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SCHOOL OF ECONOMICS AND MANAGEMENT

Heritage Assets: A Meaningful Basis For Internationalization?

A Qualitative Interview Study on How Heritage Assets May Facilitate or Constrain Family Firms' Internationalization Decisions

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Abstract

A family's involvement and ownership of a firm separates family firms from both public companies and other private firms. It is widely accepted that family firms have unique characteristics, with implications for their behavior and an impact on their internationalization. Extant research presents a need for studies on the heterogeneity observed in family firm internationalization, and has presented non-human heritage assets as one concept which may help explain this heterogeneity. These assets are non-human resources which hold a special meaning and connection to the family. However, this concept has not been empirically investigated, and remains in the theoretical domain. The aim of this paper is to develop an initial understanding of non-human heritage assets: how such assets present themselves in family firms and how they constrain or facilitate family firms' internationalization decisions. The internationalization decisions studied in this paper are location choice and operation mode choice. To understand if non-human heritage assets facilitate or constrain the decision-making process in these two areas, this paper conducts qualitative semi-structured interviews with seven Swedish family firms. The results identified four non-human heritage assets in these firms: reputation, founding location, networks and family culture. The family firm's networks and reputation both had a facilitating effect on specific location and operation mode choices. The founding location had a constraining effect on some operation mode choices. The family culture was not found to have either a facilitating or constraining effect on either choice.

Keywords: family firms, internationalization, heritage assets, location choice, operation mode choice, bifurcation bias.

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1 Introduction

This introduction gives theoretical background and problematization of the thesis' main topic and concepts, introduces the research purpose and the research question, and presents the delimitations of this paper. The thesis adds to the growing research on family firm heterogeneity, by studying how family firms' non-human heritage assets constrain or facilitate their internationalization decisions. The thesis aims to add clarity and new insight on the concept of heritage assets and its constraint or facilitation of the internationalization decisions of location and operation mode choice by conducting a qualitative interview study.

1.1 Background

It is widely accepted that a family's involvement within a business makes it unique (Chua, Chrisman & Sharma, 1999). Family owned firms make up a clear majority of all businesses worldwide (De Massis et al., 2018), and provide work for around 65% of the world's population (Karlsson, 2012). While most family firms are small in size, they are the dominant company type even, among publicly listed firms in several countries (Karlsson, 2012). For this study, a family firm is defined as:

> *A business governed and 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 in a manner that is potentially sustainable across generations of the family.*

This form of ownership has unique features that stand in contrast to other forms of ownership, with further implications for the governance, behavior and strategic goals of family firms (Chua, Chrisman & Sharma, 1999). First, a key feature is that owners and managers in a family firm are the same people, or share family bonds. In firm governance, this means that the separation of ownership and control is minimized. A separation between the two is otherwise a foundational source of agency costs in firms (Jensen & Meckling, 1976). Family firms constitute a unique governance form due to goal congruence between family owners and family managers. In most other types of firm governance structures, such as publicly listed companies, potentially conflicting interests between dispersed owners and self-serving managers has a number of implications for the monitoring, incentive-structures and information systems employed (Eisenhardt, 1989).

Second, the behavior of family firms is distinguished from that of other firms due to their emphasis on the long-term (The Economist, 2015a). This contrast is most clear in comparison to publicly listed firms, characterized by a need to deliver results each quarter and ownership shares that frequently change hands. In a family firm, ownership shares are rarely traded and when it occurs it is typically between two family members (The Economist, 2015a). As current owners of a family firm aim to pass the firm on to the next generation, quarterly or even yearly results become less important. The latter point also means that family firms' long-term thinking is unique compared to private companies in general. This leads to the tendency of family firms to act in ways which differ from theory traditionally taught in business schools (Karlsson, 2012). The long-term emphasis embedded in family firms intending to pass the firm on is also making family firms an increasing anomaly in the 21st century, where average CEO tenure in public firms continues to decrease and electronic trading reduces public firm shareholders' average ownership duration (The Economist, 2015a).

Third, the intention of family members to pass the firm on to future generations within the family is only one way in which the goals of the family firm differ from other firms. The owning family of the firm usually have certain goals which can not be linked to pursuit of profit maximization (Karlsson, 2012). While many companies today, both of the family and non-family kind, embrace and communicate their devotion to objectives other than profit, family firms are a unique case, because the owning family is responsible not only for the return on financial capital, but also taking care of social and cultural capital (Karlsson, 2012). Social and cultural capital is created due to the family's connection to, *inter alia*, the firm's networks and relationships, founding location, specific buildings, and products (Baù et al., 2019).

Fourth, the family and its connection to the firm's internal and external environment as mentioned above, is a dimension of the family firm that is missing in non-family firms. This connection, which is quite abstract on its own, has received extensive inquiry which has helped unbundle and specify it. The concept of heritage assets was introduced in the family business literature to understand an owning family's relation to the firm and specific components of it (Kano & Verbeke, 2012). Some assets, so-called heritage assets, "have a special meaning for the family and, therefore, trigger preferential treatment" (Kano & Verbeke, 2018, p. 161). These heritage assets were first thought of as human assets, in the sense that family members as managers may receive preferential treatment compared to external managers in the firm (Kano & Verbeke, 2012). Later, it was extended to non-human assets, both tangible and intangible, such as locations, foundational product lines, routines, and network relations. It is these non-human heritage assets the paper will focus on.

It is further argued by family firm researchers that this distinction between assets can affect family firms in their internationalization decisions (Kano & Verbeke, 2018). In this paper, the internationalization decisions that will be studied are the location selection, the choice of which foreign market to enter, and operating mode selection, the selected mode of entry into a foreign market, where typical modes of entry are exporting, partnering, licensing, or establishing a subsidiary. What this paper aims to study is how these non-human heritage assets facilitate or constrain these decisions. Do their suggested special meaning and preferential treatment influence these two decision areas?

1.2 Problematization

The presented differences between family firms and non-family firms have become a core theme in the growing family business literature field (Carney, et al., 2012). A focus on establishing various distinctions between family firms and non-family firms is recognized by Chrisman et al. (2012). However, they point to significant heterogeneity in behavior among family firms themselves, and that these differences between family firms may be more important than general differences between family and non-family firms. Indeed, Breton-Miller and Miller (2021, p. 664) argue that family firms are "overrepresented among the most and least socially responsible companies, among the most and least innovative, and among the best and worst places to work".

For this reason, studies on sources of heterogeneity among family firms have increased in recent years (Ashton et al., 2021). Some conclusive results in this area include variations between family firms in their prioritization of non-economic goals (Chrisman et al., 2015), investments in talent management (Basco et al., 2023), innovation capabilities (Lichtenthaler & Muethel, 2012), and generational involvement (Chirico, Sharma & Nordqvist, 2014). However, “overall insights related to how and why family firms differ remain unclear” (Ashton et al., 2021, p. 297). Such lack of insight as to why family firms differ is most prominent in the internationalization process of these firms.

Research on the internationalization of family firms grew exponentially in the previous decade (De Massis et al., 2018). However, Reuber’s (2016) examination of three systematic reviews on the topic revealed some remaining issues as the field matured. Specifically, she highlighted the conclusions of these reviews: that there is still a long way to go for family firm internationalization research, that there are still inconclusive findings regarding the effect of family ownership or involvement on internationalization, and crucially that current research on family firm internationalization offers only limited knowledge in regards to the strategies and processes which make family firms unique.

In an attempt to nuance and help explain the inconclusive findings related to family firm internationalization, Kano & Verbeke (2018) developed the concept of non-human heritage assets. Kano & Verbeke (2018) argues that these assets play a significant role in the family firm's internationalization decisions. The presence of non-human heritage assets were argued to affect both a family firm’s location choice and operation mode choice. However, there are conflicting views on how these assets may do so. Some IB scholars suggest that non-human heritage assets can be utilized in the internationalization of a family firm to achieve better outcomes than otherwise (Ciravegna, Kano & Rattalino, 2021). The line of thought is that the special meaning the family holds for certain assets is due to these assets’ uniqueness and associated potential to create competitive advantage. Another perspective argues that the special meaning non-human heritage assets hold with the family may lead to an overvaluation of these assets and undervaluation of others, and that this scenario is especially likely when venturing abroad (Kano & Verbeke, 2018).

These conflicting perspectives on the utility of non-human heritage assets for family firms’ internationalization is part of a wider discourse in the literature, between scholars subscribing to the “restrictive” view of family firms’ internationalization and those following the “facilitative” view (Arregle et al., 2017). Some scholars argue that family firms are especially well-suited to internationalization efforts due to certain characteristics such as a long-term orientation (facilitative), and other scholars claim the opposite with reference to characteristics such as risk-aversion (restrictive). The various perspectives on heritage assets outlined in this section are thus part of a broader context, where Kano & Verbeke's (2018) suggestion of family firms' overvaluation of heritage assets belongs in the "restrictive" view while Arikan et al. (2022) moves closer to the "facilitative" view.

Extant research is yet to develop an understanding of how non-human heritage assets might present themselves in a company and how a family firm's specific endowment of heritage assets affect their internationalization. The abstract nature of the concept calls for empirical research, which is currently lacking. This is surprising since the concept was introduced in theoretical papers that concurrently emphasized its potential relevance to internationalization decisions and processes. This thesis will therefore address a twofold research gap in connection to family firm internationalization and family firms' heritage assets. The reason(s) for the heterogeneous findings in regards to these firms' internationalization decisions have not been sufficiently documented, and the suggested role of non-human heritage assets as one such reason is weak as long as it remains in the conceptual and theoretical domain.

1.3 Research Purpose

The overarching aim of this study is to develop an initial, empirical understanding of non-human heritage assets: how such assets present themselves in family firms, how they are relevant for family firms' internationalization, and if such relevance makes them facilitative or constraining for internationalization decision making. Previous research has dealt with heritage assets in a mainly conceptual manner, especially as it pertains to non-human assets. With this aim, the paper is positioned along the heterogeneity perspective in family firm literature, giving additional insight to the family firm internationalization literature. To fulfill the aims of this research, the following research question is presented:

> *For family firms, how does their governance of non-human heritage assets facilitate or constrain internationalization decisions regarding location and operation mode?*

1.4 Delimitations

In terms of the aim to study a family firms' heritage assets, there is a delimitation made in scope that only non-human heritage assets were studied. This means that an interviewed company's internationalization decisions could be constrained or facilitated by human heritage assets, but such effects are not analyzed. This decision is motivated with reference to past research. Non-human heritage assets is a strictly theoretical concept at this time with no existing empirical research investigating it. Human heritage assets on the other hand have received some empirical attention in studies on family firms' HR practices (for instance, Dempsey, James, & Jennings, 2018). Therefore, this paper is able to focus investigation and analysis on a relatively underdeveloped part of the concept. The selected scope of the constraining and facilitating effects of heritage assets were also limited to include only the internationalization decisions of location and operation mode selection. These decisions are suggested by theory (Kano & Verbeke, 2018), to be the internationalization decisions where the effect of heritage assets is especially prevalent. Other possible effects that heritage assets have on internationalization decisions, or other aspects of internationalization, will not be analyzed.

This paper has some method limitations of importance with regards to scope, which therefore are presented here. The first one is that the scope of the paper was delimited in the selection of family firms, in that they needed to be currently internationally active. Furthermore, the selected interview companies all originated from and are based in Sweden, which further affected the generalizability of this research. Further discussion of these limitations are presented in the third chapter.

