Creating Social Reciprocity – The Role of Trust Network Reproduction and Social Learning

Evidence from a Medium-Sized Family Firm in Germany

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List of Abbreviations

CSR   Corporate Social Responsibility

e.g.   for example

i.e.   this is to say

SME   Small to Medium Sized Enterprise

ROA   Return on Assets

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Foreword and Acknowledgements

The development of this thesis, although sometimes challenging, has been an overall enriching experience. It is, hopefully, the beginning of an exciting and fulfilling scholarly career. The past years have not only been a journey of academic but also personal development. Starting this journey, as a finance graduate brought up in a positivistic research environment, I have learned that there are many different ways to conceive the world and the craft of science. I hope I can and will be respectful and appreciative of all these different philosophical and methodological approaches.

This thesis could not have been developed without the support of a number of people. First and foremost, of course, my director of studies, Prof. Simon Gao and, my supervisor Dr. Brian Windram deserve my heartfelt gratitude for supporting and guiding me on this journey. Also, the support of the whole team at Edinburgh Napier University, academic and administrative, shall not be forgotten. A warm thanks to my fellow PhD students at ENU; I could always count on your support.

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Abstract

This research introduces a framework for explaining why managing family members create a shared understanding of caring and being cared for with their nonfamily employees, called 'Social Reciprocity'. Applying an embedded case study design, using grounded theory method, this research adds to the understanding of the social mechanisms of internal stakeholder management in family firms, which have been largely ignored. The emergent framework proposes that the ability of family members to build trusting relationships with employees, based on cognitive and affective trusts contributes to the creation of social reciprocity.

Affective trust, in particular, has a direct and moderating role in the creation of social reciprocity on emotional and instrumental level. The moderating role of affective trust is considered a valuable finding; since it emphasizes the role of trust as a meta theoretical concept. The developed framework suggests that affective trust initiates a social learning process that leads to a positive attribution bias, i.e. an automatic positive attribution of managing family members' actions as being based in benevolence and genuine care.

Furthermore, social learning in the form of trust network reproduction emerges as contributory to the diffusion of social reciprocity to lower hierarchical levels. Analysis of data demonstrates that employees with little direct interactions with managing family members develop trusted weak ties to managing family members, with similar levels of cognitive and affective trust. This finding is particularly valuable as it challenges traditional network theory, which argues for frequent personal interaction to be necessary in creating trust ties.

This thesis contributes to theoretical and methodological knowledge in several ways. First, it advances understanding of the social dynamics and mechanisms of internal stakeholder engagement in and SME family firm context. Second, the developed framework demonstrates the importance that concepts form multiple disciplines such as psychology, social psychology and sociology have on the development of theories in management research. Third, trust network reproduction and upper network stability emerged as causal mechanisms of potentially meta theoretical value that may have applicability on a wider range of topics in management research. Lastly, this thesis demonstrates the value of grounded theory in developing theory in management research.

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1. Introduction

This thesis contributes to theoretical and practical knowledge by explaining why a medium-sized, private family firm is able to create a shared feeling of caring and being cared for with its employees; what will be termed social reciprocity. This is important as it provides a deeper understanding of the inner workings and social dynamics of family firms, particularly with respect to internal stakeholder engagement, where there is limited understanding of the relationship processes leading to social reciprocity between managing family and nonfamily employees. This work found that the development of trusting ties, based on cognitive, and especially affective, levels of trust between managing family members and nonfamily members is crucial to the development of social reciprocity. Diffusing social reciprocity throughout the business is achieved by social learning of trust in managing family-nonfamily employee relationships and its reproduction in collegial relationships. As such, employees with limited first-hand interactional experience develop trusting weak ties to the managing family and a positive attribution of intent, based on benevolence and care, of the managing family's actions.

This chapter is structured as follows. First, the development of the major research aims and why it is valuable to address them is discussed. Next, the research methodology is introduced and an explanation of why a grounded theory approach seems to be especially valuable will be provided. Third, the research contribution will be explained, including its potential for meta theory. This is followed by the definition of relevant themes, including medium-sized firm, family firm, trust and social learning. Fifth, the case company, including a description of the business and family, will be introduced. Finally, a brief

description of different research methods and data collection is provided, before the structure of the thesis is summarised.

1.1. Research Aims

This research has three broad aims:

I. Explore why a shared understanding and perception of caring and being cared for[1] is created between managing family members and nonfamily members and along what dimensions it is established;

II. Explore the structural and emotional dimensions of relationships among organisational members such as managing family and employees as well as among employees;

III. Explore how diffusion from upper to lower levels is achieved.

Addressing these aims is important for three reasons. First, current research is missing an in-depth understanding of the inner-workings, social processes and social mechanisms of family firms (Stokes & Blackburn, 2002; Blackburn & Kovalainen, 2009; Strike, 2013; Erdem & Atsan, 2015). This is particularly so with respect to relational processes of internal stakeholder engagement. There is no knowledge on why some family firms are able to create a feeling of caring for nonfamily employees, while others struggle to do so. Arguing that family firms also pursue nonfinancial, socioemotional wealth goals, theorising on internal stakeholder engagement has thus far mostly focussed on behavioural and motivational aspects of the managing family. As such,

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1 Social reciprocity is the code that was developed to describe the shared perception of care and being cared for between managing family and nonfamily members. It will be used throughout the thesis when referring to this phenomenon.

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researchers have investigated how socioemotional wealth goals impact the managing family's motivations to engage with stakeholders and how these motivations explain different engagement approaches taken by family firms (Déniz-Déniz & Suárez, 2005; Niehm et al., 2008; Cennamo et al., 2012). While these theories explain why some family firms demonstrate more care for stakeholders compared with other family and nonfamily firms, they do not explain the social dynamics of the stakeholder engagement process between family and nonfamily employees. A central question of internal stakeholder engagement is not only what motivates managing families to engage in a caring and benevolent manner, but also how they can achieve a successful transmission of their good intentions.

Second, in order to develop a full understanding of the social dynamics of internal stakeholder engagement, research needs to clarify the structural and emotional relationship dimensions between managing family members and nonfamily members (Pearson et al., 2008). This is especially important in the area of family firm research, since the emotional dynamics of family firms are more complex, due to the in-group (family) and out-group (nonfamily) dynamics (Erdem & Atsan, 2015; Perry et al., 2015). By exploring the structural and emotional aspects of managing family and nonfamily relationships, this thesis aims to enhance the current understanding of social relationship dynamics between managing family and nonfamily employees.

Third, the aim to explore how diffusion of social reciprocity to lower levels of the business is achieved addresses a major research gap, since current theorising only focuses on the managing family, or a selected few nonfamily

employees, mostly at the top management level (Ensley & Pearson, 2005; Minichilli et al., 2010; Strike, 2013; Erdem & Atsan, 2015; Cabrera-Suárez et al., 2015). Incorporating perspectives of nonfamily employees, especially at lower levels of the business, is important since it provides a more complete picture and sheds light on the inner workings of family firms. After all, nonfamily employees often make up a substantial part of a family firm (Barnett & Kellermanns, 2006). Ignorance of the perspective of nonfamily employees in stakeholder theories on family firms leads to incomplete theory. However, a more complete understanding will likely help to explain success and failure among family firms in creating social reciprocity; maybe even between family and nonfamily firms. This can also lead to the development of 'original theory' (Stokes & Blackburn, 2002; Blackburn & Kovalainen, 2009; Erdem & Atsan, 2015).

1.2. Research Methodology

A grounded theory approach has been selected here as the main research methodology under a pragmatic critical realist epistemology, with an embedded case study research design. Pragmatic critical realism integrates well with grounded theory, and some grounded theorists argue that it is based on pragmatism (Bryant & Charmaz, 2011a; Star, 2011). The primary aim of grounded theory is to develop theory emergent from real-life contexts by understanding the working realities of social actors. As such, a theory is valuable if it provides practical adequacy by helping social actors dealing with real-life problems. Since both the research philosophy and methodology argue for context dependency of knowledge and valuable theory to be

developed, studying phenomena in their real-life context (Sayer, 1992; Corbin & Strauss, 2008; Glaser & Strauss, 2008; Bryant & Charmaz, 2011b). Pragmatic critical realism and grounded theory are well suited for an in-depth understanding of complex social processes (Stokes & Blackburn, 2002; Blackburn & Kovalainen, 2009).

In addition, a grounded theory approach provides a different methodological perspective, overcoming some of the current theorising weaknesses in family firm research. One of these weaknesses is that academics have limited knowledge of the inner workings and social dynamics within family firms. Driven by the desire for large-scale validation, researchers often draw on existing theory from general management, economics and sociology (e.g. agency, stewardship and social capital theory), transferring it to the realms of family firms. On closer inspection, however, these seem unable to capture all the complexity inherent in family firms. As such, mixed results leave researchers puzzled, and struggling for explanations. For example, Ensley & Pearson found that positive relationship effects of cohesion, potency, consensus and low relationship conflict only apply to parental-led top management teams of new ventures, while other familial-led top management teams performed considerably worse on the dimensions compared to nonfamily firms (Ensley & Pearson, 2005). Arguing for a greater dilution of family values in familial top management teams, it is, however, unclear whether this applies to new ventures more specifically or to family firms in general. Similarly, Anderson & Reeb (2003) found that, generally, younger family firms perform better than older family firms. However, it is not clear whether this can be attributed to a 'generational effect' or a general life

cycle effect (Dyer, JR., 2006). A grounded theory approach, breaks through the mantra of adaptation and validation (Blackburn & Kovalainen, 2009) by growing theory from the specific context to higher and more abstract levels. As such, the developed theory in this research provides potential for higher level theory that is applicable to more than just family firms.

An embedded case study design (I.e. a single main case in which different cases are samples), has been used as a research tool here. Since the aim is to explain why family firms are able to create social reciprocity, a retroductive sampling approach has been used; selecting a family firm which has successfully created a feeling of reciprocal care with its employees. Starting with the managing family as the centre of the organisational network, further participants - those who had close organisational and/or emotional ties - were sampled using a snowball method. This was considered to be theoretically relevant (Strauss & Corbin, 1990; Corbin & Strauss, 2008; Morse, 2011), since those closest to the managing family are likely to provide the most valuable knowledge on the relational dynamics between managing family and nonfamily employees, leading to social reciprocity. At later stages, the snowball sample was again followed, sampling selectively for those with certain structural and relational network features (more details are provided in Chapters 3 and 4).

1.3. Contribution to Knowledge

This research contributes to existing knowledge in several main ways. Firstly, it provides insight into the inner workings of family firms, an area which has thus far been somewhat neglected (for exceptions see: Strike, 2013). Shifting the focus from the managing family to include nonfamily employees will provide a more refined understanding of the social dynamics of internal stakeholder engagement. Understanding the social dynamics of the managing family-nonfamily stakeholder relationship is important since it is a bi-directional relationship. It is not only how and why family members engage with internal stakeholders in a certain way (Bingham et al., 2011; Cennamo et al., 2012), but also how the internal stakeholders perceive and interpret the managing family's actions and intentions (Wass, 1988; Hauswald & Hack, 2013). By investigating the critical factors that explain a successful creation of social reciprocity, future research will benefit from more refined models for further testing which incorporate the social dynamics which have often been neglected. Moreover, family members can benefit from this research by establishing a coherent emotional trust message, as well as by engaging in trust building activities.

Second, this research raises awareness of the importance of trust as a valuable concept in family firm research. As indicated by previous research, trust seems to have a unique meso-conceptual role in family firms, being cause, effect and moderator at the same time (Eddleston et al., 2010). More recently, findings have suggested that trust in managing family-nonfamily relationships has important explanatory power (Strike, 2013; Erdem & Atsan, 2015) and should receive more attention in research (Eddleston et al., 2010;

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Erdem & Atsan, 2015). The findings here confirm this, demonstrating that high levels of trust, especially affective trust, have a direct and indirect effect in creating social reciprocity. Of special interest is the finding related to the moderating effect of trust through social learning. Positive past trust experiences between managing family and nonfamily employees are learned, internalised and become an automatic social information processing schema (Wass, 1988; Dirks & Ferrin, 2001). As such, employees are likely to attribute present and future actions of managing family to being rooted in benevolence and genuine care if affective trust is high. The importance of trust as a socially acquired interpretational schema has already been suggested by Dirks and Ferrin (2001). Similarly, Wass and other researchers propose that social relationships and the interpretation of motivational intentions are learned (Wass, 1988; Pettit et al., 1991; Baldwin, 1995; Rotenberg, 1995; King, 2002). This work verifies these suggestions.

The third contribution is explaining how diffusion of social reciprocity is achieved from upper to lower levels in the firm, an area that has not been widely explored (Strike, 2013; Hauswald & Hack, 2013; Erdem & Atsan, 2015). This research revealed that the way managing family members build their close organisational ties is of crucial importance to shaping collegial interactions as well as the interpretations and perceptions of lower-level employees with little personal managing family member interaction. In this sense, this research underlines and extends the importance of the upper echelon (Ensley & Pearson, 2005).

Fourth, this work contributes by revealing the importance of social learning to the diffusion of relationship dynamics and interpretation of motivational intentions of internal stakeholder engagement. Social learning and social cognitive theory have not been widely applied to family firm research. This work demonstrates the explanatory power of social learning in creating and diffusing social reciprocity and its potential in explaining other social dynamics in family firms. Lastly, the developed framework provides potential for meta theory. Trust network reproduction and upper network stability both build the base for theories potentially applicable not only to family firms but also to nonfamily firms.

1.4. Key Definitions

This subsection defines relevant terms. First, the medium-sized firm and family firm are discussed. The definitional boundaries for the medium and family firms were set before entering field research. However, the definitions of trust and social learning where analytically driven as they emerged as important concepts during data analysis.

1.4.1. Medium-Sized Firm

In this research, a business is considered medium-sized if the workforce is between 50 and 249 employees, has either annual revenue not higher than 50,000,000€ or a total balance sheet value not higher than 43,000,000€ and

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is independent of other ventures.[2] Since this definition has been issued by the European Union, it can be considered applicable and reasonably well accepted.

1.4.2.   Family Firm

This business is clearly a family firm with medium to high family influence. While there is no generally accepted definition of a family firm, Astrachan et al's (2002) F-PEC scale of family influence will be used in this work. The F-PEC scale is a definitional tool that allows for a flexible and context-dependent definition, by identifying three factors of family influence namely, power, experience, and culture. In recent years, many family firm scholars have advocated a flexible definitional approach, arguing that family firms' heterogeneity should be acknowledge by research (Astrachan et al., 2002; Chrisman et al., 2012; Holt et al., 2010; Hoffmann et al., 2016). I adapted the F-PEC scale's dimensions so that a company fulfilling these would be clearly defined as a family firm by family firm scholars. The case company not only met, but also surpassed the minimum requirements.

In terms of power, the family needs to be considered the dominant coalition and should own and manage the business. The case company is 100% family owned and three out of four top management members are family members. While power consists of ownership, governance, and management, in this research, only ownership and management are included; since in a private family firm, such as the case, governance lies

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2 Businesses with voting rights of 25% or more belonging to another business group are not considered independent anymore.

within the managing family. This combination of power and control is, for many scholars, enough to define a family firm (Astrachan et al., 2002; Chrisman et al., 2006). Concentration of power within the family, which Chrisman and colleagues (2006) term 'personalism' gives total discretion in all managerial and operational decisions. This leads to 'particularism' in the sense that family firms have the *"ability to employ idiosyncratic criteria and set goals that deviate from the typical profit-maximization concerns of nonfamily firms"* (p.720). As this research aims to develop an understanding of how managing family members create social reciprocity with nonfamily employees, here the family, as the dominant coalition, sets the course for social interaction and engagement with nonfamily employees.

