provide a good working environment for their employees, family and non-family members alike. Similar observations have been made by Kano, Verbeke and Ciravegna (2021) who argue that social ties extend beyond family memberships and can be seen as a broader phenomenon present in the family firm. Stadler et al. (2018) emphasise the importance of those aspects in order to retain manufacturing efficiency and avoid employee turnover costs, resulting in mutually beneficial relationships.

4.3.4 E-dimension: Emotional Attachment to the Firm

In relation to P4 and the E-dimension, the desire for control and identification with the firm led to an investigation of how this has affected the managing partners' emotional attachment to their firm. Berrone, Cruz and Gómez-Mejía (2012) argue that emotional attachment can motivate people to work more selflessly. The authors tried to explain their theory through the concept of stewardship theory. In order to further understand how their emotional attachment influences their decisions, all case representatives were asked to reflect upon how they feel about working with family members and what motivates them to stay within the firm. Based on the responses received, all representatives have experienced both advantages and disadvantages of working with family members. The interviewees all argued for the benefit of working in a family as they share a mutual dedication and commitment to the firm and its objectives and future development. This became particularly clear in the following statement articulated by the CEO of Company 1:

“It's a great opportunity to be able to drive a company forward, especially in an industry that me and the rest of the family feel so strongly about ... we think it's a great industry and a fun product to work with.”

The statement provided by the CEO of Company 1 further highlights the driving desire to work with a product that encompasses the emotional attachment from the firm. As the results suggested this would come with difficulties if the manufacturing was relocated, as the sense of control and visibility of the manufacturing output would be reduced, which could lead to a reduction in emotional attachment to the products concerned.

In addition, previous research from Kano and Verbeke (2018) has argued that the emotional attachment to the decision-making and in this case, localisation of manufacturing can come with risks, as emotionally based make or buy decisions can lead to substantial financial disadvantages. The cases concerned have not faced those risks, as they have in addition to their emotional attachment managed to advocate for increased costs of local manufacturing over outsourcing, by arguing for other competitive advantages such as specialised expertise by local suppliers and employees as well as the "Made in Sweden" quality association. In addition, the interviews revealed that the local heritage has been a vital part of their marketing strategies and

used as a competitive advantage for the brand, as the place of origin is associated with high quality and sustainable production. Berrone, Cruz and Gómez-Mejía (2012) argue that one advantage that can be derived from emotional attachment to the firm and the location is the stronger influence of stewardship theory, which might explain that the perception of the brand creates a higher demand in the consumer market. A longer and more detailed analysis of each respective case would be needed to investigate whether the above-mentioned advantages offset the financial implications of the local manufacturing

4.3.5 R-dimension: Renewal of Family Bonds to the Firm through Dynastic Succession

After finding support in the answers related to the propositions formulated from the first four dimensions of the FIBER framework the interviews were directed toward the representatives' view of the future in relation to P5 and the R-Dimension. All representatives explained that they have considered multiple scenarios for the family firm upon their retirement. All representatives argued that a generational shift has been considered but no structured plans have been made. Two of the interviewees disclosed that none in the next generation are old enough to consider succession into the family firms at the point of the interview. Others argued that it is not established if the next generation is either suitable or interested in taking over, which shows lack of bifurcation bias. Kano and Verbeke (2018) describe the bifurcation bias as a common phenomenon in family firms where a family member occupies a role which they are not capable of, in favour of more qualified external applicants. Kano and Verbeke (2018) also highlight the issues of applying *primogeniture*, where the leadership is passed down to the first-born child, regardless of their capabilities or previous experience. All the CEOs made clear that they do not intend to push the coming generation towards managerial positions within the family firm. The representatives expressed neutrality towards the subject of a generational shift, although the subjective interpretation of their way of expressing themselves was that dynastic succession is the desirable outcome.

The interviews revealed that none of the firms analysed was started with the intention of taking shape as generationally stretching international family firms. The managers interviewed said that it happened by a series of coincidences, but all expressed satisfaction with the outcome. Every case presented that they have not completely discarded selling the company to someone outside of the family, although it would seem that it is not a desirable outcome for any of them. None of the representatives was opposed to the option of hiring non-family members in senior positions, but simultaneously, they argued that it might be difficult to find someone external who shares the same passion and devotion for the firm in the long-term. In contrast to Berrone, Cruz and Gómez-Mejía (2012) argue that retaining control within the family is a major argument for family internal succession, the interviewees agree on the perspective that external managing personnel or an external CEO is plausible but they all acknowledge the difficulty in finding someone who shares the passion for the company to the same degree as a family member. The argument is in line with Davis, Schoorman & Donaldson (1997) as well as Davis,

Allen and Hayes (2010) who have found a stronger sense of stewardship in family firms. Rather than acting in the personal interest, decision-makers are based on those authors expected to act in the interest of the firm. In case external employees can bring new perspectives, all firms would be willing to take advantage of new perspectives and, according to the interviews, be willing to hire the person. Miller and LeBreton (2005) mention that sharing the same goals and visions is of utmost importance to prosperously thrive in the long-term and establish a successful succession from one generation to the next.