1.5 Outline of the Thesis

This paper has been divided into five chapters. The introduction in chapter one introduces and problematizes the subject of family firms, family firm internationalization and non-human heritage assets, as well as presenting the research purpose, and its delimitations. The introduction is followed by a literature review in the second chapter, where previous research on family firms, operation mode choice, location choice and non-human heritage assets is presented. The third chapter presents the methodology chosen for this research, and presents and discusses in detail the research approach, the qualitative interview research design, purposive sampling, the data analysis and potential limitations. Chapter four then starts with a presentation of the data collected, and the themes formed of the data. The chapter then continues with a discussion of the results. Lastly, the fifth and final chapter presents the key findings, contributions, and potential future research ideas.

2 Literature/Theoretical Review

This chapter introduces relevant literature and previous research. The selection of papers is in line with the problematization and background presented in the introduction. First, distinguishing features and characteristics of family firms are presented. Second, the internationalization decisions, location choice and operation mode choice, are introduced. Finally, the concept of non-human heritage assets and how it has been theorized about is presented, along with key theoretical perspectives on its effect on family firm internationalization.

2.1 Family Firms

2.1.1 Defining the Family Firm

Family firms are, as described in the first chapter of this thesis, distinguished by a family's involvement and ownership. However, previous researchers have had trouble arriving at a unified definition of the family firm (Chrisman, Chua and Sharma, 1999). A large variety of definitions has been used amongst family business scholars, although most of them stem from the level of ownership and/or management influence. Authors such as Donckels and Fröhlich (1991) used a family ownership cut-off point of 60% for the business to be considered a family firm. Forlani, Hennart and Majocchi (2019) instead measured the extent of family management in the firm.

Chrisman, Chua and Sharma (1999) in their extensive review of family business literature, conclude that a family firm definition also needs to capture the essence of the family, not just its components. The authors therefore present the following definition:

> *"The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chrisman, Chua and Sharma, 1999, p. 25).*

The "essence" of the family firm is here captured by the vision of the business held by the family. Notable in this definition is the lack of emphasis placed on outright ownership. Chrisman, Chua and Sharma (1999) highlight that certain levels of ownership are not necessary nor sufficient to evaluate the control wielded by the family. Furthermore, they do not incorporate successful succession in their definition, but indicate that the intention to pass the firm on to future generations is necessary. This paper utilizes their definition with two modifications. The business needs to be both governed and managed in accordance with the specified intention. This does not exclude firms without family members in specific management roles from consideration, but ensures that all strategic managerial decisions are in line with the family's intention. The other modification is that the business should be managed and governed by one family alone. These two changes result in the following definition:

> *A business governed and 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 in a manner that is potentially sustainable across generations of the family.*

2.1.2 Family Firm Characteristics

A firm which follows the presented definition and thus constitutes a family firm, may also possess certain characteristics which differentiates them from other firms. The definition itself presents the foundational aspects of a family firm, and these in turn imply behavioral tendencies that distinguish these firms. This section now specifies these foundational aspects and reviews research on the distinguishing behavior, if any, they contribute to in family firms.

First, a family firm is both governed and managed by members of the same family. As mentioned in the background, this leads to an eliminated separation of ownership and control. Behavioral implications of this have been studied extensively. Early agency theory research argued that family firms managed to avoid most if not all principal-agent problems due to the shared goal of family welfare between managers and owners (Chang et al., 2007). However, more recent studies have highlighted how family firms may face unique problems within the domain of agency relations, rather than a unique lack of such problems. As presented by Karra, Phillips and Tracey (2006, p. 863), altruism, "to act in the interests of others without expectation of reward", holds a stronger presence in family firms, as parents in charge of the firm act with the interest of their children in mind. Yet this phenomenon of the altruistic family firm has been argued to give rise to agency issues of its own: biased views of owner-parents on the competency of their children, problematic consumption of perks by family members, and poor enforcement of contracts (Buchholtz et al., 2001).

As the definition makes clear, family firms intend to pass the business on to the next generation of the family. Scholars have investigated several behavioral implications that are suggested by this aspect of the family firm. Family firms showcase a stronger commitment towards maintaining control over the company (Gomez-Mejia et al., 2007; Donckels & Fröhlich 1991). Earlier research highlights that family firms collaborate less with other firms, and are reluctant to hand over power for decision making to external managers (Bollinger & Daily, 1992). Another way in which the stronger commitment for maintaining control can be seen is that family firms may be more hesitant towards external finances (Karlsson, 2012). This hesitation is also reflected in that family firms have been found to be more risk-averse compared to non-family firms (Gomez-Meija et al., 2010).

Much of extant research further considers long-term orientation (LTO) as a defining trait of family firms (Chua, Chrisman & Sharma, 1999). This characteristic is viewed as a natural consequence of the intention of current family firm leaders to pass the business on to future generations (Karlsson, 2012). Empirical evidence of LTO in family firms include the tendency of the family to reinvest profits into the firm to a greater extent than owners of non-family firms (Whisler, 1988), and extended time horizons for evaluations of financial returns (Zellweger, 2007). However, more recent research highlights that family firms can differ in the way that they prioritize LTO (Breton-Miller & Miller, 2014). There are further different perspectives on what role LTO plays within a family firm. Some scholars argue that LTO constitutes a unique resource (Ciravegna, Kano & Rattalino, 2021). Others refute the claim that LTO is a resource of the family firm, but instead regard it as forming the dominant logic of the firm (Lumpkin &

Brigham, 2011). In the latter case, LTO aids the firm as a decision heuristic: it "helps decision makers reach conclusions without reconsidering each decision in depth" (Lumpkin & Brigham, 2011, p. 1155).

Lumpkin and Brigham (2011) suggest that a long-term orientation may be as important for a family firm's non-economic goals as it is for financial decisions. Researchers suggest that non-economic goals drive and influence family firm's behavior and operations (Chrisman et al., 2010; Gomez-Mejia et al., 2007). In the pursuit of these goals, LTO is a prerequisite and vice-versa (Lumpkin & Brigham, 2011). Non-economic goals often reflect the values, perceptions and intentions of the firm and the owning family and may be hard to define, measure and communicate towards non-family managers (Chrisman, Memili & Mirsa, 2014). These goals have been separated into functional and dysfunctional, depending on their economic value-creating or value-destroying contribution (Breton-Miller et. al, 2015). An empirical example of the former is the higher level of social responsibility detected in some family firms, presumably due to the family's goal of strong image and reputation (Gibb Dyer Jr & Whetten, 2006).

Recently, family business scholars have called for further inquiry into heterogeneity among family firms (Chua et al., 2012; Arregle et al., 2017). These requests are a consequence of inconsistent results in studies that have treated family firms as a homogenous and distinctive group (De Massis et al., 2018). Progress has been made in this area through the construction of typologies, often based on the level of family ownership, family management or a combination of the two (The Economist, 2015b). Nordqvist, Ponomareva and Umans (2019) drew on categorizations of family firms by both family ownership and family management to arrive at nine separate types of family firms. Stewart and Hitt (2012) instead distinguished between six types of family firms based on their level of professionalization. Other dimensions of the family firm that are argued to cause heterogeneity include variations in LTO, non-economic goals, entrepreneurial behavior, family-based capital, and internationalization processes and outcomes (Ashton et al., 2021).

2.1.3 Family Firm Internationalization

Current and previous research on family firm internationalization have had a clear focus on the question of whether or not family firms are more or less internationalized compared to non-family firms (Kano & Verbeke, 2018). The results from these studies have been inconclusive. On the one hand, Arrengle et al. (2017), Forlani, Hennart, and Majocchi (2019), and Gomez-Mejia, Makri and Larraza-Kintana (2010), among others, find that family firms tend to be less internationalized compared to non-family firms. On the other hand, Zahra (2003) finds the opposite result, and other studies such as Cerrato and Piva (2010) find no significant difference. The conflicting results therefore once again highlight the aspect of family firm heterogeneity, in the sense that it also affects findings on their level of internationalization (Calabrò & Pukall, 2013).

An important insight provided by Arrengle et al. (2017), which problematizes the state of current research on family firm internationalization, concerns the large variety of constructs used for both family firms and internationalization. Arrengle et al. (2017) argue that this factor is a main reason for the conflicting results, along with the fact that mixed findings on family firm internationalization reside in studies carried out in different countries. Their meta-review separates studies based on definitions of both family firms and internationalization, and shows that the relationship between the two constructs differ depending on definitions employed. Consequently, Arrengle et al. (2017, p. 823) claim that it is "crucial to examine it (the family firm-internationalization relationship) in a much more fine-grained manner".

Some studies directly target the heterogeneity and nuances of family firm internationalization. For example, Forlani, Hennart and Majocchi (2019) highlighted the effect of family firms' business models on internationationalization. The authors concluded that family firms with a global, niche, high-quality business model do internationalize as much as non-family firms, since this kind of a business model does not require the same level of marketing and foreign subsidiary investments as a "mass-market good". These results were further elaborated by Banalieva, Eddleston and Sarathy (2019), finding that the level of professionalization (internal factors) and country-of-origin (external factors) affect the internationalization of family firms with such a business model.

2.2 Internationalization Decisions

The operating mode and location choices of firms are distinct aspects of the overall internationalization process (De Massis et al., 2018). This section will present and discuss these two choices.

2.2.1 Location Choice

The starting point of firms' internationalization is the decision to sell to a specific location, that is a foreign market. It can usually be assumed that selecting one location to enter excludes others, which is a necessary assumption to view expansion into one market as an active choice. For a firm, this means that foreign locations should be chosen as foreign markets on the basis of the firm's specific internationalization goals and location-specific factors (Kano & Verbeke, 2018). Cavusgil, Joiner and Ozturk (2015) described the importance of proper foreign market selection by firms but noted a gap in the literature on how such selection "should" take place. Essentially, there is a lack of pragmatic approaches detailed in the literature despite the location choice's central role in internationalization (Cavusgil, Joiner & Ozturk, 2015).

It is important to distinguish between literature on the location choice in and of itself and literature on ongoing internationalization which includes location choices. On the latter, IB research is extensive and rich with frameworks such as the Uppsala Model (Johansson & Vahle, 1979) and "Born Global" firms (Cavusgil & Knight, 2004). This field in IB research treats specific location choices as an outcome of timing, scale or speed of internationalization, which are by themselves separate aspects of internationalization (De Massis et al., 2018) that are not treated in this paper.

There have been studies in the family firm internationalization literature on how family firms make location decisions and if this leads to differences between family firms and other firms (Arregle et al., 2021). Some studies argue that family firms choose between locations based on their cultural proximity to the domestic locations, while other studies find that family firms do not place any special significance on this factor (Arregle et al., 2021). Some scholars tie certain family firm characteristics to preferences for some locations over others. For instance, Baronchelli et al. (2016) argue that risk aversion in family firms leads to targeting markets in the home region.

2.2.2 Operation Mode Choice

The operation mode choice is interrelated with every location choice, as choosing a market to enter then leads to choosing how to enter that market. Operation mode choice is then composed of separate indirect decisions. These indirect decisions are whether to enter the market alone or in cooperation with a partner, and whether or not to enter with equity (Anderson & Gatignon, 1986). Specific operation modes can then be separated roughly based on decisions made in the two areas. Entering a market through exports represents an operation mode involving neither a partner nor equity. A joint venture involves both. Establishing a subsidiary involves equity but no partnership, and for licensing it's the other way around. Anderson & Gatignon (1986) extensively detail variations of these operation modes. For instance, establishing a subsidiary can be achieved through greenfield investments or acquisitions. Contract arrangements with distributors as one chosen operation mode can differ by the length of the agreed contract.