With respect to experience there should be at least two family members involved in management responsibilities. In the case firm, 5 family members, the founding couple and three sons have formal as well as informal management roles. The experience subscales measures the amount of shared, intergenerational family expertise (Astrachan et al., 2002; Holt et al., 2010), and consists of four items: generation of ownership, generation active in management, generation active on the governance board and the number of contributing family members. In this research, only the last item, the number of contributing family members, has been considered as a crucial defining feature, asking for at least two family members to contribute to the business. Members can have formal or informal role assignments and should be related either by kinship, marital or legal partnership status. The main argument for not including the other three items of the experience subscale is that they are not considered necessary minimal definitional requirements.

While they unarguably increase the level of family involvement, their necessity in defining a business as a family firm is contested to some extent (Holt et al., 2010). For example, while some scholars argue that a successful generational transition is a definitional feature, empirical research in contrast suggests that there is an 'imprinting effect' (Eddleston et al., 2010) of the founding generation indicating that the first generation is most influential in shaping the rituals, values and culture of the business (Astrachan et al., 2002). However, the number of formally or informally contributing family members is considered a defining feature since a single founder who does not integrate, even informally, other family members in business matters of any kind, is not likely to consider the family as having an impact on the business and vice versa (Holt et al., 2010). Keeping the business and the family as separate systems, however, is likely to lead to a low identification of the family with the business. This is important since it is likely to impact the family's long-term orientation (Le Breton-Miller & Miller, 2006; Pearson et al., 2008; Holt et al., 2010).

Finally on the culture subscale, the generation in charge should self-identify as a family firm and express the desire to transfer the business to the following generation. All brothers consider the business a family firm; intend and already prepare to pass on the business to the following generation. This subscale measures the extent of identification of the family with the business and the extent of family commitment (Astrachan et al., 2002; Holt et al., 2010). It consists of two items, the overlap between family values and business values, and the family's business commitment. In this research the first item has not been considered in the definitional construct; instead,

another culture item, self-identification as a family firm, has been introduced. The reason to introduce a new item and not make use of the first item of value congruency is based on the recent findings of Holt and colleagues (2010). Their validation attempt of the F-PEC scale revealed this item to be problematic and indicated that it does not measure family involvement adequately (Holt et al., 2010). Specifically, those items measuring value congruence between family members' values and family and business values seemed to have little impact (Holt et al., 2010). However, self-identification as a family firm is an item that can be seen as contributory to the specific culture inherent to family firms since is likely to increase the amount of commitment and identification of the family with the business. Consequently, family members are likely to transfer personal values important to them to the business (Zellweger et al., 2011). In a similar vein, transgenerational intent, i.e. the desire to pass on the business to the next generation, is a defining feature, since it increases the commitment and long-term orientation of the generation in charge (Hoffmann et al., 2016). The desire to leave a business legacy is as such considered a necessary criterion for a family firm (Litz, 1995; Astrachan et al., 2002; Zellweger et al., 2011).

1.4.3.   Trust

Adapting Deutsch's *(1973)* definition, trust in this thesis is defined as the belief that: "*one will find in another what is desired rather than what is feared*" (p.148). While Deutsch uses the word 'confidence' instead of belief, the word belief is considered more appropriate here, since it expresses a certain amount of uncertainty and risk involved, which for many researchers is a crucial feature of trust (Rempel et al., 1985; Lewis & Weigert, 1985; Morrow

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et al., 2004; Mayer et al., 1995). Reviewing definitions of trust among 14 different publications[3] from various disciplines, the word 'belief' was mentioned seven times and although researchers have different conceptualisations of trust, most agree that uncertainty is a defining feature of trust.

Furthermore, trust is also regarded as a dynamic psychological state, inherent to and shaped by social relationships (Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004). As such, dyadic trust is never 'owned' by an individual but rather is a dynamic relationship process (Lewis & Weigert, 1985). The applied definition also implies a relationship component between the trustor (the person who trusts) and trustee (the person on whom trust is bestowed). The trustor has desired expectations of how the trustee will behave towards the trustor. These include, for example, honesty, benevolence, integrity, dependability and predictability of behaviour. While the trustor may wish for the trustee to behave in a desired way, the discretion of fulfilment lies with the trustee. The trustee as such has the choice to behave as desired or to behave opportunistically and exploit the trust bestowed. In consequence, the trustor has to make a 'cognitive leap' or a 'leap of faith' (Lewis & Weigert, 1985; Murray & Holmes, 1997; Mayer et al., 1995; Morrow et al., 2004) by believing that despite the possibility of opportunistic behaviour, i.e. *"what is feared"*, the trustee will behave benevolently and with integrity i.e. *"what is desired"* (Deutsch, 1958, 1973; Mayer et al., 1995). Scholars have thus argued that trust involves a cognitive aspect in which the trustor mentally assesses the possibility and probability of

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3 For example: Deutsch (1958); Kee & Knox (1973); Driscoll (1978); Larzelere & Huston (1980); Lewis & Weigert (1985); Rempel et al. (1985); Gulati (1995); Mayer et al. (1995); McAllister (1995); Rousseau et al. (1998); King (2002); Mooradian et al. (2006); Eddleston et al. (2010); Cabrera-Suárez et al. (2015).

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the trustee's behaviour. While first or second-hand positive trust experiences with a specific trustee reduce the perceived level of risk and vulnerability (Lewis & Weigert, 1985; Hauswald & Hack, 2013), there will never be security for the trustor (Nooteboom, 2002). Cognitively, trust as such involves the conscious decision to be vulnerable and taken advantage of (Lewis & Weigert, 1985; Murray & Holmes, 1997; Eddleston et al., 2010; Erdem & Atsan, 2015).

However, trust also involves an affective component, which some researchers call a 'gut feeling' or feeling of emotional attachment to the trustee. By trusting the trustee, the trustor also assumes a role of emotional vulnerability (Lewis & Weigert, 1985; McAllister, 1995). The exploitation of trust bestowed by the trustee leads to a feeling of betrayal and disappointment in the trustor. As such, the betrayal of trust often leads to severe emotional pain, experienced as much by the trustor as the trustee (Lewis & Weigert, 1985), which, depending on the perceived degree of betrayal, may cause a breakdown of the entire relationship (Larzelere & Huston, 1980; Lewis & Weigert, 1985). It is further argued that trust is a dynamic concept that evolves over time in relationships (Stokes & Blackburn, 2002) and may increase or deteriorate. As such, trust is relationship-specific and dependent on past and present relationship experiences (King, 2002). Therefore, this thesis rejects the conceptualisation of trust as a static psychological individual state which remains unchanged, no matter how much positive or negative trust experience has occurred (Mayer et al., 1995; Mooradian et al., 2006).

1.4.4. Social Learning

In this research 'social learning' is generally conceived as the idea that learning is embedded in social contexts and occurs through a dynamic and reciprocal process of observation, interpretation and behavioural reproduction (Bandura, 1977). As such, learning can occur via direct experience and/or observation of other individuals, called models. Through coding, i.e. cognitive organisation and anticipation of consequences, individuals can reproduce certain actions and behaviours. Reinforcement serves as an incentive mechanism to continue or discontinue certain behaviours (Bandura, 1977). According to Bandura, it is the cognitive capacity that enables humans to organise and code observed behaviour, so as to mentally reproduce behaviour and decide, based on anticipated consequences, whether reproduction is valuable (Bandura, 1977; Wood & Bandura, 1989). Social learning theory and social cognitive theory build the basis of social learning. Bandura extended his theory later, which he termed social cognitive theory. In this concept, reciprocal determinism and self-efficacy were added dimensions. Reciprocal determinism refers to the idea that individuals are shaped by and shape their environments through behaviours (Wass, 1988; Wood & Bandura, 1989). Self-efficacy refers to the extent of confidence experienced by an individual in being able to perform a certain task or perform this task well (Wood & Bandura, 1989; Pettit et al., 1991).

While social cognitive theory is a more developed and refined version of Bandura's social learning theory (Bandura, 1977; Wood & Bandura, 1989), in this thesis, the term social learning is applied instead of the term social cognition to describe the process of social cognition. The decision to apply

the word 'learning' instead of 'cognition' has been made as it better captures the importance of social interaction as an integral feature of observational learning.

1.5. The Research Firm

This research uses an embedded case study design. As the thesis aims to explore how family firms create a shared understanding of caring and being cared for with its employees, which is called social reciprocity, a single family firm has been selected on theoretical grounds. Therefore, this section provides a description of the research case. A more detailed theoretical justification for selecting the case will be provided at a later stage in chapter 4.

1.5.1.   The Case Company: Development and Current State

The company was created in 1966, when the founding Wurst couple (Friedmut and Hildegard) bought the blacksmith workshop after the original owner died and his wife decided to sell the business. The couple continued the business activities repairing farming equipment, horseshoeing, other metalworking and handyman work. Over the succeeding decades, the business gradually evolved, focussing on steel construction during the 1980s. By the mid-nineties, the Wurst's two eldest sons entered the family business, with the youngest brother joining in the late nineties. In 2004 the sons officially took over with each getting 30% of the ownership rights. The entrance of this generation brought more changes. In particular, they secured

funding for the business that was not tied to family assets, and they started to develop an employee health management system in 2005. The Illustration below shows the executive board of the company. While the authorised officer forms part of executive board for the family, in legal terms only the three brothers are executive directors.[4]

Illustration 1.1: Executive board of Wurst Stahlbau GmbH

Executive Board

Executive Director Markets and Technology C. Wurst	Executive Director Finane and Accounting T. Wurst	Excutive Director Administation + Real Estate Head of Procurement M. Wurst
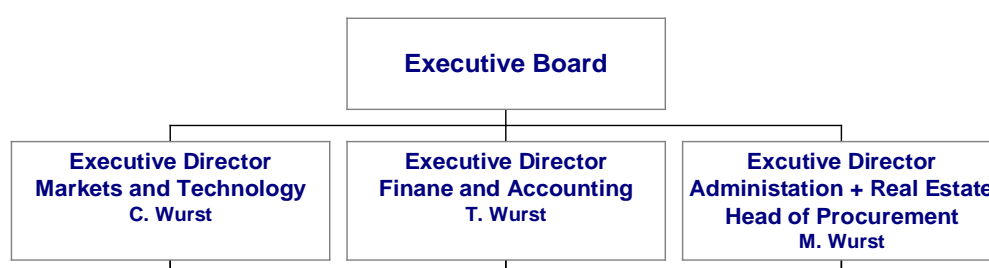
When first contact was established with the firm in late 2013, Wurst Stahlbau GmbH had an annual revenue of roughly 42,000,000.00€ and employed 180 employees, clearly making it a medium-sized firm. The workforce has steadily increased in the past five years, and continues to increase. The business is located in a small community with approximately 8,500 residents, although the whole municipality consists of 7 communities with a total of 28,000 inhabitants. The community is located 40 kilometres from its major district town. The firm employs roughly 2.5% of the community's inhabitants, although a number of employees come from neighbouring communities. Research revealed that there are at least four other medium sized companies in the community, which compete for the same pool of skilled workers. In the major district town, subsidiaries of VW and Porsche also vie for the same pool of employees. It can thus be concluded that the company has no

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4 In the annual report, only the brothers are named as members of the executive board. While in the internal organisational structure diagram, the authorised offices is included, here only the three brothers are included.

monopsony position, since potential employees have many alternatives available within a 30 minute drive. Typical for a SME family business (Schlömer-Laufen, 2012), the company does not have a works council, although the size would make it possible to form one. Managing family members felt that employees had no need to form a workers council since their wages were above union scale. Employees were also encouraged to approach the managing family about any problems, irrespective of hierarchical structures, further reducing the need for a works council.

The company was profitable in the past five years. During the years 2010 to 2015[5] the company's return on assets (ROA) was above GDP level with at least 2.7-3.5%. The years 2010 and 2012 seemed to have been exceptionally profitable years, with ROAs of around 8% respectively. This can be explained by the fact that in both years, the company had two large projects of exceptionally high income. Such projects however, may not be available every year. Since the company is a private limited company, the brothers receive a salary and for most years (except 2010 and 2014) all profits have been carried forward and reinvested. The table below shows an excerpt from financial data for years 2010-2014.

Table 1.1: Financial data from 2010-2014

	Year				
Item	2014	2013	2012	2011	2010
Gross Profit	14.412.692 €	13.112.679 €	13.916.482 €	13.870.176 €	13.381.577 €
ROA	2,7%	3,1%	8,1%	3,4%	8,6%
Accumulated Profit	2.590.870 €	3.731.952 €	3.703.350 €	3.054.806 €	2.831.193 €

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5 Since field research ended in early 2015 only financial information on the prior five years were analysed.

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The company focuses on constructional engineering, building modern steel buildings such as commercial buildings, arenas, multi-story car parks, while also offering restoration services for existing buildings. As a one-stop business, the company offers planning, budgeting, production and construction to public and private business clients. The company uses a differentiation strategy and does not compete primarily on price; however, since many projects are assigned on lowest price basis via a tender process, a lower price increases the competitive position. Therefore, the company has developed strategies to reduce costs and remain competitive in a market where competition is both domestic and international. Moreover, economic and geopolitical developments since 2012 have put pressure on the whole industry and thus Wurst Stahlbau. Commodity prices of steel have been volatile and generally increasing. The Ukraine-Russia conflict and its associated uncertainties have led to a downturn in overall demand and increased competition, making cost-efficiency even more important. The business operates in the German and European markets, there is a focuses on the domestic market.

1.5.2.   The Case Company: Family Firm Features

Founded by the first generation in 1966, the second generation is currently in charge. Out of four children, three brothers currently share managing responsibilities, with only one nonfamily member being part of the management board. The company does not have a supervisory board. Ownership remains with the managing family, with each brother owning 30% of the business and the first generation retaining a 10% ownership stake. At

the beginning of the new millennium, management was legally transferred to the second generation; however, the first generation still retains an interest in the business and its operations. Employees and managing family members agree that the first generation still likes to visit the premises regularly, which is partially explained by the fact that the family home is on business grounds. While the eldest brother has the formal role of CEO of the business, all brothers agree that important business decisions are made jointly, with inclusion of the nonfamily manager who forms part of the management board.

1.5.3.   The Case Company: the Three Brothers

The eldest son now 50, seemed to be the natural choice to take over the family business. He studied engineering and entered the business, working himself slowly up the corporate ladder. However, when the company encountered financial troubles in the early 1990's, the younger sons now 47 and 44, who both had been educated in business management and accounting, came to work in the family business, when their parents asked for their help. Both were educated in business management. The middle brother worked in a local tax consultancy, while the youngest brother worked in a local family firm for 10 years before joining the family firm. Their work experience, outside the family firm, seemed to have influenced the way in which they wanted to lead the firm. Having been employees themselves, they experienced the impacts that leadership can have. Especially the youngest brother, working in a family firm recalls that this experience shaped to a great extent what kind of leader he did not want to be.

All three brothers grew up and continue to live in the community of Bersenbrück, into which the family is tightly socially integrated. This strong attachment to the community was passed on to the brothers, who alongside their father became involved in the voluntary fire forces and other community clubs, commitments which they maintain despite managing a business. The brothers also remember times while growing up when the family had to live on a tight budget; establishing the business was hard work. They did not grow up in luxury and seeing their parents work hard, they don't take everything for granted. This also, arguably, shaped their attitudes and behaviours as employers. The fact that employees can borrow money from the firm, if they encounter financial problems, seems very much based on the experience of what financial hardship means to a family as a whole.