While the case interviews did not reveal any long-term strategic goals for future generations, all respondents spoke of their predecessors with respect. None of the respondents felt themselves pushed into the company by the previous generation, but all of them expressed their willingness to continue the legacy built by the previous generation. One of the interviewees talked about the lessons learned from the father and how that has shaped the corporate culture and the development of the organisation. Another expressed their respect for the history in a way that goes in line with the proposition stated in the literature review. When the CEO of Company 2 was asked if they have ever considered moving their manufacturing, the following answer was provided:

“No, it is history that has determined where we are, the founders founded their companies in these places and we have remained there.”

4.3.6 Summary of Discussion

The discussion has provided theoretical support for the results observed in section 4.2. As can be observed throughout the discussion many of the answers provided from the interviews included theories that present multiple dimensions of the FIBER framework.

One example, in particular, is chosen to highlight the interconnection between the different dimensions of the FIBER framework and how socio-emotional wealth revealed a deeper understanding of family firms' decision-making when looked upon as a broader phenomenon than when separated into themes.

It was clear in all cases that the CEOs are aware of the financial implications and disadvantages resulting from Swedish local production facilities. When asking several follow up questions to get to the root of why the family firm produces locally despite the financial implications, the CEO of Company 1 was asked to set aside the actual geographical advantages and speak from the heart. The CEO of Company 1 said the following:

“The brand's whole story, our history and how we care about quality and manufacturing in Sweden, I think we sell a lot on the fact that we manufacture in Sweden. ... We are a premium company so we can bear some increased cost but not too high, it's always a difficult balance.”

This statement entails a multidimensional perspective to many of the answers searched for when developing the propositions and related interview questions. For example, the expression of “our history” can be connected with the R-dimension, “we care”, is recognisable in both the I-dimension and the E-dimension. In addition, brand-related perspectives are included which encompasses several findings in previous literature in regards to both emotional attachment and binding social ties.

To summarise, it may be observed that F, I, B and E are the most prevailing dimensions in the answers received in this study, and in order to draw broader conclusions within the selected research field, they are of most interest when observed together. The interviewees' responses are frequently supported by previous literature findings. Finally, the theory of socio-emotional wealth and its applicability to manufacturing localisation decisions are indeed of great interest and it would be beneficial for the family firm research field to expand the study in a broader geographical, as well as international scope.

4.4 Chapter Summary

This chapter firstly presents the findings from the four case interviews conducted. Secondly, that data is coded with common themes observed and organised by the propositions formulated from the literature review. Finally, the findings observed are analysed and compared to previous literary results. In conclusion, the case interviews presented insights regarding the localisation of production in Swedish family firms. The majority of the findings correspond with previous literature and the FIBER framework. The answers received were sometimes difficult to code to one individual dimension of the FIBER framework as they entailed some multi-dimensional aspects. The cases provided empirical support in four out of five dimensions. In summary, the cases revealed family control, identification with the firm, emotional attachment and binding social ties to be relevant when arguing for their local manufacturing. The last proposition, connected to the renewal of family bonds through dynastic succession, was the only one which did not have sufficient support to be validated.

5 Conclusion

The fifth and final chapter aims to summarise the main findings identified in the case interviews and the discussion in Chapter 4. In addition, the research aim and objectives are evaluated. Afterwards, the practical and theoretical implications of the results are discussed. Finally, limitations based on the results and their generalizability are mentioned.

5.1 Main Findings

The main findings of this study indicate that socio-emotional wealth and specifically the first four dimensions of the FIBER framework, are relevant for Swedish family-owned and managed manufacturing companies' decision to retain their production locally. As indicated by the results and subsequent analysis and discussion, family control and influence is a central part of the empirical results and underpins most answers received during the interviews. Family control and influence is related to identification with the firm and a reciprocal relationship was observed between the F-dimension and the I-dimension. The empirical results support the theoretical argument that a higher identification with the firms lead to more family members occupying key positions, due to their inclusion with the family firm objectives regardless of current employment within the firm. In addition, a higher concentration of family members in managerial positions leads to a higher degree of control, finally the increased control of the firm implies an increased sense of identification with the firm. The identification with the firm was observed in all case firms and an important part of each case respondent's character. As a result of this identification with the firm, it was expressed that the firm's production location was a vital part of the family's perception of the firm and their own identity.