Anderson and Gatignon (1986) distinguish between such variations because they lead to different levels of control and commitment in the foreign market. A consequent dominant viewpoint in IB-research is that high-commitment, high-control operation modes, such as wholly-owned subsidiaries, are connected to a higher level of return and risk (Claver, Rienda & Quer, 2009). Low-commitment, low-control entry modes, such as licensing, entail limited risk (because a limited amount of resources are invested) but also limited returns (royalties, in this case).

Operation mode choice has received more extensive empirical inquiry in its own right than location choice. Typically, this research refers to entry modes rather than operation modes. Reuber (2016) argues that this reflects a focus on the initial decision for an operation mode, when the firm enters the market, especially in family firm research. However, firms may very well decrease or increase their commitment to markets they're already present in through a change in operating mode. There are two main perspectives on family firms and their operation mode choices (Arregle et al., 2021). One views family firms' supposed long-term orientation as likely to make family firms prefer high-commitment operation modes to support a long-term presence. The other perspective emphasizes family firms' strict intention to keep control to suggest that they instead prefer low-commitment entry-modes.

2.3 Non-Human Heritage Assets

Kano and Verbeke (2012) first introduced the concept of heritage assets in family firms. With this concept, they did not discover any new type of asset, but rather applied a specific conceptualization that distinguished family-related assets from those assets of the family firm without any relation to the family. Building towards a transaction cost theory of the family firm, Kano and Verbeke (2012) applied the concept of asset specificity to family firms and argued that their human asset specificity consist of a unique employee base which triggers “unusual contracting as compared to typical employment contracts between the family firm and ‘outsiders’” (Kano & Verbeke, 2012, p. 1187). They argue that the early involvement of young family members before formal contracting takes place and based on “hereditary rather than professional roots”, leads to high levels of idiosyncratic knowledge exclusive to “family insiders” (Kano & Verbeke, 2012, p. 1187). This raises the entry barriers for non-family managers to attain top positions in the firm since they lack such knowledge.

Kano and Verbeke (2012) mainly discussed this human asset specificity in family firms but touched upon the possibility of family-based asset specificity among non-human assets as well. In later works, Kano and Verbeke (2018, p. 162) extended the “conceptualization of heritage assets to non-human resources and define these as a class of assets (including here physical assets, foundational product lines, and locations, routines, network relations, etc.)”. These resources, or from now on only referred to as assets, had a specific relation to the family firm, wherein the asset specificity consisted of the “special meaning” these assets held among the family. In these latter papers, previous examples of what could constitute non-human heritage assets were broadened to include networks, routines, know-how, elements of firm culture, and physical assets more generally (Kano & Verbeke, 2018).

Scholars have made further attempts to describe and classify certain assets of family firms which have a connection to the family. Bennedsen et al. (2015, p. 213) refer to the “specialized intangible inputs delivered by the founding family” as “family assets”. Their examples of such family assets include reputation, political connections, values, trust and networks. Bennedsen et al. (2015) recognize such intangible assets’ connection to and dependence on the family itself, but do not explicitly consider what meaning these assets conjure among the family. Here, the connection between the family and certain intangible assets of the firm arises because these assets are inputs delivered by the family. Bennedsen et al. (2015, p. 225) mention the “proprietary skills passed on generation after generation” as a likely family asset. This example shares the typical foundational character of heritage assets as discussed by Kano and Verbeke (2018).

Furthermore, Bennedsen and Foss (2015) use the term “family assets” to describe value-creating resources which are unique to family firms, such as the company name, reputation, network ties, and family values within the firm. The authors further argue that these resources cannot be transferred across the boundaries of the firm. Here, Bennedsen and Foss (2015, p. 70) view family assets as strategically relevant resources that “emerge in path-dependent historical processes, sometimes stretching centuries”. They see these family assets as even more difficult to imitate than other path-dependent resources because family assets are “strongly linked to a well-defined group of individuals (i.e the family)” (Bennedsen & Foss, 2015, p. 70).

Arikan et al. (2022)’s paper on “authentic firms” and their internationalization utilized heritage assets as part of a wider concept they termed *heritage endowment*. This study did not study family firms explicitly (although all five case companies were family firms), but they apply Kano and Verbeke’s (2018) definition of heritage assets. Arikan et al. (2022, p. 608) consider routines as one part of a firm’s heritage endowment: “the founder’s vision and the firm’s particular circumstances impact the development of key routines: ‘this is the way we do things in this company’ ” . Arikan et al. (2022) does not view routines as heritage assets but rather as administrative heritage, while Verbeke and Kano (2018) does classify routines as potential heritage assets.

The concept of heritage assets has been discussed in previous research in relation to how they may facilitate or constrain a family firm’s internationalization decisions. Whilst some authors highlight that heritage assets may be used to create unique firm-specific advantages (FSAs) (Ciravegna, Kano & Rattalino, 2021) that nurture success in foreign markets, others argue that they may be overvalued in internationalization decisions, and thereby lead to affect-based decisions rather than efficiency-based decisions (Kano & Verbeke, 2018). The following sections introduce in greater detail these differing perspectives on heritage assets’ involvement in family firms’ internationalization decisions.

2.3.1 Bifurcation Bias

According to Jonsthon, Kano and Verbeke (2021), some family firms face a unique obstacle to successful governance choices as they internationalize in the form of bifurcation bias (Johnston, Kano & Verbeke, 2021). Bifurcation bias is a potential outcome of the separation between heritage assets and non-heritage assets, termed commodity assets. The use of the term commodity to describe assets without family connection reflects the undervaluation that leads to the family view that these assets are easily bought and sold in the market, replaceable, and lacking uniqueness (Johnston, Kano & Verbeke 2021).

In relation to the separation of heritage and commodity assets under control by the family firm, bifurcation bias consists of a dysfunctional, affect-based heuristic for making decisions (Kano & Verbeke, 2018). Bifurcation biased family firms simultaneously overvalue heritage assets and undervalue other assets. Any decision that involves the transfer, deployment and general use of mainly heritage or commodity assets may be subject to bifurcation bias as a consequence of the overvaluation or undervaluation of the assets involved.

As family firms internationalize, the risk of making bifurcation biased decisions increases (Kano & Verbeke, 2018). First, international expansion involves using assets and associated FSAs in a different competitive landscape. Second, international expansion increases organizational complexity. Both of these consequences of internationalization may produce bifurcation biased decisions. Heritage assets that have possessed unique value-creating potential in the home-market will not automatically possess it in a new environment for the two reasons outlined above (Johnston, Kano & Verbeke, 2021).

Location and operation mode choices may be bifurcation biased (Kano & Verbeke, 2018). Affect-based decision-making, which distinguishes bifurcation biased family firms from others, will lead to decision-criteria that are not economically rational. Kano and Verbeke (2018) exemplifies this by host market selections being influenced by personal preferences of family members, referred to as *quality of life* seeking motive. Bifurcation biased family firms may also over-prioritize their pursuit of maintaining control and seek to enter a market in a way that allows this, even when decreasing control through solutions such as joint ventures would be more beneficial from an efficiency-based view (Kano & Verbeke, 2018).

2.3.2 Heritage assets as Firm-Specific Advantages

This section presents perspectives on heritage assets' potential for value creation and as sources of competitive advantage. The paper by Ciravegna, Kano and Rattalino (2021, p. 149) discusses "family resources" as sources of firm-specific advantages (FSAs). These resulting FSAs, which they term "family-derived FSAs" (Ciravegna, Kano & Rattalino, 2021, p. 149), are treated as synonymous with heritage assets in this literature review. That is because these family-derived FSAs may be subject to bifurcation bias (Ciravegna, Kano & Rattalino, 2021), and the concept of bifurcation bias strictly applies to heritage assets (Kano & Verbeke, 2018). As provided examples of these family-derived FSAs will show, they very well correspond to previously presented definitions of heritage assets.

Ciravegna, Kano and Rattalino (2021, p. 156) identify "internationally relevant resources provided by the founding family", specifically social capital, reputation and a long-term orientation. These resources reside with the family, and if these are recombined with non-family resources, the potential outcome is firm-specific advantages (FSAs) for the family firm (Ciravegna, Kano & Rattalino, 2021). As the family firm internationalizes, these "family-derived FSAs" can be further recombined with local complementary resources to create FSAs for the family firm in foreign markets as well. The authors emphasize the fact that there is no guarantee that these three specific resources will be accessible to the firm, but that if these resources residing with the family initially are " 'elevated' to the firm level, these resources are unique to family firms" (Ciravegna, Kano & Rattalino, 2021, p. 156). Ciravegna, Kano and Rattalino (2021) notes that for family-derived FSAs to be created and successfully used abroad, the firm must protect itself against bifurcation bias.

In this view, the family-level resources of favorable reputation, long-term orientation and social capital are not heritage assets in their own right, since they reside *within* the family. Rather, it is assets at the firm level (which consist of these family-level resources and complementary non-family resources) that may constitute heritage assets. For instance, Ciravegna, Kano and Rattalino (2021) argue that the *recombination* of social capital (a family-level resource) with a capability for contract design and enforcement (non-family resource) explains the long-lasting relationships with suppliers that characterize family MNEs. These long-lasting relationships can then be classified as heritage assets depending on if they hold a special meaning with the owning family.

An example discussed by Ciravegna, Kano and Rattalino (2021) is that of Ferrero, a family firm in the confectionery sector. The family owner himself nurtured special relationships with suppliers based around the company's hometown. He set up transportation solutions to the factory rather than requiring the relocation of the suppliers' operations. These relationships were "anchored in the family's social capital" (Ciravegna, Kano & Rattalino, 2021, p. 152). Later, the firm set up formalized processes for supplier relationships that enabled the same kind of closely-knit relationships with foreign suppliers (Ciravegna, Kano & Rattalino, 2021). Those closely-knit relationships are treated as a family-derived FSA in that paper, but also match the criteria to constitute heritage assets.

Finally, Bennedsen and Foss (2015) argue that family assets can provide family firms with an edge compared to non-family firms. The authors highlight networks as one of these family assets which can be used by family firms for handling transactions that involve knowledge. By being able to combine network contracts, reputation and trust-based family assets, family firms can gain an edge. However, the authors note that these assets can turn to liabilities, if they are overvalued by the firm. Such overvaluation would be a bifurcation biased practice, as mentioned earlier. This could make the family overlook other important resources as they strategize and evaluate courses of action (Bennedsen & Foss, 2015).

2.4 Summary of Literature Review

This literature review has presented previous research on the main concepts of this paper: family firms, location choice, operation mode choice, and heritage assets. This literature review helps create a better understanding for these concepts, and further creates a basis for the analysis of findings. The following section contains clarifications which will be taken into the analysis of findings.

The review of literature on non-human heritage assets included papers that used other terms, such as "family assets" and "family-derived FSAs", as these closely corresponded to the conceptual definition of heritage assets, and offered additional insight on their potential role in family firms' internationalization. Regardless of the exact term used, the papers all looked at assets with a special connection, or meaning, to the owning family, although none offered detail into what this special meaning could look like in practice. Therefore, this paper's analysis will identify an asset as a heritage asset when there are sufficient indications that show a strong meaning to the owning family (Kano & Verbeke, 2018). These indications will be further discussed in the fourth chapter of this paper.

Furthermore, this chapter reviewed literature on operation mode and location choices to understand relevant context to firms' decision-making in these areas and how heritage assets could facilitate or constrain these decisions. When looking at firms' location choices, the choice of a specific location or geographical market to enter will be looked at. When looking at firms' operation mode choices, the choice of a certain entry mode or later change of operation mode will be looked at. It is the choices themselves and what goes into them that are of interest, rather than certain locations and operation modes in and of themselves.