Finally, growing up around their parents' business, they also grew up alongside their parents' employees. Not only did they experience the way their parents interacted with employees, they also developed long standing ties to employees and valued the benefits of having long-term relationships with employees.

1.5.4. The Case Company-Data Collection

Data was collected on the firm site over a period of roughly one year, from February 2014 to February 2015, although the researcher's interaction with the managing family stretched over a period of one year and seven months (November 2013 to July 2015). The researcher still remains in sporadic contact with the managing family (last contact October 2016). Data was

collected in three major phases, as determined by the sampling approach. Since data collection and analysis were carried out simultaneously by one researcher, natural breaks occurred in which collected data had to be transcribed and analysed. Due to increased business activity, a longer break was taken in which no data was collected and data that had already been collected was analysed and re-analysed. This was made due to the cyclical nature of the business, which peaks during summer. Participants had less possibility to participate in interviews during working hours during peak time. Since the continuous commitment of the managing family was of vital importance it was agreed in advance to suspend data collection during peak time.

Throughout the data collection phase between February 2014 and February 2015, 26 interviews were conducted with 17 different participants. 24 recordings of these interviews exist.[6] These split into 17 guided interviews incorporating semi-structured features and nine guided feedback discussions. Of the 17 guided interviews, three were with managing family members and the remaining 14 with employees with differing degrees of 'closeness' to managing family members. Of the nine guided feedback discussions, two were with a managing family member and seven with employees. Again it was made sure that feedback discussion also included employees with different degrees of closeness to managing family members. Individual interviews ranged from 12-40 minutes in duration, with the average time being 21 minutes. The total recorded material amounted to around 575 minutes. In addition, network data was collected at the end of each of the

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6 The first feedback conversation with a managing family member was made before talking to employees, and therefore not recorded, since another discussion was anticipated at a later stage. The second went unrecorded by accident. However, notes taken were checked with the managing family member.

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guided interviews, while guided feedback discussions were used to refine the emergent framework at later stages of the data collection process.

All interviews were transcribed verbatim by the researcher and double-checked by a research assistant. At the end of each conversation, a reflective memo was written, which was further adapted after the transcription was done. Data was coded in logic pieces, usually resulting in 10-15 memos for each guided interview and 3-5 memos for feedback discussions. Memos from feedback discussions were integrated into the analytical memos of guided interviews for the specific participants. Additional memos were written to develop emergent themes, giving 221 analytical memos and 24 interview memos.

1.6. Structure of the Thesis

This thesis is divided into eight chapters. The first chapter introduces the topic, and delineates the research aim, research methodology, contribution and major definitions. It provides an overview of the research site and the structure of the thesis. In the second chapter, an overview of relevant literature at the pre-conceptual stage will be provided. The pre-conceptual literature review provides an understanding of how and why the aforementioned research aims were selected and why a grounded theory approach was taken.

The next three chapters form a logical unit of explaining the research concept and methodology. Chapter three starts by introducing and discussing the

applied research philosophy. In this thesis, pragmatic critical realism is applied. Since pragmatic critical realism argues for context dependency of knowledge, a detailed discussion is provided which delineates the relevant context dependencies of this thesis, arguing for a pragmatic critical realist philosophy. Moreover, a discussion of grounded theory as the major research method is made. After integrating the research method with the applied research philosophy, clarification of how grounded theory will be conceived and applied in this project is provided. The fourth chapter explains the research design and data collection process in considerable detail, aiming to provide a clear understanding of procedures and choices made and how these align with the research philosophy and methodology. In this chapter the selection of an embedded study design within a grounded theory method is discussed, including a more detailed description of theoretical sampling choices. The fifth and last chapter of the trilogy deals with the strategic and relational reflexivity of the research process and the researcher. It aims at clarifying the role and impact the researcher has on procedural choices and research outcomes. Since grounded theory advocates for an active and involved role of the researcher, it is a quite common procedure to reflect on the role of the researcher within the research process.

The sixth chapter introduces the findings and emergent themes, leading to a subsequent development of the theoretical framework. The framework is developed gradually with a presentation of first order data codes, 2nd order themes and aggregate categories at the beginning of each subsection, concluded by a more detailed analytical discussion. The seventh chapter introduces the post-conceptual literature review, which forms part of an

extended analysis and integrates the developed framework within existing and relevant literature on major emergent themes such as trust and social cognitive theory. The final chapter identifies research limitations, directions for future research and points out the major contribution to current knowledge and understanding.

2. Pre-conceptual Literature Review

2.1. Introduction

In this work, two chapters are dedicated to reviewing existing literature, this chapter and chapter 7. In this chapter, the pre-conceptual literature reviewed before starting field research is discussed. In chapter 7, literature at the emergent and post-conceptual phases of this research will be discussed. The division of the literature into two chapters is based on the grounded theory approach to theory development. My initial research interest was in Corporate Social Responsibility (CSR) and it was rather by accident than design, that I became interested in family firms and small to medium sized enterprises (SME). While reviewing general literature on family firm and SME management my fascination with the internal social dynamics of SME family firms emerged and I focussed on social relationship research such as stakeholder management, social capital theory and employment relations. This literature review focusses on the latter part of the literature, since it was most influential to the development of my research aims.

Following the argument of many modern grounded theorists', prior reading of the literature is necessary to develop an understanding of the current conversation and gaps in the research area, leading to the development of research aims (Urquhart, 2001; Stern, 2011; Lempert, 2011). Deep understanding of the inner workings and social processes (Strike, 2013), especially of internal stakeholder engagement in family firms is largely missing, since academic research is predominantly focussed on verification rather, than theory generation (Glaser & Strauss, 2008). Furthermore, a review of current theory revealed the following two gaps. First, the family is

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the main focus of theorising. The internal family relationships, their dynamics, and their positive and negative impacts on the business and stakeholders are well explored (Habbershon & Williams, 1999; Eddleston & Kellermanns, 2007; Pearson et al., 2008; Le Breton-Miller & Miller, 2009). This is not surprising, since the family is the obvious variable that distinguishes family from nonfamily firms. Second, theorising is mainly done from the perspective of the managing family. Relationships, especially relationship dynamics between managing family and nonfamily employees, are inadequately understood, since they are studied predominantly from the perspective of the managing family (Scase & Goffee, 1982, 1987; Kellermanns & Eddleston, 2004; Erdem & Atsan, 2015). While the perspective of the family matters, it is however not sufficient enough to gain deep understanding.

This chapter is structured as follows. Section 2.2 explores the purposes, space and time contingencies of familial and kinship ties. In the following subsection, family relationships in the business context are discussed. A predominant view among family firm scholars is that family and business are two separate social systems, which in a family firm context interact with and co-exist alongside each other, creating synergies, challenges, positive as well as negative effects (Habbershon & Williams, 1999; Le Breton-Miller & Miller, 2009; Kwan et al., 2012; Jaskiewicz et al., 2013). Thus, a general discussion of the dual-open systems' perspective will be provided, highlighting the contextual factors of small to medium sized firms that foster the overlap of the private family with the professional business system. This is followed by an analysis of potential positive and negative impacts on the business stemming from the specific relationship dynamics of family ties. The

third subsection discusses relevant literature on the relationships family members share with internal, nonfamily stakeholders. It also discusses the motivational and behavioural aspect of stakeholder engagement in family firms. Providing a brief conclusion, I argue that despite its importance, little is known of the precise relationship dynamics of family members with nonfamily members such as employees or advisors (Strike, 2013; Hauswald & Hack, 2013; Cabrera-Suárez et al., 2015).

2.2. Family Relationships, Purposes, Space and Time Contingencies

This subsection explores the relationships purposes, and space and time contingencies of familial and kinship ties. This is done to highlight the characteristics and thus the potential impact that family relationships may have in the family business context. The study of social relationships, especially of family ties, has received heightened attention in family firm research. Understanding the specific dynamics of familial ties is necessary to understand theorising on relationships inside family firms.

Family and kinship ties are considered unique intimate relationships. They provide a source of secure emotional attachment, guidance, a reliable alliance, as well as a primary source of social integration and the opportunity to provide nurturance (Cutrona, 2004; Sundaramurthy, 2008; Sundaramurthy & Kreiner, 2008). Familial ties are independent of space and time restrictions,

which differentiate them from most other social relationships. Kinship ties in particular are by definition long-term oriented, and lack the opportunity of choice (Hauswald & Hack, 2013). Parents always remain parents, and siblings remain siblings, even if parents and children may feel estranged, whether or not they engage in joint business activity. Based on these time and space independencies, family members are bound by a shared vision, including values, norms, and obligations (Furstenberg, 2005; Sorenson et al., 2009). The family provides a clear purpose and identity. In general, family relationships are associated with providing emotional benefits. They are characterised by high levels of affective trust (Rempel et al., 1985; Rotenberg, 1995; Sundaramurthy, 2008; Buyukcan-Tetik et al., 2015; Perry et al., 2015), and altruism among family members. Family members, especially parents, sacrifice their own immediate needs to the prosperity of nurturance of other family members (Schulze et al., 2003).

However, independence of space and time also provides potential for long-lasting and deep running conflicts (Kellermanns & Eddleston, 2004; Eddleston & Kellermanns, 2007). Dysfunctionalities in family ties such as distrust, rivalry, and favouritism often run deeper; they are so deeply embedded within relational schemas and routinized social roles that they are hard to overcome by family members (MacDonald & Parke, 1984; Baldwin, 1995; Barnett & Kellermanns, 2006; Eddleston & Kellermanns, 2007). As kinship ties precede professional ties, the dynamics of family relationships can be considered 'baggage' that is brought to the business system (Eddleston & Kellermanns, 2007; Sundaramurthy & Kreiner, 2008).

2.3. Family Relationships in the Family Business Context

This section discusses the positive and negative effects on the family and business system stemming from the overlap of both systems. Before looking at the effects it is important to briefly discuss the dual open systems paradigm and the structural contingencies of family firms that support it.

Proponents of the dual-open systems paradigm suggest that while the family and the business are usually separate social systems, governed by a very different set of social norms and values, they are likely to overlap and impact each other to varying degrees. This notion is based on a number of structural properties (discussed further in this chapter below) shared among a wider range of small to medium sized family firms (Gottschalk, 2014).[7] First, while the majority of German SMEs are family owned and managed, they are over-proportionally represented in certain industries such as construction, retail and gastronomy (Gottschalk, 2014).

Second, the manner in which many SME family firms are set up and evolve fosters the dissolution of family to business system boundaries. In fact, the survival of small family firms and their growth is often dependent on the involvement and sacrifices of family members, especially spouses and partners (Scase & Goffee, 1982, 1987; Ram & Holliday, 1993; Dyer et al., 2013). In many cases, private family premises are used as business premises, esepcially in the start-up and early phase to save cost and

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7 According to Gottschalk, 88% of all businesses in Germany are family owned and managed. These businesses employ 53% of the total workforce and generate 445 of the total economy's turnover. Of micro-business 93% are family owned and managed, while 84% of small and 6$% of all medium sized firms are family owned and managed.

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minimise the initial investment, leading to a physical non-separation of private and business space. Garages or basements may be used for setting up a workshop. Rooms in the family house may be used as business offices (Scase & Goffee, 1982, 1987; Ram & Holliday, 1993). Similarly, spouses or partners provide substantial financial support to the business not only in the initial start-up phase. This may take on different forms, such as sacrificing private savings for starting the business (Scase & Goffee, 1987), helping out in the business for no payment whilst being full-time employed (Scase & Goffee, 1987; Hoffman et al., 2006; Dyer et al., 2013), or giving up their own employment to work in the business full-time without any or substantial pay (Scase & Goffee, 1987; Ram & Holliday, 1993; Hoffman et al., 2006; Dyer et al., 2013).

In a sense, it can be argued that the family is as important to the business as the business is to the family. Their fates are inextricably intertwined. The business provides economic survival to the family and the family provides resources for business survival (e.g. providing private space for business premises such as offices or workshops, providing unpaid labour by spouses and partners, reducing private consumption, so that profits can be reinvested into business (Scase & Goffee, 1982; Ram & Holliday, 1993; Hoffman et al., 2006; Dyer et al., 2013). It can be concluded that family and business system are always dependent at least to a certain extent on each other. [8]

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8 This non-separation of the private family and professional business space was highly evident in the development of the firm and still has its impact today. The brothers recall that due the family home and business being on the same premises they grew up next to employees. Employees recall playing with the children and taking them to construction sites during summer holidays. Even though the brothers have built their homes off premises, they still are only within 5 minutes of the business and as such retain a geographic proximity to the business, while the first generation still lives on business premises.

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On the basis of the dual-open systems paradigm many family firm-specific theories (Habbershon & Williams, 1999; Chrisman et al., 2005; Pearson et al., 2008; Kwan et al., 2012; Jaskiewicz et al., 2013), such as agency theory, stewardship theory (Eddleston & Kellermanns, 2007; Miller et al., 2008; Le Breton-Miller & Miller, 2009), and social capital theory have emerged in the realm of SME family firm research, arguing that the extent of systems' overlap may indeed be the cause for competitive advantages and disadvantages alike (Arregle et al., 2007; Pearson et al., 2008; Cabrera-Suárez et al., 2015; Hoffmann et al., 2016). Empirical evidence suggests that agency, stewardship, social capital and socioemotional wealth theory all have a bright and dark side and that the extent of systems' overlap may explain the manifestation of these sides (Eddleston & Kellermanns, 2007; Berrone et al., 2012; Cabrera-Suárez et al., 2015; Hoffmann et al., 2016).

In order to understand why a dark and bright side exists, it is worthwhile to note the different purposes of the family and business system. The family relationship system satisfies emotional needs of secure attachment and nurturance while the business relationship system satisfies knowledge-based goals, such as re-assurance of self-worth by the achievement of business success (Cutrona, 2004; Perry et al., 2015). In the family firm context, where family and business systems co-exist and impact each other, potential for synergies and challenges arise based on whether family needs compliment or compete with business needs (Scase & Goffee, 1987; Habbershon & Williams, 1999; Miller et al., 2008; Pearson et al., 2008; Le Breton-Miller & Miller, 2009; Hatak & Roessl, 2015). As Eddleston & Kellermans (2007) note:

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"While the family can be a source of strength to the family business, it can also cause its demise" (p. 545).

2.3.1. Family Relationships: Positive Impacts on the Business and Internal Relationships with Nonfamily Members

This part discusses the positive effects of family relationships on the business, specifically with respect to relationships with nonfamily members. Applying a resourced-based view, researchers have argued that the interaction of family and business systems in family firms leads to the creation of idiosyncratic 'familiness' resources in the forms of social, human and financial capital that are only available to family firms (Chrisman et al., 2005; Hoffman et al., 2006; Lester & Cannella, JR., 2006; Arregle et al., 2007; Danes et al., 2009; Sorenson et al., 2009). The word 'familiness' describes competitive advantage potentials based on resources stemming from the overlap of the family and business system. This has been the basis for various theoretical constructs introduced to family firm research, such as social capital theory, socioemotional wealth theory, and stewardship theory (Barnett & Kellermanns, 2006; Eddleston & Kellermanns, 2007; Pearson et al., 2008; Sorenson et al., 2009; Naldi et al., 2015).