Furthermore, the control of manufacturing was a vital part of the firm's quality control of production and a strong motive to keep manufacturing locally. Additionally, it was revealed that increased control includes increased time devoted to the family firm objectives, resulting in an increased emotional attachment to the firm. Embedded in each case participant's answers it was clearly reflected that all the respondents interviewed had a strong emotional attachment to the family firm and the current way of operations, suggesting strong motives to not move their manufacturing. Subsequently, the qualitative data indicates that the factors of control, identification and emotional attachment are building blocks to the established social ties with employees and the local community, which was highlighted by several representatives as an incredibly important reason to keep manufacturing locally. All the family firms studied have shown a strong commitment to the firm, its employees, the community and the people

surrounding it. The strong commitment, the interviewees expressed, towards the aforementioned dimensions, led to the conclusion that the binding social ties of the case subjects are indeed strong. The emotional attachments associated with these ties motivate the decision of keeping manufacturing locally.

Finally, the only dimension which did not show a uniform outcome from the interviews was the R-dimension, the renewal of family bonds through dynastic succession. The results indicate hints of preference towards dynastic succession among the interviewees, although no connection was found in regards to the production retained locally. In conclusion, the answers were too diverse to draw any conclusions about how relevant the R-dimension is in relation to the proposed research question.

In summary, the study showed empirical support for four out of five propositions stated, which empathises that socio-emotional wealth indeed is relevant in family firms' decision to keep manufacturing locally. In addition, it is worth highlighting that despite not finding empirical support for the fifth proposition, the study has shown that the dimensions of the FIBER framework are not independent of each other. This finding further explains the importance of observing socio-emotional wealth as a broader concept, rather than a simple categorisation, as mentioned by several previous scholars in the field. Finally, this study is a contribution to the growing field of family firm research, as it provides a geographical, as well as operational scope to the relevance of socio-emotional wealth.

5.2 Research Aim and Objectives

The aim of this study is to explore how socio-emotional wealth is relevant to Swedish family-owned and managed firms' decisions in retaining production locally. The exploration was conducted by using the five dimensions of the FIBER framework and propositions which were constructed and tested. By finding empirical data in support of four out of five propositions stated, this study contributes to the research field of family firms and socio-emotional wealth. The case studies conducted have contributed to the research field by adding qualitative data on four Swedish family firms' decisions to keep manufacturing locally. In summary, the data provided suggests that the first four dimensions are of relevance within the scope of the study. The aim of the study is therefore regarded as being accomplished.

5.3 Implications

The following part elaborates on the practical and theoretical implications of the study. The practical implications mainly concern the relevance and awareness of the phenomena for family firm managers as well as regional authorities in order to make more informed decisions. The

theoretical implications are manifold, however mainly concerned with the scope of zooming in on the localisation of manufacturing firms and how socio-emotional wealth is relevant in this context. Furthermore, it contributes with qualitative data from Swedish family firms.

The practical implications of this study are of relevance for family firms who may find well-motivated advantages to keeping their manufacturing locally, as well as the potential disadvantages that may arise from this decision. Family firm managers may observe that their desire for control, their identification with the firm, their social ties to the local community and their emotional attachment to the firm comes with advantages. These advantages are theoretically presented to entail reduced agency costs, efficient quality control, a devoted and loyal workforce, a strong corporate culture and a competitive advantage in branding and advertising. However, family firm managers need to recognise that these advantages must be seen in perspective to potentially higher manufacturing costs compared to outsourcing.

In addition to the supported implication above, the study did not find sufficient support for the renewal of family bonds through dynastic succession to be a relevant aspect in regards to the research question. On the contrary, the empirical data have shown that none of the successful family firms observed deliberately pushed the next generation into a position at the firm. As the interviewees suggested, they had no intention to hire a family member who is not interested in the firm, as well as lacks the capabilities required for a managerial position. The family firms in this study have therefore shown a desire to mitigate bifurcation bias, as the strategic long-term success of the family firm is prioritised. This finding further empathises that, as previous literature has suggested, a family firm should recognise the implications that follow a dynastic succession and have this in mind when considering the future of the firm.

Furthermore, the results can have relevant implications for regional authorities in their efforts to create jobs in potentially less attractive regions. The tendency for family businesses to strengthen their local ties and to consider relocating their production less actively can be seen as an interesting tool for improving the regional economy. Inter alia, this can due to the preservation of jobs, potentially lead to additional secondary investments in the local economy, higher tax revenues for local authorities and as a result a reduction of rural exodus. In the long-term, the desire for family businesses not to reduce their SEW and the related decision to keep production locally could help to strengthen the regional and local economy.