Furthermore, in a location or operation mode choice, facilitation would take place if the family perceived a certain location or operation mode as a more attractive market to enter/more attractive operation mode to use due to a non-human heritage asset and its special meaning to the family. A constraining effect would be seen if a certain heritage asset and its special meaning for the family constrains the perceived number and type of available location and operation mode choices. These effects (facilitating and constraining) will highlight the role of non-human heritage assets in the firm's internationalization decisions.

3 Methodology

The chapter will include a detailed explanation and motivation of the methodological steps taken in order to answer this paper's research question. First, the selected research approach and the qualitative interview design is presented and motivated. Second, the data collection method in terms of sampling, company and interviewee selection, and semi-structured interviews as interview design is discussed and motivated. Lastly, the considerations of research quality and methodological limitations are mentioned and discussed.

3.1 Qualitative Research Approach

This paper utilizes a qualitative research approach, a choice which was motivated by the specific aim of the paper. To restate, the aim of this paper is to investigate how heritage assets facilitate or constrain specific internationalization decisions a family firm faces. Embedded in this aim is a relatively new, abstract concept and an in-depth look at a potential input to the decision-making process. These two components underlying the aim positions the aim close to what Doz (2011, p. 583) terms “opening the black box” of organizational processes, a task qualitative research is suited for (Doz, 2011). Consequently, the paper’s interest in family firms generally and the impact of their heritage assets more specifically, and the research aim that follows, all align with qualitative research.

The choice of a qualitative research is also motivated by reasons that stem from the literature field the study is part of, that is family business. De Massis, Fletcher and Nordqvist (2016) argue that family businesses are characterized by “contradictions, tensions, paradoxes and dualities” (De Massis, Fletcher and Nordqvist, 2016, p. 10) which qualitative inquiry is well-suited to understand. The review of conflicting theoretical perspectives on heritage assets is evidence that heritage assets itself is a specific component of family firms that produce such a duality and tension. Second, the authors highlight an encouragement to examine qualitatively “issues of […] asymmetrical relations as they shape family firm activity” (De Massis, Fletcher and Nordqvist, 2016, p. 9) Heritage assets can be considered one part to such an asymmetrical relation because heritage assets hold a special meaning among the family which other assets do not.

3.1.1 Role of Theory

The role of theory in this research has been to guide the paper towards relevant and coherent findings. Specifically, theory motivated the choice of specific aspects of the internationalization process (location and operation mode choices), and theory on heritage assets guided the selection of interview topics. Theory further guided the data analysis in its aim to understand how family firms are constrained or facilitated by heritage assets in their location and operating mode decisions.

This study’s investigation is rooted in a previously established theoretical concept, heritage assets, and aims to provide additions and/or revisions to it rather than approaching the analysis of data from a blank theoretical slate. As the aim is not to strictly test theory, which would be achieved by deriving hypotheses from the literature and testing these hypotheses with the collected data (Bell & Bryman, 2011), this paper is tending towards an inductive approach.

Furthermore, this study explores the concept of non-human heritage assets, which is present in existing literature only to a small extent. In theoretical papers on heritage assets, which are few in numbers, the elaboration of this component is restricted since the concept is not well developed empirically. The special meaning some assets hold with the family makes them heritage assets, but there are no clear descriptions of that special meaning in the literature. Hence, there is limited previous theorizing to draw upon, which further necessitates a more inductive approach.

3.2 Qualitative Interview Research Design

This paper utilized a qualitative interview design. Based on previous discussion on the new and abstract characteristics of the heritage asset concept, a decision was made to conduct qualitative interviews. Attempts to successfully measure the concept of heritage assets in an identical way that holds for a number of companies would be difficult. Since heritage assets may be presented differently in each of the companies, any other way of conducting qualitative research would not have given the individual understanding of the concept in each of the companies as compared to interviews. The in-depth understanding of the presence of heritage assets was also important to achieve due to this paper's focus on non-human assets, which is even more under-developed and not as empirically researched.

In order to investigate and develop an understanding of how heritage assets might constrain or facilitate a family firm's location and operation mode choice a semi-structured interview design was considered the most suitable (Bell & Bryman, 2011). The questions asked were structured along three predetermined areas: location choice, operation mode choice, and heritage assets. This was done in order for the interviewers to cover the areas of interest for the research question. However, the specific questions asked differed between interviewees, and the interviews were conducted in a conversational manner. Emphasis was on tackling each predetermined area, rather than strictly following the interview guide's exact line-up of questions and formulations of those questions. This tendency towards unstructured interviews enabled the researchers to get a greater insight into the interviewee's point of view (Bell & Bryman 2011). It also enabled the possibility to manage ambiguities and discover perspectives that might not have been considered prior to the interviews, as what constitutes heritage assets may differ from family firm to family firm.

3.3 Data Collection Method

The section covers how the empirical data was collected. More specifically this section motivates the choice of purposive sampling, the selection of interviewees and the interview design.

3.3.1 Purposive Sampling

To collect data, it is important to choose an appropriate sampling strategy (Bell & Bryman, 2011). For qualitative research, purposive sampling is one of the most common strategies of sampling, and was also chosen as the sampling method of this paper. This means that the companies or participants are purposefully chosen in order to be relevant with reference to the research question. As opposed to convenience sampling, a purposive researcher samples with a certain goal in mind.

A purposive sampling method was chosen for this paper since the companies needed to fulfill certain criteria. Firstly, the firm needed to follow the definition previously presented in Chapter 1 of a family firm. This eliminated those family firms without any family members in management. Secondly, family firms without an international presence were excluded from consideration. Theoretically-based criteria were also applied. Candidates for selection needed to be professionalized family firms (Kano & Verbeke, 2012), and this was for convenience reasons captured by the size of the firm. Essentially, all assets in non-professionalized family firms have relations with the family or founder (Kano & Verbeke, 2018), which makes investigation of distinct non-human heritage assets difficult.

A second criteria was partly informed by existing theory. This criteria led to the exclusion of non-Swedish family firms. This criteria was established because of the prediction by heritage asset scholars that institutional, country-level factors matter. For instance, both protection of minority shareholder rights, and the general trust or distrust of foreigners in a country have been argued to impact the likelihood and effect of heritage assets in that country's family firms (Kano, Verbeke & Yuan, 2020). It was deemed beyond the scope of this paper to incorporate such considerations.

3.3.2 Company and Interviewee Selection

In order to find suitable companies which followed the presented sampling criteria, the starting point was the Swedish Family Business Network. From the network, six companies were contacted, however only five responded and agreed to be interviewed. Two other companies who accepted an interview and matched the criteria were found externally from the Family Business Network through personal networks (there is no direct relationship between the researchers and these firms/interviewees). Thus in total seven firms were selected for interviews. All firms interviewed resided in different industries, although this was not a criteria when selecting the firms.

In order to find the right interviewee at the companies, initial contact was made with either the CEO of the company or with a contact person/HR-representative. Together with the initial contact a brief description regarding the aim of the paper was included. This was done to ensure that the person contacted would have the best conditions and knowledge to be interviewed, or so that the contact person was able to reach out to the person they found most suitable for the interview. This ensured that the interviewee had sufficient insight about the firm's current and historical internationalization. Therefore, the roles of the interviewee in the companies differed, as can be seen in Table 1, but all were members of top management. There was only one interview conducted at each company, but some of the interviews on site featured a second interviewee who participated online.

Table 3.1: Overview of interviews

Company	**Interviewee Position**	**Family/Non-Family Member**	**Years at Company**	**Length of Interview**	**Mode of Interview**
Alpha	Sales and Market Director	Non-family member	14 years	60 min.	Online
Beta	Business Unit Manager	Non-family member	35 years	60 min.	Online
Gamma	Business Coordinator	Family member	9 years	60 min.	Online
Delta Interviewee #1	International Relations	Non-family member	16 years	120 min.	On site
Delta Interviewee #2	Founder	Family member	49 years	120 min.	Online
Epsilon	Managing	Family	18 years	90 min.	On site

	Director	member			
Zeta	SVP Global Sales and Marketing	Non-family member	12 years	90 min.	Online
Eta Interviewee #1	Chief Business Development Officer	Non-family member	15 years	120 min.	On site
Eta Interviewee #2	CEO	Family member	43 years	120 min.	Online

3.3.3 Interview Design

Before the interviews were held, there were certain preparations done. Before each interview, the interviewers looked at both primary and secondary sources such as websites, annual and sustainability reports and news articles. This was done to get a better understanding of the interviewed firm's operations, and their internationalization decisions. Since the interviews tended towards unstructured, the previous information about the companies further enabled more firm-specific questions and a more clear focus of the interviews. Around a week before the interview, the interviewee was also given an explanation of what specific areas that the interview would cover, for them to be prepared for questions regarding the firm's internationalization decisions.

Furthermore, interviews were conducted both in person and online via the use of Zoom and Microsoft Teams. Interviews were made in person to the extent it was possible. This choice was made to reduce the likelihood of connection issues, attention difficulties and loss of non-verbal cues when there was no camera available or when the camera only showed a small portion of the interviewee (Janghorban, Roudsari & Taghipour, 2014). The reasons for why interviews were held online was scheduling difficulties or extensive distance to travel. For all interviews Iphone's voice memo application was used to record the interview. For online interviews both built-in recording tools and the voice memo application were used, and all interviewees agreed to the interview being recorded before the interview started. The interviews were scheduled for 90 minutes while the actual interview duration varied between 60-120 minutes.

At the time of the interview, the interviewees were encouraged to highlight important steps in the firm's international operations. Still, the interviewers had specific topics that needed to be covered (Bell & Bryman, 2011). These main topics of the interviews were based on research drawn from the literature review. Then, as a formality and in order to get a better understanding of the interviewee, the same general questions about the interviewee and their role at the firm were asked. The order of the main topics (location selection, operation mode selection, heritage assets) was of less importance, although the introductory question regarded the firm's international presence today. Thereafter, the interviewers were able to have in-depth discussions about specific examples of the firm's operations, partly led by the interviewer and partly led by the interviewees. The conceptualization of heritage assets as possessing a special meaning for the family highlights the need for probing questions, to enable deeper reflection on part of the interviewee. The ability to deviate from the script was therefore of great importance in the interviews.

3.4 Data Analysis

After collecting primary data through qualitative interviews, the data was transcribed and then analyzed. In order to ease the process of transcription, all interviews were recorded and then transcribed through Microsoft Word's transcription tool. However, all transcriptions were corrected by the researchers by listening to the recording and changing potential faults made by the transcription tool so that all transcriptions truly stated what had been said during the interviews. Based on the transcriptions, the data was coded and then sorted into themes in accordance with a thematic data analysis. The final analytical output was a thematic "map". This section will provide a transparent description of the analytical process, and a motivation for the choice of a thematic analysis.

3.4.1 Thematic Analysis

Thematic analysis is a way of identifying, analyzing and reporting themes of the data, by searching for repeated patterns of meaning across the data set (Braun & Clarke, 2006). A thematic analysis was chosen for this data analysis due to its flexible character, and that it allowed for the theoretical approach this research follows (Braun & Clarke, 2006). The process of the thematic data analysis in this paper was guided by the different phases highlighted by Braun and Clarke (2006).

First, each researcher read the transcriptions of the interviews individually and started to collect ideas. In order for ideas and thoughts to be independent of the specific reading order, each researcher read the transcriptions in a different order. After this, the data was coded in Google Sheets for better overview and structure of the different codes and the text extracts within them. The codes all identified a feature of the data that stemmed from the emerging themes, and were all descriptive from what was said in the interview. For example, this quote: "*And the long-term contacts which can be connected to family businesses and that people do not jump between different departments. There are many people who appreciate that*" was coded to "Customers appreciate long-term stability".