Social capital research in family firms has argued that families possess a unique form of family social capital that may lead to competitive and as such performance advantages (Furstenberg, 2005; Pearson et al., 2008; Sorenson et al., 2009; Cabrera-Suárez et al., 2015). Based on the relationship stability

associated with the continuous and intimate interaction of family members, family ties are considered 'close ties'. Embedded in a shared system of social norms, values, and obligations, resulting in a shared identity and history, family members usually share high levels of affective, interpersonal trust (Furstenberg, 2005; Arregle et al., 2007; Pearson et al., 2008; Chrisman et al., 2012). High levels of affective trust reduce the need for contractual agreements, and monitoring of other family members' actions, creating competitive advantages based on reduced or no agency costs (Eddleston & Kellermanns, 2007; Gomez-Mejia et al., 2001; Jensen & Meckling, 1976; Hoffmann et al., 2016). This not only applies to SME family firms, where control is more likely to be in the hands of the founding family, but also to publicly listed, large family firms which have a more dispersed ownership base (Jensen & Meckling, 1976; La Porta et al., 1999; Hoffmann et al., 2016).The family is a social system whose time and space contingencies are endurable and transcendental. As such, family members are said to be motivated by shared goals, based on shared values and obligations (Pearson et al., 2008; Sorenson et al., 2009) which increases collective interaction as one dominant group in the business sphere (Ensley & Pearson, 2005; Hoffmann et al., 2016). This is likely to lead to lower or no principal-agency cost, since not only ownership and control are in the hand of one family, but also family and business goals are aligned (Hoffmann et al., 2016).

Family firm researchers have proposed that positive social capital benefits in familial relationships will be transferred to the organisational relationships, such as nonfamily employees (Arregle et al., 2007; Pearson et al., 2008; Sorenson et al., 2009; Cabrera-Suárez et al., 2015). Indeed, evidence

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suggests that parental-led, young family firms have stronger cohesion, potency, consensus and less conflict compared to nonfamily counterparts (Ensley & Pearson, 2005). As the dominant group in the business, the family is likely to import their value system to the business and thus influence the perception of what constitutes right or wrong behaviour. Furthermore, the long-term perspective inherent to family firm management not also explains superior performance of family firms (Le Breton-Miller & Miller, 2006; Hoffmann et al., 2016), but also facilitates emotional relationship building, leading to the creation of a strong organisational 'family culture' in the business, where people care and lookout for each other (Scase & Goffee, 1982, 1987). This also may explain why family firms may enjoy a high level of relational social capital with nonfamily employees.

As a consequence, both family and nonfamily employees may express a feeling of 'quasi belonging to the family', which increases their feeling of mutual loyalty and obligation (Strike, 2013; Erdem & Atsan, 2015). As both Strike (2013) and Erdem and Atsan (2015) reported, managing family members often build strong trusting ties with their long-term nonfamily employees, whom they look upon for advice not only in business, but also in family matters. These trusted long-term employees express a strong sense of loyalty, not only towards the business but to the family (Strike, 2013). Both papers present interesting perspectives. Erdem & Atsan recently provided evidence that family members of family firms build strong emotional bonds to long-term nonfamily employees, based on high levels of reciprocal interpersonal trust. This extends not only to business. but also to private matters (Strike, 2013; Erdem & Atsan, 2015). Strike (2013) found that

managing families often make use of nonfamily members as their most trusted advisors. These nonfamily members are often directly involved in the business as long-term employees or supervisory board members. Managing family members expressed that those members were trusted not only for their business knowledge, but also for their family knowledge, and the dynamics and challenges posed by the family system.

Another positive effect stemming from the overlap of family and business systems is based on stewardship theory. In stewardship theory, high levels of altruism have been associated with positive performance advantages of family firms (Schulze et al., 2003; Kellermanns & Eddleston, 2004; Barnett & Kellermanns, 2006; Eddleston & Kellermanns, 2007). Altruism leads family members to forgo individual benefits for the prosperity of the family. Transferred to the business sphere, family members are willing to sacrifice self-serving interests for the firm's sake, investing high levels of human and financial capital (Danes et al., 2009), to create a prosperous business venture that is sustainable across generations (Anderson & Reeb, 2003; Eddleston & Kellermanns, 2007). In this sense, family members involved in the business may act as stewards of their business, striving for long-term success (Schulze et al., 2003; Eddleston & Kellermanns, 2007; Miller et al., 2008). Again, positive effects can be transferred to nonfamily relationships. Long-term orientation may lead family members to behave altruistically towards employees, striving to keep nonfamily employees with the business. Indeed, speaking with managing family members, they expressed the aim to keep employees in the business and rather develop existing employees instead of hiring new employees.

Altruism, however, can also influence how managing family members perceive their responsibilities to care for employees. If altruistic behaviours among family members are transferred to the business, family members may express a strong sense of moral obligation to care for nonfamily employees (Hauswald & Hack, 2013). Scase and Goffee (1982, 1987) reported in their studies of SME business owners that many of the owners were intent on creating a family atmosphere, where care, teamwork and mutual respect were emphasised. They further argue that a number of contextual factors may impact the emergence of a strong 'family culture' based on high levels of social capital, stewardship and altruism. Size and industry may both impact how managing families build their employee relationships.

First, the overall economic growth of the services sector in developed economies seems more suited to the establishment and growth of small family firms, since initial capital requirements are quite low (Scase & Goffee, 1982, 1987) and skilled employees can easily opt out of the employment market to start their business (Scase & Goffee, 1987): Roughly 90% of all family firms are part of the services industry in Germany (Gottschalk, 2014). Second, these ventures also may prefer organic growth to rapid expansion which fosters cohesion between family and business spheres, facilitating the transfer of family values and relationships to the business and thus nonfamily employees (Scase & Goffee, 1982; Ram & Holliday, 1993) Lastly, since the business success of small ventures and subsequent growth will be highly dependent on the availability and retention of skilled nonfamily employees, small family firms may consciously engage in fraternalistic and paternalistic management styles (Scase & Goffee, 1982, 1987; Ram & Holliday, 1993).

Employees are not only conceived as subordinates or as mere resources but rather as part of an extended family cared for and trusted (Scase & Goffee, 1982).

Fraternalistic and paternalistic management styles confer a higher degree of autonomy to nonfamily employees, instilling a feeling of cognitive trust, enhancing employees' alignment and commitment to the business and thus ultimately family goals (Scase & Goffee, 1982, 1987). Partly based on a lack of professional training in managing labour, partly based on the fact that employer and employees often perform the same or similar tasks, fraternalistic and paternalistic styles may be better suited to SME family firms which form part of the service industry (Scase & Goffee, 1982; Ram & Holliday, 1993; Barrett & Rainnie, 2002).

2.3.2. Negative Impacts on the Business and Relationships with Nonfamily Employees, Stemming from Internal Family Relationships

This part discusses the negative effects of family relationships on the business, especially with respect to relationships with nonfamily members. While moderate overlaps of family and business systems can have positive impacts (Chrisman et al., 2005; Barnett & Kellermanns, 2006; Eddleston & Kellermanns, 2007; Sundaramurthy & Kreiner, 2008), too much system overlap between family and business systems can have equally harmful impacts on both, business and family (Barnett & Kellermanns, 2006; Sundaramurthy & Kreiner, 2008; Kwan et al., 2012; Jaskiewicz et al., 2013;

Naldi et al., 2015; Hoffmann et al., 2016). Negative effects can stem from high levels of social capital, nepotism, a false sense of altruism and relationship conflict.

In spite of the positive effects that high levels of family social capital can have on nonfamily relationships, negative effects should not be neglected. Scholars have argued that high levels of social capital may have several negative effects. High levels of family social capital foster the emergence of a strong organisational 'family culture' which in itself has a potential dark side, especially for nonfamily employees (Ram & Holliday, 1993; Barnett & Kellermanns, 2006).

First, some researchers argue that such a culture may not be based only on altruism but rather self-interested desires to control and exploit nonfamily employees (Scase & Goffee, 1982, 1987; Ram & Holliday, 1993). Installing a feeling of 'quasi-belonging' in nonfamily employees, these may be more willing to align their interest with those of family and business, and sacrifice personal benefits such as a higher pay or career development possibilities (Scase & Goffee, 1987; Ram & Holliday, 1993). While family members are likely to receive long-term financial benefits from forgoing immediate short-term benefits, nonfamily members often lack these, since they may not be entitled to profit sharing or ownership rights (Scase & Goffee, 1987; Ram & Holliday, 1993).

Second, a tightly-knit family culture can act as a constraint on some nonfamily employees. Scholars have provided evidence that promotion in

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SME family firms is not only dependent on technical skill, but also on the amount of perceived alignment and loyalty of nonfamily employees (Scase & Goffee, 1982, 1987; Ram & Holliday, 1993; Strike, 2013; Erdem & Atsan, 2015). Since the private wealth of the family depends on the well-being of the company, only those nonfamily employees will be appointed to high responsibility-positions who are trusted and share the same set of values and norms with the managing family (Scase & Goffee, 1982, 1987; Ram & Holliday, 1993; Barnett & Kellermanns, 2006; Strike, 2013; Erdem & Atsan, 2015). Even for employees at lower levels who enter the business, the organisational culture can be as much a source for integration as a barrier to it. New employees who fail to identify or integrate with the persistent family culture may feel highly isolated (Ram & Holliday, 1993). Sooner or later they will seek a different employer (Scase & Goffee, 1982; Ram & Holliday, 1993; Strike, 2013). As Scase and Goffee (1982) argue: *"[…] either senior managers accept the owners' prerogatives of they must leave; hence the commonly observed 'happy atmosphere' of family firms is partly a function of this selective process"* (p. 162).

This may also explain, the lack of diversity among employees' perception of managing family members. All respondents felt cared for by managing family members and attributed primarily benevolent intentions to managing family members' actions. While this was based on positive attributional bias a social learning process, it may well be a form of cultural selection. Those employees who identify with the caring and trusting family culture are more likely to be integrated. Those who fail may not be fully integrated and decide to leave. The low fluctuation rate however, indicates that cultural selection is

not a major issue in the company. Furthermore, research provided some evidence that strong levels of family social capital may in fact create a social capital barrier caused by high degrees of network closure in the family group (Perry et al., 2015; Naldi et al., 2015). If nonfamily employees have a strong feeling of segmentation between in-group members (the family) and out-group members (nonfamily), they are more likely to perceive certain procedures such as hiring or remuneration as unjust and based on nepotism (Barnett & Kellermanns, 2006; Jaskiewicz et al., 2013). As a result, they may lose their motivation and injure the business' performance.

Similarly, altruism, which is normally acknowledged for its positive effects, may lead to nepotism in extreme cases which can be considered the dark side of stewardships (Jaskiewicz et al., 2013; Hoffmann et al., 2016). Possible negative effects may arise from an inability or unwillingness to exercise control and restraint over family members (Schulze et al., 2003). In particular, the desire to keep the business within the family may lead to the appointment of family members to organisational positions for which they clearly lack competence (Schulze et al., 2003; Jaskiewicz et al., 2013).

To the same extent, a false sense of altruism can make family members unwilling or unable to punish adverse behaviours of other family members, such as inadequate decision making or overly generous remuneration packages which then incurs another form of agency costs due to principal-principal agency (Jensen & Meckling, 1976; Fama & Jensen, 1983; La Porta et al., 1999; Hoffmann et al., 2016). This can cause frustration among nonfamily members, especially for those employees with management

expertise who feel there is a 'glass ceiling', knowing that no matter how skilled and loyal they are they will never make it to the top (Scase & Goffee, 1982; Ram & Holliday, 1993; Hoffmann et al., 2016). Similarly, feelings of mistrust and injustice can arise when employees receive reprimands for behaviours for which family members are not punished (Ram & Holliday, 1993; Barnett & Kellermanns, 2006).

In the case company, the dark side of altruism was not strongly perceived. Family members who did not have necessary competences[9] were not hired. This also explains why the brothers decided against spousal integration. They felt that the hiring of family members needed to be based on competence, not marital status. Similarly, equity ownership was also restricted to the three brothers who managed the business and their father (founding generation). In this way, family members who were not in the firm had no share in the business.

Lastly, negative impacts can stem from the emotional conflicts between family members. These relationship conflicts can be detrimental to a business' success and survival (Kellermanns & Eddleston, 2004; Eddleston & Kellermanns, 2007; Strike, 2013), as they drain energy and divert attention away from business matters (Eddleston & Kellermanns, 2007). Especially for nonfamily employees, relationship conflicts between family members can be challenging. Employees may feel the need to take sides, which can cause relationship conflicts to spread through the whole business, causing competitive and mistrusting behaviours between family, nonfamily members and colleagues. At Wurst Stahlbau, employees and brothers reported little

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9 The youngest sister of the brothers neither had ownership nor was she involved in any form in the business.

relationship conflict. Conflict was task and process related and resolved in a constructive manner.

2.3.3. Identification of Gaps in the Literature on Family Nonfamily Relationships

In this subsection, a brief summary identifies research gaps in the understanding of the relationship dynamics between family and nonfamily members. As the above two subsections demonstrate, research is missing an in-depth understanding of the relationship processes and dynamics leading to positive and negative outcomes. Theories such as agency theory, stewardship theory, social capital or socioemotional wealth theory, acknowledged to create positive impacts, also can cause negative impacts (Ensley & Pearson, 2005; Hoffmann et al., 2016). It follows that research needs to investigate the relationship processes in more detail to develop theory able to explain positive and negative outcomes.

Furthermore, theorising on relationships in family firm research has not given much attention to the specific relationship dynamics between family and nonfamily members (Strike, 2013). Theories and empirical research often only integrate the perspective of the managing family, failing to integrate the voices and perspectives of nonfamily employees, which nonetheless comprise the majority of the workforce in family firms (Barnett & Kellermanns, 2006). For example, while Erdem & Atsan (2015) provided an intriguing paper on trusting relationships between managing family and long-term nonfamily employees, they only integrated the perspective of managing

families. This, however, only provides an incomplete picture, since trusting relationships are built between people, and understanding these requires the perspectives of all members involved in the relationship (Larzelere & Huston, 1980; Butler, John K, Jr & Cantrell, 1984). While Scase and Goffee have published research on the perspectives of small business owners including, employee relationships, they mostly concentrate on the perspectives of the owner/manager family and that of a few senior nonfamily employees (Scase & Goffee, 1982, 1987). Furthermore, their research was conducted more than 30 years ago, and this leaves the question as to the extent their findings are still current.

2.4. Stakeholder Engagement in Family Firms: Behaviours and Motivations

This subsection discusses literature on stakeholder engagement in family firms, especially with respect to behaviours and motivations. Since this thesis deals with the engagement process between managing family and nonfamily employees, theories are discussed with respect to engagement with internal stakeholders. Stakeholder theory and stakeholder engagement have been strongly influenced by the dual-open-system paradigm mentioned previously. As such, some researchers have focussed on behavioural and motivational aspects of stakeholder engagement. First, behavioural aspects will be discussed, and then motivational aspects of stakeholder engagement and how these may influence the behavioural aspects are discussed.

2.4.1. Stakeholder Engagement in Family Firms: Behaviours

Researchers have argued that the influence of the family system on the business system may make family firms more socially responsible and actively engaged with their stakeholders (Dyer, JR. & Whetten, 2006; Marques et al., 2014). While there is little evidence suggesting that family firms are less responsible than nonfamily firms (Marques et al., 2014), not all family firms are more responsible in all areas of stakeholder engagement (Dyer, JR. & Whetten, 2006). It seems that the emphasis on where and how to engage differs considerably between family firms (Dyer, JR. & Whetten, 2006; Niehm et al., 2008; Fitzgerald et al., 2010; Marques et al., 2014).