The theoretical implications, which can be drawn from this study, are many. First, the results indicate that the FIBER framework can be used to understand manufacturing localisation decisions, where the F-, I-, B- and E-dimensions are most relevant. Secondly, it can be observed that SEW is a relevant concept in Swedish family firms' decision-making process. Thirdly, the relocation of production has ethical implications that need to be addressed. A relocation would imply letting people in the area go from their job, which is not a desirable outcome for any party. This study revealed several positive effects of remaining locally, which can be considered by family firm managers before deciding in favour of a potential relocation of manufacturing. Finally, this study revealed, in contrast to previous research, that socio-emotional wealth can be applied in a qualitative setting. The contributions of a qualitative study have also revealed

further insights into the FIBER framework, specifically the difficulty in separating the dimensions in qualitative research, this further highlights the importance of observing socio-emotional wealth as a broader concept.

5.4 Limitations and Future Research

The study's results have limitations as a result of the design of the study. Two factors have been identified in this respect. The national cultural dimensions and the general subjectivity present in quantitative case studies. These limitations are addressed in the following section. Following the limitations, suggestions for future research are discussed.

One aspect that has been mentioned in the delimitations in Chapter 1 is the country's cultural customs and characteristics and their influence on the behaviour and reasoning of families' decision-making. While the delimitation to one particular country has ensured a certain homogeneity of results in this respect, it leads to the fact that the study's results may not be equally applicable to other national cultures. Another aspect, the authors of this study want to mention, is the subjective understanding involved in any qualitative case study. The results are dependent on the personal interpretation of the authors as well as the interview partners. The pattern matching analysis was chosen to ensure transparency and utilisation of a well established analytical process, however, subjectivity can never be completely prevented in such study designs.

The delimitations and limitations addressed above naturally lead to several interesting future research areas. Family firm internationalisation appears to attract substantial attention from IB and family firm scholars in recent years. Literature reviews from Arregle et al. (2021) or Brigham and Payne (2019) have identified substantial gaps or potential research approaches within the area, especially in relation to SEW and the FIBER framework. Based on and in close connection with the prevailing study, the researchers have identified three relevant future research suggestions.

Firstly, the field could benefit from future research which widens the scope of operations observed, to determine whether socio-emotional wealth aspects affect decision-making differently in other activities of the family firm. An example could be research and development departments that are relocated or outsourced due to a lack of local know-how or the absence of relevant human resources. The question of whether such less personnel intensive and possibly for the operational control less relevant departments also differ in terms of internationalisation rates between family and non-family firms could be of particular interest.

Secondly, future research should fill the gap in regards to the national limitations to reach conclusions about whether the socio-emotional wealth concept has implications which stretch across national cultural differences, or if there is a relationship between the two concepts which needs to be evaluated even further. Especially multinational studies comparing the FIBER

dimensions within different cultural backgrounds could potentially improve the understanding of cultural implications on the SEW model and the FIBER dimensions.

Thirdly, future research can benefit from identifying implications of the general national situation in terms of production cost and its implication on family firm internationalisation decisions. So far most studies related to family firm internationalisation were conducted in highly developed countries within Europe. Studies from developing countries appear rarely. Potentially lower production-related costs, especially for human resource-intensive processes, shift the interest to externalise other aspects of the operation, which in turn relates to the already above-mentioned interest to investigate a wider scope of operations.

In summary, these suggestions could help to improve the understanding of family firms' decision-making process and build upon the insights this study has provided. The scope of operations observed, cultural implications to the SEW model as well as the state of the economy are interesting aspects with potential implications for the FIBER framework and the SEW model.

5.5 Chapter Summary

This chapter firstly addresses the main findings of the study, which indicate that four dimensions of the FIBER framework are relevant to Swedish family firms' decision to retain manufacturing locally. Secondly, the aim and objectives are reevaluated in relation to the study's findings and the research question stated in Chapter 1. Thirdly, practical as well as theoretical implications of the empirical data are presented. Fourthly, the limitations of the study are addressed. Those mainly concern the narrow scope of family firms included in this study in regard to nationality business activities. Finally, interesting future research topics are exemplified by suggesting that additional international case observations and a wider scope of case definitions are of interest to develop the area of family firm research and how socio-emotional wealth is relevant for family firms' decision-making.

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Appendix A

Interview Questions

Question 1: How long have you been working for the company?

Question 2: What is your role in the firm today?

Question 3: How many in your family are active in the company and to what extent?

Question 4: What does it mean to you to work with family members? Pros and Cons

Question 5: What does the company mean to you?

Question 6: Tell us about how your operations look like today?

Question 6.1: Where are you located? Sales, admin etc. Pros and cons?

Question 6.2: Where is your production?

Question 7: What is your reasoning behind having production in Sweden/the local area?

Question 7.1: Why Sweden? Pros and cons?

Question 8: What does your local area mean to you?

Question 9: What motivates you to work within the company?

Question 10: Have you ever considered moving the production?

Question 11: Have you ever considered another career?

Question 12: How do you envision the future once you've left the company?

Question 13 :Have you ever considered selling to someone outside the family?