Furthermore, some initial codes were split into several, some individual codes were 'promoted' to subthemes, and some text extracts were sorted into several codes or moved from one code to another (Braun & Clarke, 2013). An example was the code "Connection to Founding Location", which eventually formed a theme of its own as other codes were grouped beneath it. When the process of coding was finalized, the researchers collectively started with a "bird's eye view" of the entire set of codes. The themes were then identified through a theoretical approach to a large extent, as described by Braun and Clarke (2006). The role of theory was to guide the construction of themes to center around the theoretical concept of non-human heritage assets, what these could be and how they are seen in family firms. Further, theory was also used to ensure that themes captured how heritage assets facilitated or constrained location and operation mode choices. The end-result was a thematic-map, consisting of themes and subthemes.

3.5 Method Reflections

The number of family firms interviewed was limited due to the time and resource constraints of the paper. The inclusion of more companies could lead to a greater understanding of the concept of heritage assets and a broader starting point for future research. Another potential limitation is that the majority of the interviewed firms, although unintentionally, were in a high-quality, niche segment of their industries. This may have impacted the results, as this type of family firm has been argued to internationalize under different conditions than other family firms (Forlani, Hennart and Majocchi, 2019)

Furthermore, as previously described in the first chapter, there were delimitations in that the company had to be internationally active. That is, the selected companies needed to have ongoing international sales. By this limitation, there was an assurance that the selected companies had taken the decisions examined in the research question. This meant that companies that had failed their internationalization journey, or had planned but not yet begun it, were not examined in this research. A potential issue is then connected to the lack of selected companies that had experienced overall failure in their internationalization (as in, exits from all foreign markets). Various perspectives on heritage assets discussed in the literature review differ on if heritage assets' contribution to internationalization tends to be positive or negative. Only including family firms that have managed to sustain international operations may angle the paper towards positive perspectives.

The selected interview companies all originate from and are based in Sweden. This means that the generalizability of this research may be affected to only account for the Swedish geographic context. There was no requirement that a selected company had value-adding activities in foreign countries, which is typically a criterion to classify a company as a Multinational Enterprise (MNE). The study thus allowed the inclusion of family MNEs and family "non-MNEs". The generalizability of the research is also limited due to the choice of using purposive sampling. The sampling method does not allow the researcher to generalize the results to a population. Furthermore, in order to increase the transferability of this paper, all methodological decisions taken and methods used have been described in detail. This leads to an increased understanding of the context and why it might be applicable in another context (King & Stahl, 2020).

Another aspect which may have affected the data collection is that both family members and non-family members were interviewed. The data collected from each interview could therefore have been affected by the fact that the interviewees had different experiences of how the decisions were taken, or different insights in what assets actually could be seen as heritage assets (even though this question was not asked point blank). This resulted in interviews being conducted with family members, external managers, and in two cases both within one interview (when it was possible to do so) to increase the authenticity of the paper. Authenticity is concerned with a fair representation of the members of a social setting. Since having interviews with both family members and non-family managers of a single firm was not always possible, the potential interviewee's knowledge and experience of the firm's international operations was prioritized. All of the non-family interviewees had been a part of the company for at least 10 years and they had insights into the dynamics of the family's involvement, including any affection for certain assets. Therefore, the limitation was not as influential as initially thought.

Preferably, all interviews would have been carried out on site. During the interviewing process, it became evident that the conversational aspect of the interview facilitated more in-depth reflection on part of the interviewee when interviewers and interviewee were together. For instance, silence from the interviewers during interviews on location usually prompted the interviewee to explain further, while the effect of a few seconds of silence during online interviews was limited. Moreover, the physical interviews were often longer than their online counterparts (although this was not intended), which also affected the depth of the interviews. In two of the three physical interviews, the interviewers were able to take a tour of the company's premises which also led to a somewhat greater understanding of the operation at site.

Finally, it is important to mention that even though a certain heritage asset was not found to be present in a firm this did not necessarily mean that the heritage asset did not exist in that firm. It could rather be that the indicators for presence of a certain heritage asset were not noticed by the interviewers or even appeared at all during the interview.

3.6 Ethical Considerations

There were certain considerations taken into account to ensure that this study held a high ethical standard throughout.. Firstly, it was important to give the interviewees clear information and to be transparent, to avoid the ethical issue of lack of informed consent (Bell & Bryman, 2011). Secondly, all interviewees and interviewed companies were anonymized by changing their names, not providing more context than needed in certain quotes and not giving unauthorized access to any recordings or transcriptions of the interview. This was done in order to prevent the ethical concern of harm to participants and invasion of privacy (Bell & Bryman, 2011). Lastly, in order to prevent the ethical issue of deception we ensured that all interviewees knew that they were being recorded, and presented the aim of the paper beforehand.

3.7 Chapter Summary

In this chapter, a detailed presentation and discussion was provided of the methodological choices made. First, the tendency towards an inductive research approach was argued to fit the aim of the paper, and the role which theory plays in this research. Then, a qualitative interview research design was chosen because of the need for more qualitative research within the field of family business, as well as due to the need for the concept of heritage assets to be further developed in a qualitative way. The purposive sampling of companies was motivated, and the specific process of finding interview-companies and suitable interviewees was described. The interview design was presented as semi-structured interviews, closer to unstructured than structured. This was argued to be the best solution for the concept of heritage assets. The data analysis followed a thematic analysis process of coding and forming themes. Lastly, there was a methodological reflection where limitations as well as the trustworthiness of the paper was discussed.

4 Analysis and Discussion

This chapter will include a presentation and a discussion of this paper's findings. First, the results will be presented and discussed according to the themes from the thematic analysis. After this, the findings will be discussed in relation to previous research presented in the second chapter of this paper.

4.1 Findings & Analysis

The findings are structured by specific non-human heritage assets which were identified in the firms. The first section on each heritage asset mainly establishes the heritage element of the asset. The heritage element of an asset is the "special meaning" it holds with the owning family, and the paper's findings on each asset make such special meaning more explicit and tangible.

This is followed by the heritage asset's facilitation or constraint on location and operation mode choice. There will be a heading for each choice regarding location and operation mode. Under each heading both the constraining and facilitating effects will be shown in the cases where the paper found any. The section ends with a summary of the key findings.

An introductory clarification to the findings is that heritage assets were presented differently in each of the firms. While a family's strong connection to any asset justified classifying it as a heritage asset, it did not necessarily have an identifiable constraint or facilitation for location and operation mode choice.

4.1.1 Reputation as a Heritage Asset

As presented in the literature review, a heritage asset is an asset perceived as highly valuable and has a special meaning for the family. The firms' reputations as heritage assets could then partly be confirmed by noticing interviewed family members' discussion of the firm's reputation. For instance, family members continuously emphasized the reputation of the firm during interviews. Further, family members viewed protecting the firm's reputation as a reason to pursue non-economic goals, as quotes below will showcase.

As mentioned, a clear majority of the firms emphasized the importance of their long-lasting reputation. They typically viewed their reputation as one of high respect and excellence. One family member had "*always heard that Epsilon almost always builds gold*". Another firm considered themselves to *"have a reputation of being market-leaders in wet processes for starch extraction*". Sometimes, this reputation traveled far: "*if you ask anywhere in the world who makes the best water polo equipment, they'll say it's us*". Another firm also tied such a reputation across borders to their quality niche: "*because we're quite niched, we became pretty famous in Southeast Asia, and today everyone knows who Eta is in Asia*". These quotes illustrate the families' awareness of their firms' reputations, and that their reputation is of such character to differentiate them from other firms.

Many of the firms enjoyed a consistent reputation across generations of family owners. A reputation of being reliable was common, and sometimes reflected in trademarked slogans (*"It lasts*" in one firm, translated here from Swedish, "It" is the firm's products). Efforts to update such slogans in Beta were abandoned, *"Because we've thought that we need to do something new, but each time we've concluded that no, this is who we are"*. In another firm, whose reputation was characterized by reliability, it was also clear that this reputation was not compromisable: *"if we've delivered a poor machine, done a poor job, we make sure to fix that. And that precedes earning money"*.

The firms were aware of their ability to produce other products than their additional assortment, and that demand would exist if they pursued those products. However, family owners of the firms often viewed such potential additions as incompatible with their established reputation. For example, one founder stated that "*the thought has struck us many times, that we would like to sell more swimming lines, but not at the detriment of our brand. We've received requests to manufacture for other brands, but maybe we don't want to do that"*. Similarly, one family CEO noted that they had never taken the mass-market approach, that *"this is a branding issue as well, if you're gonna have one brand, because in that approach you'll need to have two different brands"*. As branding of a firm's products can be seen as a component of firm reputation (the brand concerns reputation among customers), this indicated reluctance by the family to "dilute" the existing brand with new products reflects a strong attachment to their reputation as it is.

Consistently across the firms, the reputation had been built since inception. In some firms, the founders themselves explicitly cared for the firm's reputation, and of such reputation to reflect high quality and reliability. Succeeding family owners interviewed then consistently expressed a desire to nurture that kind of reputation today. As such, this paper classifies the reputation in five of the firms as an heritage asset. It is highly valued by the family and the fact that the firm's reputation guides them in pursuing non-economic objectives reveals a special meaning. "Special", in the sense that it's an asset whose importance goes beyond the pursuit of profit.

4.1.1.1 Effect on Location Choice

Across a majority of firms studied in this paper, a specific reputation was found to be an important heritage asset for the families in question. In two of the firms, whose reputation was deemed to constitute a heritage asset, there was no apparent constraint or facilitation for the location choice. Among the other three firms, the reputation of the firms facilitated the decision to enter certain markets. It is further noted that such a facilitating effect could be tied to a specific location, or that the reputation of the firm and specific products helped in entering new markets more generally. These effects will further be illustrated, contextualized and discussed below.

In three of the firms, the reputation itself facilitated the choice of a certain location by increasing the perceived attractiveness of a specific location. In this way, reputation was not just an input among others into the decision-process, but rather the asset that made the family view a new location choice as favorable. For Eta, a manager described such an instance: *"It was like when we met that guy in India that we tried to work with, they had a Swede living in Vietnam that worked for them. They called him and asked him to look up who was world-leading in starch machinery, because they had no idea. The Swede had a friend in Vietnam that ran a starch business, so he asked him and his friend replied 'that would be Eta in Sweden'. So the reputation spreads if you don't mess up"*. The family firm's reputation facilitated the decision to initiate sales in India. That is, making it easier to choose a specific location. This was also found to be reliant on actively managing, or governing the reputational asset. In several firms, this governance consisted of protecting the reputation, in making sure that the firm *"don't screw up*".

For the same company, another example describes how reputation served as an input to another location choice: *"there was a local supplier from Brazil that had copied our machines. In one factory there, the plant manager showed everyone around and talked of these 'XX' machines. So not only had the local supplier copied the construction, but also the brand or name. So later when we launched at fairs and such in South America we did it under the slogan that 'the original is coming back'. So we presented the founder sort of, we presented the history"*. Here, the firm's historical reputation of their product (XX was the initials of the founder) facilitated the decision to come back to Brazil. Now, the firm proactively manages their reputation, by pushing it as a differentiating aspect of the firm. For the family in charge of the firm, the reputation facilitated the choice by increasing the perceived attractiveness of Brazil and thereby contributing to the selection of that market.