Size, industry and locality of the business may also influence where and why family firms engage in socially responsive behaviour. Fitzgerald and her colleagues (2010) established that small family business owners in rural communities were more likely to serve leadership positions in their communities, as well as making financial and technical contributions, when they had a positive feelings about their local communities. Similar findings were provided by Scase and Goffee who also concluded that small business owners report a high sense of moral obligation to provide and give back to their employees as well as to the community (Scase & Goffee, 1982, 1987): However, they also find that opinions can be quite diverse among owners of similar sized businesses. While many positive examples of the caring, socially responsible family firms exist, there are also negative ones[10], leading to a heterogeneity that begs for further investigation. One stream of literature analyses the motivational aspects of stakeholder and employee engagement

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10 The mismanagement of the Schlecker family in Germany lead to the insolvency of the company, leaving 25.000 employees, mainly female, middle aged women, redundant. The family has been charged with delayed filing for insolvency in order to appropriate money to the private family. It has been argued that many jobs could have been saved had the family reacted more quickly and filed for insolvency in due time.

of family firms, arguing that this heterogeneity is based on motivational differences (Cennamo et al., 2012; Hauswald & Hack, 2013; Marques et al., 2014).

2.4.2. Stakeholder Engagement in Family Firms: Motivations and Impacts of Motivations on Stakeholder Engagement

In stakeholder theory, two motivational constructs dominate, namely, the instrumental and the normative view (Donaldson & Preston, 1995; Cennamo et al., 2012; Hauswald & Hack, 2013; Sheehan et al., 2014). The instrumental view may be best described as "doing well by doing good" (Byus et al., 2010), while normative behaviour is best described as 'feeing well by doing good." In family firms, instrumental aspects and motivations are more complex than in nonfamily firms, since family firms are also motivated by nonfinancial, family-centred goals (Zellweger et al., 2011). Socioemotional wealth theory, recently one of the most popular concepts in family firm research, argues that family firms adopt nonfinancial goals which are based on the social needs of family members (Gómez-Mejía et al., 2007; Chrisman et al., 2012; Cennamo et al., 2012; Perry et al., 2015). Since the business is not only a source of financial income but also of personal identification, as it creates a family legacy that extends to following generations (Cennamo et al., 2012; Perry et al., 2015), managing families experience a great sense of emotional attachment to the business. The satisfaction of socioemotional

wealth goals[11] has been identified as explaining different motivations and approaches to stakeholder engagement.

From this perspective, family firm researchers have argued that major motivations for stakeholder engagement can be grounded in different socioemotional wealth needs (Cennamo et al., 2012; Hauswald & Hack, 2013; Marques et al., 2014; Perry et al., 2015). Each socioemotional wealth goal entails either a more instrumental or normative motivation (Cennamo et al., 2012; Hauswald & Hack, 2013; Marques et al., 2014). Depending on whether priority is given to instrumental or normative socioemotional wealth needs, the family may act more proactively or reactively (Marques et al., 2014), may be considered more or less benevolent or altruistic (Hauswald & Hack, 2013) and may engage more with internal or external stakeholders (Cennamo et al., 2012). If, for example, the family is motivated by retaining family control and attaining the renewal of family bonds they are said to be instrumentally motivated. The desire to pass on the business to following generations leads family members to engage actively with internal stakeholders, since actions considered as irresponsible may injure future prosperity and thus the family firm's legacy (Cennamo et al., 2012; Hauswald & Hack, 2013).

If, on contrast, the family is motivated by personal identification, emotional attachment to the business and binding social ties their actions are considered normatively motivated. 'Doing the right thing' (Hauswald & Hack, 2013; Marques et al., 2014), is important, since family members draw part of

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11 Socioemotional wealth theory identifies five dimensions of nonfinancial goals, driving family firm behaviours. These are: retaining family control and influence, renewal of family bonds, identification of family members with the business, emotional attachment and creating binding social ties.

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their individual identity, a sense of self-worth and pride, from their organisational identity (Zellweger et al., 2011; Cennamo et al., 2012; Marques et al., 2014). The firm's reputation influences how family members may feel about themselves. If the business is seen as a responsible and good 'corporate citizen', family members may be equally seen as caring, benevolent, good citizens (Niehm et al., 2008; Marques et al., 2014).

In reality, however, it may be hard to determine if a family firm is more 'normatively' or 'instrumentally' motivated, since extreme cases of purely instrumental or purely normative motivated family firms are rare (Cennamo et al., 2012; Hauswald & Hack, 2013) and motivations may change over time and between family members. Additionally, self-serving and altruistic motivations may exist simultaneously, as a recent study of Lithuanian SMEs found (Mickiewicz et al., 2016). For example, philanthropic donation of managing families can be both grounded in self-interest and altruism. While it may be based on a moral obligation to give back to the community, it is also likely to have a positive impact on the family and business reputation, leading to an increased commitment of the community to the business.

The same applies to family-nonfamily employee relationships, where researchers have argued that altruistic and self-interested motivations exist alongside each other (Scase & Goffee, 1987; Ram & Holliday, 1993; Cennamo et al., 2012) This further increases the complexity, since it may be hard to establish whether altruism or self-interest is the main driver for stakeholder engagement. Instead of asking what motivates some family firms we may, as this research does, as well ask how and why some family firms

are able to establish a shared understanding of care and being cared for with their nonfamily employees.

2.5. Summary

The review of literature on social relationships in family firms leads to the following three conclusions. First, the potential for overlap between family and business systems, which is a characteristic unique to family firms (Chrisman et al., 2005; Sundaramurthy & Kreiner, 2008; Pearson et al., 2008; Naldi et al., 2015), can have positive as well as negative impacts on both the family and the business system. Second, research on social relationships in family firms has mainly focussed on intra family relationships (Sorenson, 1999; Kellermanns & Eddleston, 2004; Kwan et al., 2012; Jaskiewicz et al., 2013). Third, research concerning the relationships that family members have with nonfamily employees needs to receive further attention (Strike, 2013; Hauswald & Hack, 2013; Erdem & Atsan, 2015; Naldi et al., 2015).

With respect to stakeholder engagement in family firms, two conclusions can be made. First, family firms are heterogeneous in their approaches to engaging with stakeholders. This seems to be based on different motivations underlying the actions aimed at increasing stakeholders' well-being. Second, while motivations can range from purely instrumental to purely normative, these extreme cases are rather rare (Revell & Blackburn, 2007; Cennamo et al., 2012; Hauswald & Hack, 2013). It can be followed that family firm owners are simultaneously motivated by both instrumental and normative socioemotional wealth goals. In this 'mixed-motive' situation, primary

motivations can be either more instrumental or more normative (Hauswald & Hack, 2013).

Motivated by a desire to enhance in-depth understanding of the social dynamics of internal stakeholder management in SME family firms, three broad research aims were set. First, explore why do some managing families create a unified understanding of caring and being cared for with nonfamily employees? Second, attaining an in-depth understanding of the structural and emotional dimensions of the family-nonfamily and collegial relationships. Third, how is the shared understanding of care diffused to lower hierarchy levels of the company?

3. Research Methodology I: Research Philosophy and Research Method

3.1. Introduction

In this work, the research methodology, research design and critical self-reflection on methodology and methods are discussed here and in the next two chapters. This chapter introduces the research methodology and discusses the research philosophy and overarching research method. A pragmatic critical realist philosophy of science in a grounded theory method is used in this work. The two arguably fit well together. Ontologically and epistemologically, pragmatism and critical realism share common characteristics. Both contend that all knowledge is context-dependent, inherently provisional and claim that valuable theory is developed in real-life contexts (Sayer, 1992; Blackburn & Kovalainen, 2009; Johnson & Duberley, 2000; Easton, 2010). Grounded theory, especially its modern application, embraces pragmatism by arguing for context dependency and the need to develop theory from data, and thus real-life contexts (Cisneros Puebla, 2004; Glaser & Strauss, 2008; Bryant & Charmaz, 2011a).

The primary aim of this chapter is to demonstrate a strong methodology that integrates research philosophy, research strategy, research methods and tools in a coherent manner. Following this imperative, the research philosophy, its practical adequacy for this research and expected contribution will be discussed. In the first section, ontological and epistemological choices are discussed, since they will inevitably affect methodological choices. Considerable emphasis is given to explaining the context dependencies (space and time) of research objects (social relationships in different

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contexts) and subjects (managing family versus nonfamily employees), which integrates well with epistemological principles of pragmatism and critical realism. In the next section, the research methodology, a grounded theory approach as an overarching method that makes use of an embedded case study design, is discussed.

The section starts with a discussion of grounded theory's appropriateness for this thesis and how it fits under a pragmatic critical realist paradigm. Developments of grounded theory have resulted in a plethora of research approaches which differ considerably in their practical as well as epistemological considerations (Bryant & Charmaz, 2011a, 2011b). Therefore, a more specific discussion of how grounded theory has been applied is provided in the next section, where the approach taken concerning major points of divergence between grounded theorists such as the use of literature, audio recording and coding software is explained. A brief summary of the major points concludes this chapter.

3.2. Context Dependency of the Research Objects and Research Subjects

This section discusses the adequacy of pragmatic critical realism as a research philosophy. A major reason for using pragmatic critical realism is that research objects (social relationships) and research subjects (family versus nonfamily employees) entail specific spacial and temporal aspects that are particularly context-dependent. Studying social relationships and their causal mechanisms in family firms entails certain spacial aspects which

make knowledge developed in other contexts such as private or nonfamily business contexts imperfectly transferable. This section is divided into three subsections. First, the spacial aspects of social relationships in the business context are differentiated from the private context, which is followed by an exploration of spacial differences between the family and nonfamily business context. Second, the context dependency of research subjects is examined. In the family firm context, belonging to the in-group (family) often determines the power in the business (managing). Past theorising has reinforced these power asymmetries by focussing on the managing family's perspective. Pragmatic critical realism rejects the possibility of universally applicable knowledge, claiming that knowledge is complex and context-dependent (Sayer, 1992; Easton, 2010). As such, it supplements this research project's aim of understanding complex social processes by taking an intensive as opposed to an extensive approach (Blackburn & Kovalainen, 2009; Oliver, 2012).

3.2.1.   Spacial Contingencies of Social Relationships: Organisational versus Private

This subsection argues that pragmatic critical realism's claim for context dependency applies to spacial contingencies that differentiate professional contexts versus private contexts. This argument is based on two spacial contingencies that govern social relationships in the business sphere. First, social relationships in the business context are built for a different purpose (Weiss, 1974). Second, the business setting may act as a spacial boundary, affecting the structural and relational dimensions of social relationships.

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Thus, relationships operating between the structural and relational dimensions applicable to the private context cannot be automatically transferred.

The purpose for which social relationships are built in the business context is different from that present in private contexts. Organisational relationships are mainly purpose-driven and task-oriented; they are primarily built in order to serve the business purpose and goal. Social relationships in organisations are often considered as professionalised (Hoffman et al., 2006). Hierarchical structures and social roles have been established to facilitate goal achievement. These, however, function as spacial constraints by impacting the structural dimensions of social relationships. Consequently, interaction frequency and interaction intensity[12] are often a result of hierarchical structures instead of a product of free choice based on emotional closeness (Granovetter, 1973; Mayer et al., 1995; Burt, 2000; Levin & Cross, 2004; Lin et al., 2008). Organisational members may interact frequently because their position in the organisation requires this (e.g. colleagues sharing an office, people are assigned to project teams) leading inevitably to high interaction frequency which is based on the 'hierarchical' and 'professional' position, not on free choice (Marsden & Campell, 1984; Borgatti et al., 2013). The limitation of free choice is an important relationship regulator and a main feature distinguishing organisational from private contexts. In private relationships, these structural constraints are not relevant to the same extent; may even be missing altogether. In private settings people, at least theoretically, have more flexibility in influencing and choosing with whom they

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12 Interaction intensity here refers to the emotional closeness or attachment individuals experience in a relationship.

interact, how often and the type of interaction (Marsden & Campell, 1984; Coleman, 1988).

Furthermore, the spacial context of the organisation acts as a boundary to the structural properties of social relationships. The organisation is a spacial context that has clearly defined boundaries which, particularly in small to medium-sized businesses, span over only a few acres, sometimes even less[13]. This entails a geographic closeness of social actors and thus affects the quantitative aspects that define a relationship as structurally close (Granovetter, 1973; Marsden & Campell, 1984; Coleman, 1988; Hennig et al., 2012; Borgatti et al., 2013). A high interaction frequency in the business context in many cases is characterised by daily, sometimes even constant, interaction. In the private context, frequent interaction in some relationships, such as friendships, may only entail weekly interaction (Marsden & Campell, 1984; Coleman, 1988; Mooradian et al., 2006; Lin et al., 2008; Borgatti et al., 2013). As a consequence, the measurement of interaction frequency in organisational contexts may entail different frequency intervals as opposed tp private settings.

Relational properties also differ between organisational and private contexts, and what is considered an emotionally close relationship differs between them (Marsden & Campell, 1984; Borgatti et al., 2013). In the organisational setting, sharing private information about family, hobbies, etc. may suffice to consider a colleague emotionally close or trusted. In the private context, however, sharing the same information may not be sufficient to qualify a friend as a 'close friend' (Lewis & Weigert, 1985). Again, purpose and context

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13 Excluding internet-based ventures

of social relationships influence the emotional requirements needed to establish functional relationships in any given context (Weiss, 1974; Lewis & Weigert, 1985). The amount of emotional investment and vulnerability assumed between colleagues, for example, differs quantitatively and qualitatively from those between spouses. Thus, the degree of emotional closeness needed to make a relationship considered strong or close by one and the same social actor differs from the spacial setting in which the relationship is developed and whether it remains confined to this spacial setting. While some collegial relationships, even with colleagues with whom interaction frequency is high and sustained, never move beyond the confined boundaries of the work space, some of the collegial relationships are transferred to the private 'friendship' setting and thus spacial constraints may dissolve over time.

Lastly, it can be contended that the relationships and interdependencies between structural and relational aspects of social relationships, while applicable and established in private contexts may not be equally transferrable to the organisational context. Research on social relationships in a private or community setting has argued that the structural dimension (i.e., how often people meet and how long interaction exists) impacts the relational perspective. It is generally assumed that individuals who interact more frequently and for a substantial amount of time are more likely to develop emotionally close ties, characterised by a high degree of shared norms, trust and values (Marsden & Campell, 1984; Coleman, 1988; Nahapiet & Ghoshal, 1998). Therefore, interaction frequency has often been used as a variable to determine tie strength (Marsden & Campell, 1984).

Knowledge on this relationship between structural and relational properties of relationships has been developed by analysing social relationships in private contexts, which limits its applicability to the organisational context. While contact frequency can be a contributing factor in determining the strength of a tie, in the organisational context, it clearly is not sufficient by itself as it does not provide any information on the emotional closeness between actors (Marsden & Campell, 1984; Borgatti et al., 2013). As Marsden and Campell (1984) pointed out, frequency of interaction alone is ill-suited to assess the emotional closeness of a relationship, as some relationships naturally are characterised by higher interaction frequency than others. This seems to be particularly relevant for organisational relationships, where colleagues may be interacting on a daily basis with one another, without developing any emotional closeness (Marsden & Campell, 1984; Borgatti et al., 2013).

3.2.2.   Spacial Contingencies of Social Relationships: Family versus Nonfamily Business Context

Family firms represent a specific organisational context in which spacial differences may impact social relationships. Structural and relational characteristics may be different from those of nonfamily organisational contexts. In a family firm two spacial settings, the family, a private setting, and the business, a professionalised setting, are simultaneously present in the same spacial setting. Spacial boundaries between 'private' and 'professional' may be blurred, and in some cases non-existent. Consequently, organisational relationships in family firms may be influenced little or considerably by the family relationships (Barnett & Kellermanns,

2006; Eddleston & Kellermanns, 2007). This has potential consequences for the intra- and inter-family relationships in the family firm setting.

In the nonfamily organisational context, spacial dynamics have a clear direction where the professional relationship, at least in most cases, precedes any private relationship (colleagues may become friends). In family firms, the private context of familial ties provides an original relationship setting, which precedes any organisational or professional relationship that family members may share. Since ascribed social family roles may be hard to 'set aside' at the doorstep of the business, social dynamics in family firms are more context-dependent and complex than in nonfamily firms (Jaskiewicz et al., 2013) (Eddleston & Kellermanns, 2007; Pearson et al., 2008).

Additionally, the aforementioned reversed relational dynamics not only relate to intra-family relationships, but also potentially extend to inter-family relationships in an organisation. As owners and managers of the business, the family has absolute discretion in staffing decisions. Appointing close friends, or extended family members to positions that the managing family wants to be held by loyal and trusted people is much easier, as compared to nonfamily organisational contexts (Barnett & Kellermanns, 2006; Chrisman et al., 2006).

Pragmatic critical realism is appropriate here as it allows the researcher to be sensitive to the complex spacial context when determining the most appropriate way to measure and analyse social relationships and interpret their meaning in a medium-sized family firm.

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3.2.3.   Context Dependency of Research Subjects

It is not only the context dependability of the research object, but also of the research subjects that makes the application of a pragmatic critical realist philosophy valuable. This thesis explores the meaning of social relationships and how they may affect the feeling of caring for (managing family perspective) and being felt as cared for (nonfamily employees' perspective). Therefore, the role of the research subjects is also context-dependent. The distinction between managing family and nonfamily members is only relevant in a family firm context (Birley et al., 1999; Eddleston & Kellermanns, 2007; Naldi et al., 2015). The distinction is important, however, as it connotes the asymmetric power distribution between family and nonfamily members, which is in addition to the already existing power asymmetry between managers and employees (Strike, 2013; Hauswald & Hack, 2013). Arguably, knowledge on social relationship dynamics in family firms will remain inherently incomplete if the perspective of nonfamily employees is not incorporated into theorising (Strike, 2013). This resonates well with pragmatic critical realist claim to study phenomena in real-life contexts, incorporating the voices of all involved (Sayer, 1992; Johnson & Duberley, 2000).

3.2.4.   Context Dependencies and Pragmatic Critical Realism in this Research

The major implications these complex context dependencies add to theorising are: first, valuable theory in such a complex setting as the family firm can only be acquired in vivo (Sayer, 1992). Second, in order to overcome the weaknesses of past research, theorising needs to move

beyond the power asymmetries characteristic to family firms by incorporating nonfamily organisational members' perspectives in theory development. This work then attains the claim of emancipation inherent to critical realism by integrating the nonfamily perspective, which in many previous studies has been neglected (Strike, 2013) and satisfies pragmatic needs, which argue for theory that is developed in real-life contexts.

3.3. Research Method: Grounded Theory

In this section, grounded theory is introduced and how it complements a pragmatic critical realist paradigm is explained. Grounded theory has been selected as a research method for two main reasons. First, the research aim calls for a method that allows in-depth exploration and explanation of the social phenomena and the integration of theoretically relevant perspectives. Grounded theory's sampling approach allows for the gradual integration of theoretically relevant perspectives of family and nonfamily members over a period of time which is needed to better understand the social dynamics. Since grounded theory places emphasis on generation instead of verification, it also suitable for an intensive and in-depth research approach, such as an embedded case study. Second, principles of the grounded theory method applied in this research fit well with a pragmatic critical realist philosophy.

3.3.1.   Grounded Theory and Research Aims

This thesis aims to generate theory on how managing families create a social reciprocity with nonfamily employees. By looking at the social dynamics and

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social mechanisms (Blackburn & Kovalainen, 2009) between family-nonfamily employees and among colleagues, an understanding of the causal mechanisms that create shared reciprocity and its diffusion to lower levels is hoped to be acquired.

An appropriate research method allows for an in-depth exploration and explanation of the subjective perspectives of family and nonfamily members at different hierarchical levels. For this reason, a questionnaire based research method is deemed unsuitable. It neither allows for in-depth exploration of subjective perspectives, nor for the integration of different perspectives at different hierarchical levels. Cultural immersion in the case company, as a peripheral, active or complete member is an appropriate method to study the social dynamics in depth, however it has disadvantages. First, it poses the danger of losing detachment and becoming too personally involved. Second, it is resource intensive, especially in financial terms. Grounded theory as a research method seems to be particularly appropriate, since it provides a middle ground method between total detachment and total immersion.

A questionnaire based study approach seems ill-suited, as it does not allow the in-depth exploration and explanation of the social mechanisms that explain the emergence of a shared understanding of care between family and nonfamily members. Its primary aim lies in establishing causality in generalizable, reproducible, reducible terms. It is more suited for research that tries to verify existing theories instead of generating theory (Glaser & Strauss, 2008). Furthermore, the integration of multiple theoretically relevant

perspectives of family and nonfamily members at different hierarchical levels of the organisation seems to be hard to attain. Procuring an acceptable response rate of full data sets would also be challenging. Cultural immersion in the case or case company as a peripheral, active or complete member has unarguably the advantage of experiencing the social dynamics between family and nonfamily members, from the perspective of a nonfamily member. However, it also poses the danger of becoming too immersed in the company and losing the ability to accurately interpret other members' subjective perspectives (Ram & Holliday, 1993). Furthermore, it is a resource consuming approach not only in terms of time but also financial resources (Ram & Holliday, 1993). Contextual factors of the researcher made this option not practicable.

Grounded theory however allows the researcher to study phenomena in-depth in their real-life social contexts, without the need for full immersion (Glaser & Strauss, 2008; Covan, 2011; Denzin, 2011). Additionally, theoretical sampling procedures applied in grounded theory make the integration of multiple perspectives, necessary to develop a more complete understanding of social phenomena possible. The iterative process of sampling, collection and analysis used by grounded theorist offers flexibility needed for emergence and context sensitive theory (Urquhart, 2001; Bryant & Charmaz, 2011a). This is especially valuable in this research considering that only limited understanding of the inner social dynamics in family firms exists. Principles of grounded theory such as theoretical sampling, simultaneous data collection and analysis and constant comparison

emphasise the emergent nature of how understanding is developed and are appropriate in this research context.

3.3.2. Grounded Theory under a Pragmatic Critical Realist Philosophy

In this subsection, grounded theory is evaluated under a pragmatic critical realist's philosophy. Applying a pragmatic critical realist's philosophy in grounded theory is complementary, as they share four key principles (Oliver, 2012). First, grounded theory is based on the notion that theory should be developed from real-life contexts (Sayer, 1992; Johnson & Duberley, 2000; Oliver, 2012) resonating well with the idea of context dependency and practical relevance claimed by pragmatic critical realism. Second, theoretical sampling entails a pragmatic nature by arguing that the theory will reveal relevant cases (Oliver, 2012). Third, grounded theorists and pragmatic critical realists accept the context dependency of the researcher (Corbin & Strauss, 2008), rejecting the possibility of purely objective theory. Fourth, grounded theory's constant comparison and axial coding are expressions of critical self-reflexivity and a researcher's fallibility (Mruck & Mey, 2011; Finlay, 2012). Lastly, theoretical sampling allows for retroductive sampling which is an important feature of pragmatic critical realism.

First, pragmatic critical realists argue that social phenomena should be studied in their real-life contexts, as context impacts knowledge. This resonates well with grounded theorists' idea of induction (Sayer, 1992; Glaser & Strauss, 2008). Knowledge can be best developed in 'in vivo'

contexts. Consequently, it is contended that researchers need to collect and analyse data simultaneously.

Second, theoretical sampling seems to indicate a pragmatic approach to doing research. Glaser and Strauss both claimed that research in sociology needs to develop theory that "fits and works" (Glaser & Strauss, 2008) in that the sense that it helps practitioners deal with real-life situations. By including theoretically relevant cases, collected data will help to better understand social phenomena (Morse, 2011). Consequently, an a priori, detailed research plan and design, identifying all relevant cases is not possible. Researchers need to be flexible and willing to adapt their research methods and tools;. Integrating relevant topics as they emerge and dropping irrelevant topics (Corbin & Strauss, 2008; Glaser & Strauss, 2008).

Third, the philosophy and methodology both argue for the context dependency of knowledge. Even the researcher is subject to context dependency and thus all knowledge is inherently subjective and no ultimate 'real' truth can be established (Sayer, 1992; Corbin & Strauss, 2008; Blackburn & Kovalainen, 2009). Even Corbin acknowledged in an Interview with Cisneros Puebla (2004) that:

> *[…] our perspectives and belief systems influence how we view*
> *and work with the data. We want our readers to understand why*
> *it is important to look at experiences, feelings, action/interaction,*
> *to denote the structure or context in which these are located,*
> *and why it is important to study process* (answer 21).

This viewpoint clearly expresses the acceptance of epistemological subjectivism that resides within pragmatic critical realism (Sayer, 1992; Danes et al., 2009; Easton, 2010; Oliver, 2012). The use of field notes, memos, and constant comparison are action-oriented demonstrations of self-reflexivity and fallibility (Mruck & Mey, 2011; Oliver, 2012).

Lastly, theoretical sampling allows for retroductive sampling which is important for pragmatic critical realists (Oliver, 2012; Kontinen & Ojala, 2012). It can be concluded that pragmatic critical realism provides an adequate philosophical frame for 'doing grounded theory'.

3.4. Attitudes and Application of Grounded Theory

This section explains how grounded theory is conceived and applied in this research. This is necessary, since grounded theory methods have developed into an 'umbrella term' but used to describe a 'family of methods' adhering to some more or less shared principles on how to develop theories from data (Bryant & Charmaz, 2011a). Based on the rift between the founding fathers, grounded theory can be split into a 'Glaserian' and 'Strausserian' approach (Bryant & Charmaz, 2011b; Star, 2011; Lempert, 2011; Holton, 2011). Subsequent adaptations of both approaches have led to a diversity which adds richness but require clarification. As noted by Bryant and Charmaz (Bryant & Charmaz, 2011a)

> *[…] This diversity needs to be seen as a basis for discussion*
> *and exchange for ideas, not as an excuse to erect barriers*
> *between one 'true' version of GTM and all others, inevitably*

deemed to be imposters or diluted forms of 'the one authentic method'. (p.48)

Consequently, a positioning with respect to the most prominent controversies among grounded theorists, such as the use of literature, for example, needs to be made before beginning a more detailed discussion of research design and application of grounded theory in this research. An understanding of subsequent choices will be facilitated by delineating how grounded theory is perceived in this research.

3.4.1. The Use of Literature

The use of literature or, more specifically, when to read and use literature for growing theory, has been one of the most discussed topics among grounded theorists and which divides 'traditionalists' from 'modernists'. Here, a 'modernist' approach of an integrative, pre- and post-conceptual literature review was applied.

3.4.1.1. *Pre-conceptual Literature*

Before entering field research, existing theory and research on family firms, social network theory, social capital, social responsibility and stakeholder management in family firms were reviewed. This was considered important for two main reasons. First, the idea of any researcher being free of preconceptions is rejected on epistemological principle, as it entails an objectivist epistemology. Researchers are not educated in a vacuum. The

process of sense making incurs a comparison with prior ideas, knowledge and experiences. The idea of being able to 'suspend all prior knowledge' seems rather naïve at best and arrogant at worst (Bryant & Charmaz, 2011b; Kelle, 2011). In order to develop emergent theory, researchers need to acknowledge their own preconceptions, based on their prior experience and knowledge (Cisneros Puebla, 2004; Mruck & Mey, 2011). As such, this thesis rejects the view of 'traditional' grounded theorists, who argue that prior reading of literature will lead researchers to think in preconceived categories, impeding the discovery of truly emergent theory (Glaser, 1992).

Second, a pre-conceptual literature review provides a general understanding of the current research debate. This is important for practical and theoretical considerations to developing theory. As Stern notes, bureaucratic procedures inherent to academic institutions and funding agencies may make it impractical if not impossible to defer the reading of literature to later, post-conceptual stages (Stern, 2011), while Lempert (2011) argues that reading relevant literature is a perquisite to advancing theory. She states that:

> *In order to participate in the current theoretical conversation, I need to understand it. I must recognize that what may seem like a totally new idea to me […] may simply be a reflection of my ignorance of the present conversation. A literature review provides me with the current parameters of the conversation that I hope to enter…It does not however, define my research.* (p.254)

Lastly, a pre-conceptual literature review helps to identify knowledge gaps. Prior reading led to the realisation that a grounded theory approach to theorising may add considerable value, as most theorising thus far has either centred on explaining differences between family firms or between family firms and nonfamily firms. Only a limited number of theories have been aimed at explaining processes at a higher, meta-theoretical level. Grounded theory would provide a way to develop theory from data, while not placing overt importance on verification. In this sense, Lempert's argument is reinforced.

3.4.1.2.   Post-conceptual Literature

Researchers, however, not only disagree on whether literature should be reviewed before entering the research field, but also when to review literature within the field work process. In this research, the literature review was suspended until emergent themes and categories had been well developed.

Some researchers propose reviewing the literature from the beginning of data collection (Lempert, 2011), while others argue to postpone the review until themes and categories have solidified (Stern, 2011). The reason to suspend reading until a quite advanced stage of the analytical process was made on grounds of emergence, avoiding the danger of premature conceptualisation. Grounded theory novices in particular, may feel the pressure to develop categories early on (Stern, 2011; Lempert, 2011). The ability to code at abstract levels is developed gradually and the desire not to miss anything important leads to initial confusion (Stern, 2011). In order to

avoid premature conceptualisation, themes were allowed to emerge and solidify by themselves. This also explains why pre and post-conceptual literature review differ considerably. Themes such as trust and social learning emerged as deeply relevant trough analysis of data and were only covered in-depth in the post-conceptual literature review. Much of the literature review presented in this research consists of theory covered in the post-conceptual literature review.

3.4.3. The Use of Memos, Field Notes and Diagrams

In this research, field notes, memos and diagrams were used from the beginning to the end of the research process. It started with the first interview and ended when the last data was coded and data saturation was achieved. Memo writing also had a major impact on developing theory as it advanced and facilitated the sense making process.

Memo writing is an essential task in a grounded theory approach which applies a pragmatic critical realist's perspective. It is where individual and subjective sense making processes are articulated and made transparent to the researcher, making the researcher sensitive to existing preconceptions and their fallibility. This view shared by other grounded theorists who argue that memos are where the 'magic of grounded theory happens'. Many grounded theorists argue that memo writing is the means by which researchers theorise (Urquhart, 2001; Stern, 2011; Lempert, 2011). For example, Stern (2011) asserts that: *"If data are the building blocks of developing theory, memos are the mortar. The analyst must write out their*

memos because unwritten inspired theorizing at night wafts away, the next morning it's gone, and the grounded theory never materializes" (p.119). Similarly, Lempert (2011) argues that*: "Memo writing is essential to grounded theory […]. It is the fundamental process of researcher/data engagement that results in a grounded theory""* (p. 245). Through memo writing, the researcher consciously breaks through existing patterns of thinking and attempts to analyse data from different perspectives. It also makes the dynamic nature of sense making transparent. As new data arrived, was analysed and coded, existing memos were adapted and compared with new memos, which led to a higher level of abstraction. While at first memos and coding were rather descriptive, the memos facilitated the sense making process making an elevation to more abstract levels possible. Finally, memos were also used for critical self-reflection, which is considered an indispensable task for grounded theorists as well as pragmatic critical realists.