In the case of Alpha, an historical entry into France through a contract with a local distributor gave rise to the term "pain Suedoisè" among consumers. However, unlike the case of Eta's XX machinery in South America, this did not garner a reputation for the firm's specific product. Instead, local bakeries quickly started imitating the product (although *"they're not close to our level of quality")* and the term came to encompass bread from different firms. The company's reputation of high quality did not get established among French end-consumers: *"they wouldn't be able to compare a cheap copy made somewhere in France compared to ours, and our advantages with the investments we've made in sustainability, pure ingredients and all that, they'd never be able to connect that"*. Still, after exiting the market due to a sudden loss in production capacity, a lasting reputation had been built among local producers: *"But we'll go there again and now that we're trying to get back into the country, we're a stamp of quality in B2B. I'm currently sitting down and talking to the largest sandwich producers down in France, it's clear that they have missed our products".* Similarly to Eta's example in Brazil, a lasting reputation abroad increases the perceived feasibility of entering or returning to a specific location.

In Delta, the foundational product developed by the founder quickly built a reputation among potential consumers in the US. There, demand grew on its own: *"at first there were a few swimmers in our club that had them but it spread quickly. Since they were skilled swimmers, a lot of people wanted to wear the same swimming glasses. Back then, Sweden had many swimmers on scholarships in the US, and they brought the glasses over there and this actually spread in only a few years*". As it was for Alpha, the reputation of Delta's product's superior functionality resulted in a specific term for that type of product: "*but when this spread Americans and other nationalities didn't care for pronouncing the swedish name, so they became XX glasses, and that's what they're called to this day [...] And today most manufacturers have XX glasses in their collections. We were unprepared for how popular they'd be"* so *"there was no patent or such"*. The product's reputation has been useful in selling other products in other markets: *"there it is the swimming glasses that open doors*". Here, the family did not actively manage the reputation abroad since it spread on its own, but later regarded it as also facilitating (opening doors) the decision to enter new markets.

4.1.1.2 Effect on Operation Mode Choice

Reputation constrained one firm's perceived available operation modes. For Epsilon, an initially limited dedication to the German market through a strict project-by-project approach led to unintentional reputational damage. German municipalities formed a *"hate Epsilon coalition*", because "*we were too poor in after-sales service. So the municipalities got together in a group, calling each other about this*". Since poor first impressions "*make it very hard to come back*", the firm needed to change its approach, and did so by establishing a better local service function. The firm's effort to restore their reputation created a perceived need to increase their involvement in the market. This in turn led to a constraint on the perceived number of available operation mode choices. In this case, constraining the firm to higher-commitment operation modes. This eventually restored their reputation, and today *"everything is running smoothly"* in the German market.

4.1.2 Founding Location as a Heritage Asset

Four of the companies spoke about a strong family connection towards the founding location of the company. This was seen in a strong long-term relationship towards the location, a wish by the family to remain in the founding village or city, and in pursuing non-economic goals related to the firm's commitment to the founding location. These were all factors which highlighted the founding location as a heritage asset, which will be further presented and discussed in this section. A clarification is that a specific location, such as a village, would not typically be regarded as an asset since it is not controlled or owned by the firm. However, locations are viewed as potential heritage assets in the reviewed literature.

All of the four firms highlighted the historical relationship with their founding location, and was most explicitly stated by Gamma: "*We believe that the anchoring to this location is important with regards to historical reasons"*. One firm was named after the village it was founded in. Furthermore, in three companies, initial headquarters or buildings were still in the founders' possession and also used as a part of the current operations, for example in Zeta*:* "*It was the founding couple who lived here, where we are today. That farm is still owned by the family and connected to the company".*

Two of the firms, Alpha and Zeta, highlighted a wish from the family to keep their main production/operations at the founding location. From Alpha's perspective this was seen *"when the CEO after a few hours announced that we were going to build a new production facility in the village, and I do not believe that many other firms would have done that: they would probably have moved the production to another city closer to the market, to perhaps earn a few extra kronor. However, that's not of interest to us since we want to create work opportunities here in northern Sweden* ". Hence, creating work opportunities in their local area was more important than the potential extra earnings of moving the production, which demonstrates the family's strong commitment to the founding village.

Zeta highlighted that "*we have also built up a great experience and knowledge-base here which is not easy to just start up somewhere else*", meaning that the built-up resources at the founding location is also a factor which contributes to the connection to the founding location. Delta further spoke about an expansion at the founding location: "*Then we bought the property on the other side, [...] we did not really need it, but we felt like, oh this opportunity will not come back, and if we would need more space in the future then we won't have this opportunity"*, which highlights a long-term intention to remain in their founding location, since additional property was purchased just because the opportunity to do so could disappear later on. Commitment to the founding location thus included acting on a non-economic goal, since this was an investment in property with (at the time) no economic use.

Furthermore, in Delta the connection to the founding location was seen in the way that they wanted to support local businesses and have a local 'perspective': "*Then we have also had a local mind-set in a way, where it's been obvious to support other companies in the local village".* The connection to the founding location therefore also shows in the way that the company supports other firms within the local area.

4.1.2.1 Effect on Operation Mode Choice

The connection to the founding location constrained the perceived operation mode choices for two of the firms. Their decision to retain production facilities in the founding location and surrounding area limited foreign production, and therefore constrained the possibility to choose certain operation modes abroad.

In Zeta's case, the decision to keep production at the founding location was taken even though external managers had raised the potential opportunities and benefits of moving the production towards additional locations in Europe. This was expressed as: "*However, what can be said is that the owners are more clear in what they want, to keep it here, to safeguard the competence here. We in the management team would probably like to see that we broaden ourselves a bit, and are a bit more flexible in Europe, and perhaps be more efficient since we are producing fairly big things, and transporting becomes a niche. We are not located completely central in Europe, if we put it that way, up here"*. However, the family had clear wishes to keep production in the local area, thereby excluding from their consideration potential operation mode choices in foreign markets that would involve production. The founding location as a heritage asset therefore constrained one of the firm's perceived operation mode choices.

In their decision to keep production in the founding village, Alpha, like Zeta, constrained the perceived foreign operation mode choices available to them. This decision further increased Alpha's perceived need for a local distributor, as described: *"the common advantage of a local producer, if we stick to the example of France, is that a local producer would never have to go through a distributor. We would often need to do that, and that is where pricing is destroyed"*. Hence, strong commitment to the founding location constrained the range of operation modes considered by the firm, to those that involve a foreign distributor. It was a perceived constraint as the firm eventually settled for another operation mode without the involvement of a distributor. As section 4.1.1.1 details, they eventually realized that they could change operation mode by entering direct negotiations with local sandwich producers.

4.1.3 Networks as Heritage Assets

Five of the firms highlighted the importance of relationships and partnerships, and emphasized the owning family's role in maintaining and developing these networks. It is important to distinguish between 'ordinary' business relationships and networks, and those which the owning family has an important role in developing and maintaining. It is these latter relationships that can be classified as heritage assets in their own right. This was because the family itself felt strongly connected to these relationships and networks. The type of network or relationship that were typically viewed by the firm as especially important or foundational to the firm's success was those that had been in place for a long time, where the other part was a family firm themselves, and/or were characterized by personal rather than formal ties. Therefore, such networks are seen as a heritage asset in these firms.

In four of the firms, family members set the standard on how to treat stakeholders and the importance of building and maintaining relationships. In Zeta, the relationships between the firm and their business-partners was described as "*moving more towards friendly than business-related in many cases"*, in that it was not unusual that distributors called the family members to "*chitchat*". These friend-like relationships could also be found in Beta and Delta. Furthermore, Eta highlighted the work to maintain the networks within the family: "*he (the family CEO) has tried to build it up, and let it (networks) pass down to his sons as well"*. It was important to maintain the relationship to pass down to the next generation in the family.

Strong relationships with clients were in this way often characterized by family involvement. A majority of the firms did a lot of business with other family businesses. Epsilon described a particular type of relation they embraced: *"As a family firm we have often worked with a father-daughter who are rather close to our family, and that runs it in a similar 'familiar' way"*. In Eta's case, "*many of the customers are also family firms. They are rarely big, publicly listed companies, and even if they are publicly listed, there is probably a bigger family as the main owne*r". Both of these firms described such characteristics of some customers or partners as a positive attribute. In some instances, strong ties the family had built abroad, made the exit of partnerships difficult. For Eta, " *it was a tough and hard decision to make, especially for the family CEO who had built such a long relationship. But we were told by our customers that it didn't work, and we couldn't reach certain customers because of how our agent acted"*.

4.1.3.1 Effect on Location Choice

In three of the interviewed companies, the family's relationships have been a determining factor of whether or not they enter a certain market. Similar to reputation's facilitation of the choice of location, networks facilitated the choice to enter certain locations, where the family's network ties were strong and personal, rather than 'mere' business relationships. Similar to reputation it also made a certain location choice appear more attractive and feasible.

In three of the companies, networks facilitated and enabled the choice of entry into certain locations. For Eta, relationships have been an important determining factor for many of their international expansions. In South America, *"it all started with a Paraguayan company that visited us and bought some things. Later, the family CEO also came in contact with a German that he had worked with during the 80s that lived in Brazil, and that's how he got in touch with Brazil"*. Eta already had their eyes on South America, and the family CEO's contact with the German facilitated their decision to choose Brazil specifically.

Delta is another example of where the founders' historical connections facilitated the choice to expand to a particular location, *"But before that you had the opportunity to* *deliver the product in 1978 to the world cup in Berlin and 1980 to the olympic games in Moscow, so you had many competitions previous to that, which you got the opportunity to deliver to. That was completely through the contacts which you had through swimming"*. Another example of this is shown in Epsilon's location choice of China: "*That was actually through an old classmate of mine from Lund. He had a company which his father co-owned with a Chinese person"*, however this location choice came with challenges: "*it wasn't a fun project. Just the shipping costs one million, so it was like 'oh'. Then luckily enough it was on the customer"*. In all three firms, their pre-existing personal networks facilitated the choice of a specific location.

4.1.3.2 Effect on Operation Mode Choice

Network as heritage assets facilitated the operation mode choice for four of the firms, in that networks opened up new perceived possibilities for specific operation modes. In one of these firms, a strong network relationship also constrained the firm's perceived possibilities to change operation mode.

In three cases, relationships opened up the perceived possibilities for the companies to pursue a certain type of operation mode, especially foreign acquisitions and joint ventures from old networks. For Beta, the long-standing relationships with the agents they had worked with enabled them to start their own subsidiaries in the Nordics: *"We had worked with the agents for a very long time, and the owners started to get old and needed to do something with the firm. That's when it was time for us to go in and take over and do it under our own brand"*. A long-term relationship with their agent therefore facilitated the choice of a foreign acquisition.

Another way this was seen was in an example with Eta's subsidiary in Brazil, which was possible thanks to one of their long-term contacts, and the network that he possessed in Brazil, "*And it was with him and the network he had when we started Eta Brazil and established the company. [...] It is like what Interviewee 2 said, it's about personal contact, networks and a bit of coincidences*". The choice to set up a foreign subsidiary was therefore facilitated by the family's personal contact.

This facilitation of the choice of operation mode was also seen in Delta, *"In Estonia there was a former swimmer that had started within this industry and then they were building some big swimming facility outside an Estonian city. Anyway, he then made it so that we could deliver a lot there. He himself had a hand in that business. Then we* *started a company together with him, but that did not amount to anything but rather died out, kind of"*. Once again, a founder's personal relationship, at first independent from the firm, made the firm feel more secure in starting a high-commitment operation mode such as a joint venture. Thereby the personal relationship facilitated a specific operation mode abroad. The personal aspect of the relationship with the joint venture partner did not prevent the venture from failing however.