3.4.4. The Use of Audio Recording Technologies

Audio recording techniques were used to collect verbal interview data. While acknowledging the problematic aspects of recording interview data, it was considered appropriate in this research for three reasons. First, pragmatic considerations made the use of audio recording necessary. In a single researcher research design, it is one of the most valuable data collection devices ensuring independent and flexible data collection process.

Second, the disadvantages of the alternatives to audio recording were considered more harmful than the disadvantages of audio recording. The

alternatives to audio recording would have been bringing a research assistant to interviews or taking notes while interviewing respondents. The first alternative, bringing a research assistant to interviews, would have impacted the interview dynamics to a greater extent than audio recording. Dyadic and triadic interview situations differ considerably in their dynamics (Warren, 2012; Morse, 2012). As soon as a research assistant enters the interview situation the power asymmetries between interviewer-interviewee become more pronounced and enforced. The interviewee may feel intimidated, or outnumbered. Since establishing a trusting relationship between interviewer-interviewee is challenging enough (Morse, 2011; Warren, 2012; Morse, 2012), bringing a research assistant is likely to be counterproductive. The second alternative of taking notes while interviewing would have likely diverted attention from the interviewee and the interview situation. In grounded theory, however, it is important for the researcher to be sensitive and alert to the interview situation.

Third, audio recording enabled the capture of all verbal aspects of data which would otherwise be lost (e.g. intonation). Grounded theorists claim that everything is potentially data (Glaser & Strauss, 2008; Bryant & Charmaz, 2011b). If everything is potentially valuable data, then facial expressions, hesitations, laughs or other forms of nonverbal communication need to be recorded and noted by the researcher. This will hardly be possible if the researcher needs to take notes while interviewing. It is therefore concluded that audio recording provided the most appropriate choice for data collection in this project.

3.4.5. The Use of Coding Software

In this research, open coding, axial and selective coding of data was achieved by manual coding. Manual coding helped to ensure a focus on the primary task of coding and analysing data was maintained. Software tools cannot replace the creativity of the human brain (Bryant & Charmaz, 2011a). In grounded theory, the researcher is the person who is involved in growing theory. NVivo was only used at a later stage to store and validate coding procedures.

3.5. Summary

This chapter has introduced pragmatic critical realism as a research philosophy, explaining its specific appropriateness for this research project.

The context-dependency of social relationships in the organisational, specifically in the family firm, context requires a research philosophy which can incorporate the contextual factors. It has been argued that the spacial setting of the business and the family business requires different approaches to measuring close ties as may have been applied in a private, non-organisational setting.

The context dependency of organisational relationships is potentially more complex in a family firm context as opposed to a nonfamily context. First, family relationships are structurally and relationally different from 'traditional' organisational relationships. While in nonfamily contexts, the professional relationship precedes a private, emotional relationship, family relationships precede any organisational relationship. The same potentially applies for

family-nonfamily relationships. The measurement of structural and relational aspects of social relationships in a family firm setting needs to attain to these specific context dependencies.

In addition, grounded theory has been discussed as the overarching research method of this project. It has been demonstrated how grounded theory specifically fits the aims of this research and why it has been preferred to alternative research methods, such as survey-based quantitative methods and qualitative work-shadowing. It has been argued that grounded theory can be integrated under pragmatic critical realists' epistemology: Grounded theory as well as pragmatic critical realism share major epistemological characteristics, such as context dependency, fallibility of knowledge, and arguing for a real-life and intensive approach to generating theory, they seem particularly well suited to the research aims of this thesis.

Lastly, an explanation of the grounded theory method in this research has been provided, which is sought to advance and facilitate understanding processes and outcomes of this research project. The following chapter will discuss research tools and research design in more detail.

4. Research Methodology II: Research Design and Tools

4.1. Introduction

This chapter is divided into seven sections and structured along the following themes. First, the embedded case study as the major research tool will be introduced and its appropriateness in a grounded theory method will be demonstrated. It is argued that an embedded case study design is best suited for the research object and subject of this study. In the second section, the sampling process is explained. In grounded theory, sampling is made on theoretical grounds and thus decisions need to be justified as regards to how they contribute to understanding. A more detailed explanation of the theoretical relevance of the main case and participants will be provided in later sections.

The next section explains the data collection tools, which consist of structured interviews that incorporated semi-structured features, network analysis, and structured feedback discussions. The forth section explains how data has been collected and handled. In the fifth section, the analytical processes of collected data will be discussed. While it is acknowledged that all tasks, such as data collection, handling and analysis of data are carried out simultaneously in grounded theory, a separate discussion of the collection, handling and analysis is hoped to facilitate understanding. In the last section of this chapter the limitations of grounded theory as a methodology, the embedded case study as a research design and network measurement approaches will be discussed. A brief concluding section summarises the chapter.

4.2. Research Design

In this thesis, an embedded case study has been selected as the major design tool for developing theory. While case studies can be considered a research method (Yin, 2009), in this research the case study serves as a vehicle for generating grounded theory. The choice of an embedded case study has primarily been made on grounds of theoretical adequacy and can be seen as part of the theoretical sampling process. This section explains how an embedded case study fulfils the research requirements of this project and discusses how the case study as a research tool integrates well with grounded theory and the research philosophy.

4.2.1. Suitability of an Embedded Case Study Approach

This part discusses the choice of the embedded case study as a research tool. The embedded case study was chosen for two main reasons. First the embedded case study is well suited to attain the research aims. Second the embedded case study design integrates well with a grounded theory method, because it allows for theoretic sampling in the data collection process.

Three major research aims were identified in Chapter 1. The first aim is to identify factors that create social reciprocity between family and nonfamily members. An understanding of this can, arguably, be best achieved by examining multiple in-depth perspectives of managing family members as well as nonfamily members for the following 3 reasons.

First, The complexity of social relationships, their meaning, interpretation and dynamics require 'getting close' to research subjects (Gao et al., 2012). An in-depth data collection method, such as face-to-face interviews is suitable to discuss sensitive and personal subjects. Second, the aim to understand multiple perspectives, those of managing family and nonfamily members, also calls for an intensive research approach, such as the embedded case study. Lastly, the aim of this research is generating theory at the substantive level and thus the generation of theory which also favours an intensive, in-depth research design.

The first research aim requires identifying one or more family firms that have successfully created a shared perception of caring and being cared for. As the word 'shared' indicates, successful theory needs to incorporate multiple perspectives from various family and nonfamily organisational members. While an extensive research approach via questionnaires may not seem practicable, the use of case studies can provide valuable insights (Verschuren, 2003; Gerring, 2004; Yin, 2009). Especially in family firm research, case studies are a quite useful vehicle to building theory and exploratory and explanatory research, since the aforementioned systems' overlap between family and business create complexities that may not be adequately addressed with survey-based methods alone. (Massis & Kotler, 2014; Fletcher et al., 2016; Leppäaho et al., 2016). An embedded case study, which forms part of the single case study approach, is often applied where a single case has revelatory power, because it constitutes an extreme case and provides superior forms of access (Massis & Kotlar, 2014). As this research aims at identifying processes that can explain the successful

creation of social reciprocity, a feeling based on social interaction, an embedded case study is well suited, as it allows analysis of one single, revelatory case at an in-depth level (Gao et al., 2012).

Second, an embedded case study is considered most adequate for generating theory on how managing family and nonfamily members build, maintain and interpret social relationships, as it facilitates 'getting close' (Revell & Blackburn, 2007; Gao et al., 2012) to research subjects. Furthermore, the research aim requires the integration of multiple perspectives, those of managing family and nonfamily organisational members. The gradual process of sampling individual respondents helps in identifying relevant cases that will advance understanding. The need for multiple perspectives has already been discussed in the previous chapter. The potential relationship complexities and dynamics in the family firm context call for the integration of multiple perspectives at various levels of the organisation. Failing to do so will result in an incomplete understanding (Strike, 2013). In order to develop theory that integrates multiple perspectives and interpretations on relationships between managing family and non-family organisational members, an in-depth understanding needs to be acquired before extending the scope (Gerring, 2004; Gao et al., 2012).

Lastly, this project aims for theory at a substantive level, which, according to the founders of grounded theory, can be then gradually developed into formal theory (Glaser & Strauss, 2008; Glaser, 2011; Kearney, 2011). Again, an embedded case study seems particularly suitable for developing substantive theory, as it provides a specific context (Glaser & Strauss, 2008; Kearney,

2011). The embedded case study design is particularly valuable for generating in-depth knowledge and understanding, which are both crucial for theory development. However, a verification of theory needs to be made by including multiple research contexts, which is not the aim of this study.

4.2.2.   Case Study Research, Grounded Theory and Pragmatic Critical Realism

This subsection discusses how the case study as a research design fits with the research philosophy of pragmatic critical realism. First, an overview of case study research in family firm and qualitative research is given. This is then followed arguing that the case study fits well with grounded theory for four reasons (explained further below). Furthermore, it is argued that the embedded case study integrates well with method and research philosophy based on three reasons. Lastly, the disadvantages of the embedded case study will be discussed and reflected on.

While the majority of case study research in family firms can be described as 'qualitative positivistic', more recently scholars have argued that critical and interpretivist paradigms should be more enthusiastically embraced, since they can offer novel insights (Leppäaho et al., 2016). Case studies applying qualitative positivism often make use of multiple cases, however, single or embedded case studies are not uncommon either, especially, in family firm research (Massis & Kotlar, 2014; Fletcher et al., 2016). This may be based on the fact that in some cases a single family firm exhibits such unique features, that make it quite revelatory (Massis & Kotlar, 2014; Fletcher et al.,

2016). Wurst Stahlbau GmbH was primarily chosen for its provision revelatory relevance, an embedded case design with a single case company is appropriate if the case represents unique revelatory power (Massis & Kotlar, 2014; Fletcher et al., 2016).

Furthermore the embedded case study fits well with both, grounded theory and pragmatic critical realism (Leppäaho et al., 2016). The following four reasons make the embedded case study an appropriate research design in a grounded theory method. First, grounded theory as a research method can be considered a type of case study. Second, an embedded case study design is an intensive research approach which allows for an in-depth understanding (Massis & Kotler, 2014; Fletcher et al., 2016; Leppäaho et al., 2016). Third, the embedded case study design allows for gradual and flexible sampling on theoretical grounds, making theoretical sampling possible. Lastly, methods used in grounded theory, such as constant comparison and the collection of new data for verification, are forms of data triangulation, which is used in case study research for verification.

Case study researchers applying 'qualitative positivism' may argue that grounded theory and case study research are incompatible (Eisenhardt, 1989; Yin, 2009). Yin (2009), for example, argues that a case study design rests on carefully derived propositions derived from the literature and an a priori clear and static research design. This is in contrast to grounded theory's inductionist approach. Scanning existing literature however, it becomes apparent that Yin's view of case study is quite narrow (Woodside & Wilson, 2003; Verschuren, 2003; Easton, 2010). A closer look reveals that

the constant comparative method of grounded theory is a form of case study. Even Yin and other researchers accept that the case study is an intensive research approach that favours an involved role of the researcher (Yin, 2009). This view is quite compatible with a grounded theory methodology, which also assumes an engaged role of the researcher in an intensive research design (Glaser & Strauss, 2008; Bryant & Charmaz, 2011a, 2011b).

Second embedded case study is specifically useful for generating in-depth understanding or processes, which is also an aim of the grounded theory method. The third argument for the compatibility of an embedded case study design with a grounded theory method lies in the compatibility of sampling procedures. In grounded theory, sampling needs to be made on theoretical grounds and as such, sampling choices are not made in advance but gradually, as theory emerges (Glaser & Strauss, 2008; Bryant & Charmaz, 2011b; Morse, 2011). In an embedded case study design, sampling of caselets can be made during the data collection process. As such, an embedded case study design facilitates theoretical sampling.

Lastly, the case study and grounded theory share quite similar principles. First, the idea of data triangulation in case study research as a means of verification comes close to activities used in grounded theory for the verification of emergent themes. For example, constant comparative analysis used in grounded theory can be seen as a form of triangulation. Through the comparison of new data with already collected and analysed data, adaptation and refinement by comparing data similarities and differences lead to the emergence of theory. This continuous and iterative process of theoretical

sampling comes close to data triangulation, as data is collected over a period of time as opposed to a specific point in time. As such, the case study can be seen as a research tool in grounded theory used for theoretic sampling. Second, some grounded theorists argue that the verification of theory needs to be done from different data sources as the ones used to develop theory (Bryant & Charmaz, 2011a). This is very close to the idea of data triangulation. In fact, 'comparing between cases' is quite a common expression in grounded theory.

However, the embedded case study not only fits with a grounded theory, it also is compatible with pragmatic critical realism. The following three arguments support the notion of this compatibility. First, the assumption that knowledge is context-dependent is supported by pragmatic critical realism and grounded theory. An embedded case study is a research design developed under the assumption of context relevancy (Johnson & Duberley, 2000; Gerring, 2004; Corbin & Strauss, 2008; Easton, 2010).

Second, an embedded case study design allows for the study of phenomena in-depth in their real-life contexts. The argument that the generation of valuable theory requires the study of phenomena in their real-life contexts has been made by grounded theorists, as well as pragmatic critical realists (Johnson & Duberley, 2000; Oliver, 2012). It was in fact this assumption that led Glaser and Strauss to develop grounded theory in the first place (Glaser & Strauss, 2008; Bryant & Charmaz, 2011b). Thirdly, grounded theory and critical realism both argue for critical self-reflexivity and researcher fallibility (Sayer, 1992; Johnson & Duberley, 2000; Easton, 2010; Oliver, 2012).

Triangulation in the embedded case study design is an action-oriented expression of self-reflexivity (Oliver, 2012). Through data triangulation, one and the same case can be approached at different stages in the research process, which helps to acquire a more refined understanding of participants' perspectives.

While there are many arguments, supporting the choice of the embedded case study, its disadvantages need to be recognised. An argument against an embedded case study design is that the robustness and analytical generalizability is limited (Massis & Kotlar, 2014; Fletcher et al., 2016). While data collection strategies are available that help to insure that findings represent a valid account of participants' views, analytical generalisability still remains limited. However, it is not the aim to produce results that are generalizable and reproducible, since that should not be the aim of building theory. Nonetheless, certain measures have been taken to make sure the developed theory reflects data adequately.

First, before selecting the case, an analysis of available data on the company was conducted. Second, data collection occurred over a period of time as opposed to a single point in time and extensive use of field notes and analytical memos tracked to process of theory development. Furthermore, transcripts and emerging frameworks were shared and discussed with participants, enhancing the internal validity of data (Massis & Kotlar, 2014; Morse, 2011). Mini yes or no questionnaires were distributed to participants where topics covered in interviews were double checked. Fourth, research assistants checked transcripts and were also invited to share their opinion,

providing a source of feedback, less embedded than the researcher. Finally, secondary resources such as, financial information, newspaper, journal articles, and historical accounts were consulted to ensure a higher degree of convergence. A more detailed description will be provided in the section 4.5 which discusses data collection, handling and analysis.

4.2.3. Theoretical Sampling: the Main Case Selection

This section explains theoretical sampling choices. Theoretical sampling in grounded theory means that selected cases need to improve understanding of the research matter. The main case, Wurst Stahlbau, a second generation family-owned and managed medium-sized firm, was selected after an assessment process. The case was selected for two main reasons: definitional and revelatory relevance.