Another example of a struggling partnership was seen in an agent relationship Eta had. The strong, personal relationship between the family and their agent in Thailand became a hindrance when the firm realized that the agent did not deliver anymore. The lacking competence of the agent was further highlighted by Eta's customers; "*customers that said no, this doesn't work"* , and Eta came to the conclusion that they needed to switch their agent. Ending the close relationship was "*like ending a marriage*" and "*a process of 3-4 years"*. Hence, the strong relationship first had a constraining effect on the firm's operation mode choice, in that it took a long time and became a difficult decision to make. However, this experience did not hinder personal networks from facilitating the following operation mode choice. Eta changed agent to "*an old employee of our former agent. We knew him personally"*. After this, they realized that they "*needed to get closer towards our customers*" in their biggest market, and set up a subsidiary in Thailand.

4.1.4 Family Culture as Heritage Asset

The culture of all firms has been shaped by the presence of family in management positions, founders, and family owners. Culture as a collective term for this group of heritage assets was employed to highlight the core similarity between the firms' differing heritage assets within this area. This similarity was each firm's organization-wide, shared belief that some process or practice constituted 'good practice', which needed to be preserved. Culture acts as an umbrella term for these heritage assets. The idiosyncrasies of the firms' cultures meant that heritage assets in any individual firm's shared values, beliefs, practices or processes presented themselves differently. Across firms, it was consistently emphasized that the families' cultures and 'ways of doing things' needed to be preserved, which was the most important factor for being identified as a heritage asset.

Firstly, the high influence of the family owners' beliefs had effects on the financing of one of the firms. Gamma noted: "*We make investments, but without borrowing from banks. And that's because my father, during the crisis in the 90s, when things were* *about to go wrong, he took the decision to work towards being completely debt-free*. *But according to theory this wouldn't be the best choice, if we're talking leverage effects, of course you could take on more risk"*. The historical set-backs experienced during one family member's time in charge set the boundaries of the firm's financial choices for a long time, and ensured that the firm is cautious if/when taking on external financing in the future.

Secondly, in some of the companies, the family's way of historically leading the firm resulted in an informal and closely knitted organization. In Zeta, previous generations in charge highly favored such an approach, and this colors the organization as it changes: *"Another component is the short path, which becomes more and more difficult. Previously, the owners were out and about frequently, meeting with both farmers and our sales people. They traveled around and were sort of friends with everyone. While that's more difficult now, we need to keep working in that way and it has been part of my strategy as I reorganize the sales division"*. This closeness between the employees and owners was expressed as a clear advantage in this firm. The firm emphasized the informal element as a unique part of the company, noting for instance that *"many decisions can I probably say, are more based on feeling from what the owners want and think, rather than fact-based."*, in the sense that "*'this feels right, let us do it', even if not all facts are there yet, on paper"*.

Alpha further showcases a closely knitted relationship towards the owning family, and a strong culture which "*is not just words on a coffee cup, it truly means something in reality*". The owning family is described as "*a lovely owner family, allowing us to work in the long-term*", and to have "*a lot of courage, they are ready to invest*" and a "*belief in their employees*". The owners are well aware that there is a *"sense of pride among our bakers baking bread in the village, that there's people in France or England or Norway eating it. [...] and you shouldnt belittle that, because it is important with such goals"*. A long-term oriented way of doing things can further be seen in a majority of the firms, expressing it as an advantage from being a family firm, exemplified by Beta tracing their main advantage in warehouse interiors to "*lengthy experience, gradually built knowledge, and that we're such a stable company*" because customers ``want *to know that they can continue with additional complements in 5-10 years as well*".

4.1.4.1 No Distinct Effect on Location and Operation Mode Choice

The heritage asset of a family's culture or of elements in that culture were not seen to facilitate or constrain neither location nor operation mode choices. The previously presented cultural aspects of the firms were not highlighted as a factor in specific internationalization decisions. Long-term orientation was the only factor noted to affect the outcome of a certain location or operation mode choice, but not facilitating or constraining the choice itself, in four firms.

4.1.5 Summary of Findings

In order to get a clearer view of the results presented, this section will offer a summary of the heritage assets identified and which choices they either constrained or facilitated. A very broad summary can be found in Table 2 below.

Table 4.1 - Summary of findings

Heritage Asset	***Companies where the heritage asset was present***	***Companies in which the heritage asset facilitated or constrained location choices***	***Companies in which the heritage asset facilitated or constrained operation mode choices***
Reputation	Alpha, Delta, Epsilon, Zeta, Eta	Alpha, Delta, Eta	Alpha Epsilon Zeta
Founding Location	Alpha, Gamma, Delta, Zeta	No clear effect	Alpha, Zeta
Networks	Beta, Delta, Epsilon, Zeta, Eta	Delta, Epsilon, Zeta, Eta	Beta, Delta, Epsilon, Zeta, Eta
Family Culture	Alpha, Beta, Gamma, Delta, Epsilon, Zeta, Eta	No clear effect	No clear effect

Reputation as a heritage asset was found in five firms. This heritage asset facilitated three of these firm's location choices, in that the families viewed locations where their reputation was strong or could be transferred as attractive. For one firm, their reputation constrained the operation mode choice to higher commitment operation modes.

Four firms were seen to have their founding location as a heritage asset. The findings established that two firms' connection to their founding locations did constrain their operation mode choices, due to the commitment of keeping production in the founding village. For one firm, this was amid external management's suggestion to move some production to other countries. Operation modes such as licensing were nevertheless excluded and foreign subsidiaries were restricted to a sales function. Elsewhere, the constraining effect of a firm's connection to its founding location was to limit the perceived range of possible operation mode choices to contractual agreements with one type of distributor. Meanwhile, there was no clear relation between this heritage asset and firms' location choices.

Networks were found to be a heritage asset for five firms, and either facilitated or constrained, at some level, all of these firms in both location and operation mode choices. Networks facilitated certain location choices where there were already established personal relationships. In operation mode choice, networks had both constrained the perceived operation mode choices and facilitated the decision to choose certain operation modes. In four firms it facilitated the choice to acquire foreign businesses or enter into a joint venture, and in one firm it constrained them in their perceived possibilities to change operation mode.

Different heritage assets came from the family's high influence on the culture in the firm, which led to certain processes, values and the culture itself being classified as heritage assets. All of the interviewed firms showcased at least one heritage asset connected to this theme. However, this heritage asset was not seen to facilitate or constrain any of the firm's location or operation mode choices.

4.2 Discussion

This paper's general findings was that non-human heritage assets are present in family firms and that they can both facilitate and constrain location and operation mode choices. An ambition of this study was to more concretely investigate specific non-human heritage assets than what conceptual papers on the concept have been able to. Hence, most of the discussion tackles the nuance in findings rather than strictly test how well findings align with extant research.

4.2.1 Heritage Assets

This paper found empirical evidence for the concept of non-human heritage assets in family firms. All firms expressed a strong family connection to certain non-human assets. This study identified four assets; reputation, founding location, networks and family culture, that had a "special meaning" (Kano & Verbeke, 2018) for the owning families' in some or all of the firms. The paper notes that there are no established criteria or strong guidelines in extant research to evaluate this "special meaning" that characterize heritage assets. Therefore, this paper's classification of four assets as heritage assets needs further discussion.

A building block of the special meaning between each of the four assets and the family owners and managers was the long-term presence of the asset in the firm. For example, the reputation of the firms was built since the firms' inception. If the firm's reputation was such that it signaled reliability from the start, the firm stuck with that kind of a reputation throughout the years and generations. This long-term commitment to assets such as reputation and founding location did not come without tensions, as seen in Zeta's thoughts on moving production from the founding location, or Beta's wish to switch slogans. However, such tensions were resolved by returning to the 'original state' of the asset, that is keeping production at the founding location and keeping the original slogan. Such occurrences gave insight into the conceptual "special meaning" of heritage assets (Kano & Verbeke, 2018). They begin to make it more tangible by signaling that the special meaning a family holds for some of the firm's assets consists of a family's strong sense of commitment toward these parts of the firm.

A strong family commitment towards firm reputation and founding location presented itself in the pursuit of non-economic goals tied to these assets. A family's wish to create more job opportunities in the founding location, and a family embracing a service-level high enough to maintain their reputation rather than maximizing profits, were examples of goals relating to certain assets which showcased this strong commitment. This perspective on the "special meaning" of heritage assets, as composed of a strong and long-term commitment to an asset, allowing for direct pursuit of non-economic goals tied to it, is based on this paper's empirical inquiry rather than the extant research that underpins it. Thereby, this paper's results give a new perspective on identifying non-human heritage assets.

For the heritage assets of networks and family culture, the family's strong and long-term commitment was different. There was no found pursuit of non-economic goals tied to these two heritage assets. However, both networks and the family culture are directly derived from the family in these firms. The family is highly involved in creating and maintaining the firm's networks, on a personal level. Family culture, as it permeates the family firm, is directly derived from the family's personal involvement and influence. The "special meaning" of these assets is then the unique personal connection they hold with the family, from the moment they are created. Meanwhile, the pursuit of non-economic goals creates such a personal connection between family members and the already existing firm reputation and founding location. Concludingly, the "special meaning" towards the heritage assets could be seen in different ways.

4.2.2. Heritage Assets Constrain Location and Operation Mode Choices

The paper identified four heritage assets and has argued for what these assets' special meaning for the family consist of. This was a necessary step to better understand how these assets potentially facilitated or constrained the family firm's location and operation mode choices. This section will discuss findings on heritage assets' constraining effect, and the next section will discuss the facilitative effect. A constraint on the location choices of a family firm would concretely mean that the family perceives only a limited range of locations as feasible or attractive target markets, and that this perceived limitation of candidate locations is due to a heritage asset and the special meaning it holds with the family. Similarly, a constraint on the operation mode choices means that a heritage asset and the special meaning it holds with the family limits the range of modes that are perceived as feasible or attractive.

This kind of constraining effect among the family firms was concretely only found in operation mode choices, linked to the heritage assets of founding location, reputation, and networks. An especially strong commitment to the founding location was seen in two family firms, and in both instances constrained the number of operation modes perceived as pursuable in foreign markets. Both of the owning families in Zeta and Alpha were strongly committed to keep production in the founding village, despite both firms' awareness that costs could be reduced by moving some or all production elsewhere in the country and abroad. It constrained the number of operation modes perceived as available in foreign markets; to sales subsidiaries for Zeta and contractual distribution agreements for Alpha.

Neither of these choices were optimal from an efficiency-based view, in the sense that costs were slightly higher than they would be if some production was moved to foreign locations, with resulting changes of operation mode. These two findings then suggest that affection-based decision-making is present in some family firms (Kano & Verbeke, 2018). More importantly, they suggest that such affection-based decision-making takes place in order to maintain the role of an heritage asset in the family firm. For Alpha and Zeta, not moving some production from the founding location is an affection-based decision that makes sure that the role of the founding location for the firm remains constant. This also resonates with Kano and Verbeke's (2018) argument that such affection-based decision-making is more pronounced in family firms' international operations. Affection-based decisions to keep production in the founding village makes as much sense as any other decision, even from a strict efficiency perspective, if production only serves the domestic market. In the domestic market, cost disadvantages did not arise by keeping production in the village for the two firms.

That some heritage assets constrain the firm's perceived number of operation modes to choose between, to those that "allow" the role of the heritage asset in the firm to remain constant, could be viewed as an expression of bifurcation bias. Affection-based decision-making underpinned by the strong commitment to the founding location points in that direction (Kano & Verbeke, 2018). However, while a strong preference for those operation modes that align with keeping production in the founding village constraints operation mode choice, it is a subjective matter of judgment to call it a "dysfunctional decision rule" (Kano, Johnston & Verbeke, 2021) which bifurcation bias consists of. This paper would argue this to be a problematic aspect of the bifurcation bias concept. The proposed "dysfunctionality" refers to decisions deviating from efficiency considerations, but the non-economic goals previously discussed suggests that a family firm may view such a decision-rule as functional.

As for reputation and networks, these heritage assets constrained operation mode choices when they became a liability to two firms' foreign operations. A threat to Epsilon's reputation, and Eta's network relations who did not perform according to the customers' needs, led both firms to re-evaluate their current operation modes. However, while the threat to Epsilon's reputation constrained them to a higher-commitment operation mode which became an easy decision to make, this was not the case for Eta. Here, the constraining effect that pushed a specific operation mode change, also threatened the heritage network asset, leading to a lengthy decision-making process. For Epsilon, the constraining effect of the harmed reputation pushed an operation mode that restored the heritage asset to its original role in the firm. The decision to change operation mode was then quickly made. For Eta', the constraining effect of the underperforming partner pushed for an operation mode that would eradicate the role of this heritage asset entirely. Eta now perceived it as necessary to change to an operation mode that would end the long-standing network relation.

The constraining effect for these two firms thus led to different types and speed of action, based on whether or not the constraining effect left them with operation mode alternatives that changed the role of the heritage asset. One, leads to a quick, efficiency-driven decision, and the other one leads to a long, affect-based process (Kano & Verbeke, 2018).

4.2.3 Heritage Assets Facilitate Location and Operation Mode Choices

In this paper networks have been found to have facilitated the choice of certain locations and operation modes. The facilitating effect on the choice of location will be discussed in the paragraphs below. Generally, the family's own networks have been used to access new markets and as "springboards" to increase the commitment in operation modes. This is best exemplified by Delta's founder's personal relationship, which was established before the firm's founding. The founders brought this relationship into the company's operations, and it later facilitated initial entry into Estonia and the launch of a joint venture.

For this firm, one single family relationship facilitated both a location choice and a later, related operation mode choice. This is well in line with Ciravegna, Kano and Rattalino's (2021) perspective on family-unique resources, such as a founder's relationship, which in turn can become family-derived firm-specific advantages as the family utilizes them in operations, first domestically and then abroad. However, Ciravegna, Kano and Rattalino (2021) points out that this kind of process necessitates the use of "complementary resources": that the specific relationship facilitates the choice of both a location and an operation mode should not be viewed in isolation. As Delta's Estonian joint venture did not succeed, the next paragraph will take a closer look at family firms' treatment of heritage assets vis-a-vis complementary resources (non-heritage assets) and how this relates to the facilitating effect of both networks and reputation.

Furthermore, both networks and reputation as heritage assets similarly facilitated the choice for certain firms regarding operation mode and location. For the heritage asset networks it facilitated a choice to expand to a certain location in which the family's network ties were strong and personal. Such networks in certain locations made them appear more attractive and feasible. It was similarly found that a pre-existing reputation of the same kind as that in the domestic market facilitated the choice of location. If the firm acknowledged that they had a reputation in a certain market it increased the perceived attractiveness of that market and hence facilitated the decision to expand to it. However, in some cases the choice to expand to a certain location due to either reputation or network ended up in failure. Why was this the case?

One suggested explanation is that the firm's high valuation and confidence in certain heritage assets in a market undermines their perceived need to conduct proper due diligence there. The presence of reputation or networks in a certain market would lead to a firm subconsciously ignoring cues that might favor an expansion elsewhere (Kano & Verbeke, 2018). In this paper an example of this mechanism was noted when Epsilon entered China. They managed to expand into the Chinese market through networks. However, the experience was negative, and extremely high shipping costs were unexpected by the firm. This might indicate that the presence of the family's network in China overrode other factors that should have been considered before entering the market.

There was a similar occurrence for Delta as they expanded into the U.S. In this case it was the reputation that facilitated the decision to enter that market, but they were unprepared on the popularity that the product would achieve and did not consider the need for patents. This can also be an indication that factors such as IP rights have been overrode by the presence of reputation in a certain market. This is similar to the *quality of life* seeking motive which was presented by Kano and Verbeke (2018). The *quality of life* seeking motive refers to internationalization decisions driven by the presence of family networks in a potential host market. It becomes dysfunctional when this factor overrides other factors to consider when entering a market.

The heritage assets on their own might amplify the positive aspects of expanding into a certain market. However, the mechanism found in this paper which was likened with the *quality of life* seeking motive by Kano and Verbeke (2018) can help explain an opposite effect as well. This mechanism also reduced the perceived negative aspects of certain location choices since the firm's affected by this would not make proper efficiency considerations and due diligence. By reducing the perceived negative aspects of a certain choice it would become relatively more attractive, facilitating the decision to choose that particular location. Important to note is that this mechanism might be present both in firms that have had a successful outcome of their location choice and be absent in firms that have had an unsuccessful outcome of an expansion to a particular market.

4.2.4 Internationalization Decisions' Effect on Heritage Assets

The discussion concludes by highlighting a finding that hasn't been accounted for in extant research on heritage assets. The analysis revealed that some heritage assets were amplified abroad, and in some cases created in foreign markets. In most instances, these were tied to a specific foreign location. It was rare, but pursuing foreign markets and establishing an operation abroad could also strengthen the heritage status of existing assets in the home country. This illustrates a previously ignored possibility, that family firms' internationalization may affect their heritage assets, rather than heritage assets only facilitating or constraining internationalization.

In one firm, establishing exports and selling their products in other European markets created a strong sense of pride among the employees in the local village. As such, a larger part of the organization felt attached to the reputation of the firm and its products. And among the family and management, this helped nurture the strong connection to the founding location even more, in that they specifically emphasized the importance of creating such an emotion among local employees. Among other heritage assets, this reverse effect was found in networks and relationships. One company (Eta) increased their network during their expansion to a foreign market. This expanded network later became highly valued and resulted in a long-term relationship between the families of the firm and the foreign partner firm, constituting an heritage asset in its own right.

While initial location choices and market entries are thus capable of affecting heritage assets, the relationship between internationalization and heritage assets may also include a process dimension. An initial location choice that is facilitated by existing, domestic heritage assets begins this process. After market entry is achieved through a certain operation mode, continued presence in this market can impact these very same heritage assets. Either that these assets' special meaning with the firm is affected or that the assets themselves are augmented. Continued presence can also lead to new heritage assets bound to that foreign location. What makes it a process is that these location-tied, recently created heritage assets, and/or the domestic heritage assets that were impacted by firm presence in the foreign location, facilitates the firm to more strongly commit to that location (effect on operation mode) or facilitates entry to similar locations.

4.3 Chapter Summary

This section has presented all emerged themes and subthemes from the thematic analysis. The themes which emerged stemmed from the firms' non-human heritage assets. These were the firm's founding location, firm reputation, networks, and specific practices and values within the firm culture. The sub-themes consisted of these specific heritage assets' facilitation or constraining effect on location and operation mode choices. After this, the results were discussed in relation to previous literature presented in the second chapter of this thesis.

5 Conclusion

This conclusion will firstly present the key findings of this paper. Then it will restate the aim of this paper and describe how this research has contributed towards the previously presented research gaps. Lastly, practical implications are presented as well as suggestions for future research.

5.1 Key Findings

First, this paper found that some non-human assets in family firms had a special meaning for the families. A long-term commitment to such assets by the family, a pursuit of non-economic goals tied to such assets, and a desire to keep such assets' role in the firm constant, were found to be indicators of this special meaning. Hence, the study provides empirical support for the concept of non-human heritage assets, as well as empirical perspectives on the "special meaning" towards these assets. The non-human heritage assets identified were networks, the firm's founding location, reputation and firm’s culture. The paper also found that family firms differ in what heritage assets they possess.

Second, these heritage assets had a constraining and facilitative effect on both location choice and operation mode choice in the family firm’s expansion to foreign markets. The effect of non-human heritage assets’ on firms’ location choices took several forms. Some locations were favored as potential markets to enter because of the firm's perceived and/or actual ability to transfer their heritage asset(s) to these locations. Further, specific locations were favored because the firm’s presence there was deemed compatible with upholding the family’s meaningful relation with their heritage assets. By contrast, some locations were excluded as potential markets because of the perceived and/or actual inability to transfer the firm’s heritage asset(s) or because they were deemed incompatible with upholding such a relation between family and heritage asset.

Thirdly, these heritage assets’ effect on operation mode choices similarly consisted of making the family view certain operation modes as more favorable than others. In other words constraining or facilitating their perceived number of available operation mode choices. It was mainly the potential operation mode’s perceived compatibility with upholding the family’s relation of meaning with their heritage asset(s) that led to such an effect. Specifically, a contributing reason for choosing an operation mode was to protect and nurture certain heritage assets such as a reputation or long-standing relationship.

5.2 Research Aim

Based on the key findings presented above, this paper has now contributed a new perspective on how heritage assets present themselves in family firms and how they may constrain or facilitate certain internationalization decisions, as were the aims of this paper. As the concept of non-human heritage assets was previously only theoretical, this research has provided an empirical insight into this concept. In reaching such insight, the paper both supports and adds on to previous conceptualization of non-human heritage assets. Furthermore, whether heritage assets facilitate or constrain location choice and operation mode choice has also only been conceptualized in theory, and the key findings of this paper offers an empirical view of how they may actually do so. Finally, this paper has, by providing further understanding of the concept of heritage assets, contributed to the family firm heterogeneity literature. Family firms differ in what heritage assets they possess, and this consequently means that they differ in how some internationalization decisions are facilitated or constrained.

5.3 Practical Contributions

This paper has contributed with insights in how non-human heritage assets may present themselves in a family firm. An empirically derived understanding of the concept can help managers within family firms to locate these assets, and better understand how they impact operations through the meaning that they hold with the family. Family firms can also gain a better understanding how their heritage assets either constrain or facilitate their location and operation mode choices. This can further help family firms work against constraints such as bifurcation bias, and that internationalization decisions are not taken on a purely affectionate basis, in order to have more successful internationalization ventures. This paper makes explicit an aspect of the family firm which family managers may not have considered previously, or have taken for granted.

5.4 Suggestions for Future Research

There is a need for more research in the area of non-human heritage assets. As this research was one of the first empirical papers to address the concept of non-human heritage assets, this paper is merely a starting point.

The identified non-human heritage assets of this research were networks, the firm's founding location, a reputation of high quality and finally specific practices and values within the firm's culture. Three of these were seen to facilitate or constrain either location choice, operation mode choice, or both. One way to gain a greater understanding of each of these assets' facilitation or constraint on their choices, would be to look deeper into one specific non-human heritage asset, and look at their specific effect on internationalization decisions. Studies could include deeper consideration of the efficiency in outcomes of internationalization decisions affected by that heritage asset. This would lead to a more detailed and in-depth analysis of a singular non-human heritage asset, which this research did not prioritize. Nor did it prioritize an understanding of whether or not specific non-human heritage assets' facilitation or constraint on internationalization decisions typically led to successful or poor outcomes.

A next step for the research on non-human heritage assets would be to produce more generalisable findings through quantitative research. Quantitative surveys are a logical step. In order to address the concept of heritage assets, the central issue in survey-research would be to uncover assets with a special meaning for the family, which is only possible with the survey's standardized questions if they're carefully constructed. To be able to capture the concept of non-human heritage assets, questions should center on what assets are important to maintain in internationalization. More specifically on what assets are important to either transfer or preserve regardless of specific markets or operation modes a firm can choose between. A survey built around such a question could efficiently investigate internationalization and detection of heritage assets simultaneously. Those assets which must be "constant" in the eyes of the family, as the firm expands, likely hold a special meaning with the family as well. Furthermore, since this research only focused on Swedish family firms, one way to further strengthen the results from this research would be to make a similar study for family firms in other countries.

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