In grounded theory, sampling choices have to be made on theoretical grounds (Glaser & Strauss, 2008; Morse, 2011). As such, researchers need to identify relevant factors for developing theory. Reviewing the aforementioned research aims, it becomes apparent that the first research aim – creation of social reciprocity - is theoretically relevant for sampling of the main case. Two factors can be identified as relevant for theoretical sampling. First, the main case needs to be a family firm, where managing family members are not only owners but actively involved in every day operating activity. Second, the managing family should seemingly have established a shared understanding of caring and being cared for in their relationships with nonfamily employees, therefore providing revelatory power.

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In order to establish whether Wurst Stahlbau provided the relevant features, analysis of secondary data, such as the company's webpage and other available press releases were looked at.

Analysis of secondary data confirmed that Wurst Stahlbau provides definitional relevancy. Definitional relevancy means that the majority of scholars would clearly define the business as a 'family firm' (Litz, 1995; Astrachan et al., 2002; Astrachan & Shaker, 2003). Applying Astrachan et al.'s (Astrachan et al., 2002) definitional construct of the F-PEC scale, the company would be considered a family firm, with medium to high family influence. The following features of the case company will lead the majority of scholars to the conclusion that the business clearly is a family firm. First, the business is one hundred percent family owned. All managing family members share managing responsibility. Only one nonfamily member is on the management board. There is no supervisory board or workers' council. It thus can be concluded that the family receives a high score in the 'power dimension' of the F-PEC scale.

Second, the business has been successfully transferred to the second generation. For many scholars, a successful transition is a necessary condition for defining a firm as a 'family firm' as opposed to 'owner-led' and managed. In addition, academics argue that if 'the family' is a relevant feature to theory, any effect needs to be potentially endurable and transferable (Barney, 1991; Habbershon & Williams, 1999; Chrisman et al., 2012). If there is a substantial difference in how family firms build their

organisational relationships, it should be at least potentially transferrable over generations.

Third, when speaking with the generation in charge, there is a strong intention to transfer the business to the next generation. Fourth, managing family members express pride and satisfaction in being part of the family firm. Family members conceive the business to be a part of their identity and would feel an important part would be missing without the business. Especially the personal identification with the business is an important feature of family firms. Lastly, while the first generation has 'legally' retired from managing activity, they still remain visible to employees. Employees report that both founding managing family members visit the business regularly and talk to employees. As such, even employees having entered the business after the transition from first to second generation have met and know the first generation; therefore, it remains part of the family business to many employees. The business would therefore receive a relatively high score in the 'experience dimension' of the F-PEC scale.

The most important argument for selecting the main case is that the chosen company provides revelatory relevance to the research aim. The managing family seems to have successfully established social reciprocity with nonfamily organisational members[14]. Revelatory relevance was the most important feature to sampling procedures, since it adheres to the principle of retroduction and theoretical relevance which are important feature of research philosophy and method. It is also the most complicated feature.

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14 Before approaching the family for a first meeting, the company website was analysed. In the firm portrait, the family prided itself on the low fluctuation rate and increased interest of job applicants. Furthermore, in a press release and interview, information was provided that the firm had received an award for "exemplary employer behaviour."

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What a 'shared understanding', emerging as social reciprocity, entails cannot be known 'a priori' to field research. However, analysed information collected on the internet on the case family firm seemed to indicate that employees felt valued and cared for, which was used as a reference point before contacting the managing family for a first personal meeting.

The following information on the case company led to the conclusion that the managing family demonstrates a high level of caring and responsibility for their employees, and that employees seemed to feel valued. First, the company reported that the business has a low to non-existent staff turnover rate and this demonstrates interest in keeping employees in the business. The business has not yet made any employee redundant due to economic circumstances. Even in times of economic crisis, the managing family decided to use private assets to receive further credit instead of letting employees go. The family prides itself on the low to non-existent fluctuation rate and interprets it as a sign of employee satisfaction (Sheehan, 2014). This demonstrates a considerable level of care and personal responsibility that the managing family as an employer holds toward its employees[15].

The brothers expressed a desire to be not only seen as business leaders, but also people that employees could approach with their problems. Since two of the three brothers have worked in other business before entering the family enterprise some of their experiences have shaped perceptions of what constitutes an 'ideal family firm leader'. All brothers felt that work can and should be a place where employees look forward to come to.

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15 The family has been recognised by various newspapers, among these one of the leading business and finance daily newspapers, for its exemplary health management system.

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Second, the managing family demonstrates a strong local attachment. The family is actively[16] engaged in various social engagements and charitable organisations in their local vicinity. Since the first generation, the managing family has actively engaged in the local voluntary fire forces, built their own charity in the community to help financially disadvantaged members, and sponsored local sports clubs. The managing family has received an award for 'exemplary employee behaviour' from the German government for their continued social engagement with the voluntary fire forces in their community. It can be concluded that the managing family feels a responsibility to care for their community and ultimately their employees, who mostly live in the community.

Third, the managing family supports their employees in social and voluntary engagements. The managing family members place considerable importance on active community engagement, encouraging their employees to volunteer and making it possible to work with flexibility, if required[17]. As such, most of the company's employees are engaged in voluntary work. This also demonstrates understanding of employees' engagement and personal needs. Fourth, the managing family has developed a quite extensive health management system for its employees. The brothers started developing this system in 2005 when a survey from a German public health insurance company revealed that employees felt that their job was physically and mentally demanding. In the past ten years this system has been continuously improved, and the latest survey results show a considerable decrease in all

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16 Actively engaged means that the family spends their free time working for charities instead of passively engaging through the donation of financial resources

17 According to press releases, the family has received a number of awards for its outstanding community engagement. Press releases appeared in local news (the researcher lives in the same district town), others appeared in a country-wide daily business paper. The family also received a government award for supporting employees in their social engagement. This information was publicly available on the internet. A collection of press releases is provided in appendix 10.5.

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factors, meaning that employees perceive these as less straining and stressful.[18]

With the available information, a first meeting with the managing family was arranged in November 2013 to explore the possibility of data collection. In a personal meeting with the managing family, further information on the areas mentioned was acquired. The managing family prides itself on 'obviously doing something right', as the low staff turnover rate cannot fully be explained by structural advantages. Being in a small, still quite rural area 40 kilometres away from the next bigger city it is a place where people move from instead of move to. Managing family members acknowledged that even though employees are paid better than in other companies within the industry sector, other industry sectors competing for the same pool of employees offer higher wages. This indicates there is something beyond financial remuneration explaining the low turnover. Further investigation confirmed this observation.

For a medium-sized business that was still a small business a few years ago, the family has established quite a sophisticated employee health management system, which has been noted as exemplary by the media as well as local and government.[19] The managing family expressed a personal interest in making the firm a safe place to work, where employees like coming to work to. The most recent measurement of employees' perception of the level of debilitation stemming from their job revealed that employees felt happy and felt a good business climate existed. Reviewing the available

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18 The survey has been first done in 2005. Following the year 2006 it has been repeated every two years. All factors have decreased considerably, since the first survey in 2005. An excerpt of the survey can be found in appendix 10.5.5.
19 On the company's webpage, an article from an HR magazine is published that reports about the company's health management system. The Provincial Governor, as well as the Employment Secretary have both visited the company to talk about their health management system.

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information, it could be concluded that the managing family had successfully established a certain sense of being cared for and valued within their employee relationships.

However, what 'sealed' the decision to select the company as the main case was a comment made by an employee whom I briefly met while leaving the building with a colleague who was accompanying me and knew the employee. As I was talking about my research project and about social relationships in firms and family firms, the person said: *"You know here with us, it's just that we know everyone here…We know each other's worries and hardships. I know if a colleague is sick or has family or financial troubles".* I was quite struck by this comment, which came out of the blue, and what intrigued me most was the frank openness and naturalness with which it was said. It conveyed a level of intimacy in the organisational relationships that reveals that employees feel cared for by managing family members and that this atmosphere of caring for each other is also diffused throughout the business. It thus can be contended that Wurst Stahlbau represents a valuable case which will be useful for generating relevant theory.

4.2.4. Theoretical Sampling: Selection of Caselets

In grounded theory, sampling choices need to be made on grounds of theoretical relevancy. As such, it is impossible to determine before field research the exact number of cases and the cases themselves. In grounded theory the iterative process of data collection and analysis guides the

sampling decisions made. Sampling cases within the firm were selected based on three choices (Morse, 2011).

First, whom to ask first for an interview? In this thesis, a social network approach was taken and managing family members were asked to participate initially. This decision was based on the idea that managing family members are the central actors in the organisational network. The second choice to make was how to continue sampling. In the case study, nonfamily employees who had been identified as close structural and close relational ties by managing family members were sampled next. This was thought to provide in-depth understanding of family-nonfamily organisational relationships. Once understanding had been acquired, only members who did not share a close tie with managing family members were sampled. This was intended to provide understanding of network diffusion.

Lastly, once theoretical saturation is reached, the decision to stop further sampling and data collection is made. In this project, a preliminary framework had emerged after 11 guided interviews. The following three interviews and four feedback discussions were used to refine categories. After 14 interviews, a refined framework had emerged and a theoretical saturation was reached. In the last three interviews and two feedback discussions, no new themes emerged. They only confirmed the framework. As such, theoretical saturation had been achieved and no additional data was collected (Morse, 2011; Lempert, 2011). What follows is a discussion of these three sampling choices.

4.2.4.1 Sampling Procedure of Caselets: the First Caselet

The decision to start with managing family members was based on three main reasons. The first reason is that managing family members' perspectives are theoretically relevant to developing theory. As this research aims to explore the relationship dimensions of managing family members; their social relationships, perceptions, and definitions of care and responsibility were the starting point for data collection.

Secondly, as the managing family are the central actors in the social network of the firm it made sense to start the snowball sampling at the managing family members level, (Hennig et al., 2012; Borgatti et al., 2013). The managing family is a necessary contextual factor in the family firm, without it, the family firm does not exist. The managing family are central in the business' social network (Borgatti et al., 2013). In the case of Wurst Stahlbau, the managing family owned and managed the business they had complete discretion on hiring and staffing decisions and created the, organizational structure.

The third reason to approach the brothers was based on their shared management. While one brother held the position of CEO, this was only symbolical. All three brothers had an equal say on key decisions. In the first meeting, all three brothers were present and had an equal share in the conversation. The brothers reported that major decisions are discussed jointly as opposed to one brother making the decisions alone. This equal engagement is also reflected by the ownership structure. Each of the three brothers holds 30% of the company's ownership, while the other 10% remains with the first generation. No brother was able to make important

decisions without the support of the other brothers, and thus it is not possible to determine with clarity the one most central node in the network. The assumption that the brother who holds the CEO position is the most important network member cannot be made on structural properties, such as ownership or dominant behaviour. In order to avoid misinterpretations at the beginning of data collection, approaching all three brothers simultaneously for an interview was considered the most appropriate choice.

4.2.4.2 Sampling Procedure of Caselets: Continuous Sampling

In this thesis, continuous sampling choices relate to the decision whom include next. These were made based on a close tie approach. As such, the snowball sampling was done by asking managing family members to name five nonfamily employees whom they interacted most and five that they would choose to accompany them on a hiking trip (more details on these question please and an explanation of why data was collected on two networks is given in section 4.4.3.). The fact that only a small number of 10 employees emerged after speaking with the brothers[20], indicated a certain degree of network overlap between the structural and relational network as well as between the three brothers. It was therefore decided to include all nonfamily employees mentioned by the managing family members.

The decision to make the existence of a close tie relevant to sampling choices was made for three reasons. First, the nature of the first and second

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20 With three brothers and five people being selected to two networks, the maximum number of employees would have been 30.

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research aim both favour a 'close tie approach'. If in-depth understanding of the dynamics, interpretation and meaning of the social relationships between managing family members and nonfamily members expects to be acquired, the existence of a social relationship between any of the two parties is necessary. The analysis of close ties is specifically relevant, as the way individuals build their close, most important ties is a good indicator of how relationships in general are established (Coleman, 1988). Second, the aim to understand how and on what a social reciprocity is developed also requires the perspectives of nonfamily members. According to network theory, close ties are those with whom reciprocal feelings are most likely to be developed.

Third, if there is any connection between the social relationships of managing family and nonfamily members and the development of social reciprocity, an analysis of close relationships is most likely to reveal this. It thus can be concluded that analysis of close managing family and nonfamily relationships is important to understanding the organisational relationships in general. Consequently, following a 'close tie' approach is likely to generate a more complete understanding of relationships, and their dynamics and consequences. It also helps to understand what a shared feeling of caring and being cared for entails.

After data on the close ties of managing family members was collected and analysed, the next sampling process only included those members who were not considered as close ties of managing family members, but had been selected to one of the networks by the close ties of managing family members. However, as a profound understanding of managing family-

nonfamily relationships had been acquired and themes already had emerged that explained network diffusion, it was unnecessary to include all the members that had been selected as close ties by nonfamily employees that had been included in the sample. As such, members with different levels of connectedness in the network were included. These included well-connected, moderately connected and less well-connected members. Well-connected members are individuals who were selected to the network of multiple nonfamily employees to both structural and relational networks. Moderately connected members consisted of members selected more than once, but still less times than well-connected members. Low connected members were those only selected once or only to the structural network,

4.2.4.3 Sampling Procedure of Caselets: Determining Theoretical Saturation

The last sampling choice relates to the decision to stop further sampling. As the decision cannot be made in advance, grounded theorists need to determine when 'theoretical saturation' is reached. Theoretical saturation is the point when further collection of data does not result in any new themes but only in the repetition of themes (Dey, 2011; Morse, 2011; Lempert, 2011). Theoretical saturation emerges gradually through the iterative process of data collection, analysis and axial and selective coding.

In this project 26 interviews were made, with 3 managing family members and 14 employees. Of these 26 interviews, 17 were guided interviews for

original data collection and 9 were feedback discussions on data from the original interviews. A preliminary framework had been developed after the first 11 interviews with 3 managing family members and 8 employees. Only one brother was approached for feedback discussions, since opinions were similar. One feedback discussion occurred after analysing all three interviews with the brothers and before approaching employees. The other occurred at the end of data collection to reflect and discuss findings. Major categories, such as cognitive, affective trust, social reciprocity and network reproduction had already emerged. The next four feedback discussions were used to verify the emergent framework and to see whether new themes emerged. None did. The next 5 original interviews were used to verify important themes such as the moderating role of affective trust and trust network reproduction. Again data confirmed the developed framework and the last feedback discussion focussed on the impacts of modelling the emergence of weak trusting ties, This was necessary since only second and third level network members lacked the interaction intensity with managing family members to ground the categories satisfyingly.

Even before contacting the second level network members for original interviews, there was a sense, that I could predict answers and this feeling intensified in the interviews. Sitting in my last two feedback discussions, I was able to finish respondent's answers in my head. I realised that additional data collection yielded no new information. Having interviewed employees with different degrees of closeness to managing family members, with between 3 and 40 years in the business, and those with and without private contact to managing family members, a range of employees had been

included. If little difference was emerging among these 14, quite different employees, it seemed unlikely that more interviews would have revealed significantly different themes.

Further, looking at the network structure and additional potentially interviewees, revealed that these would be quite well connected to second and first level network members, Considering that less well connected respondents at second and third level had already been interviewed and confirmed the framework, further data collection with them would again, be unlikely to reveal new insights. Since my aim lay primarily in generating theory, I felt that collecting more data, to 'prove my point', is not what generating theory is about. I thus stopped further collection of data after the last feedback discussion with one of the managing family members.

Of course, it can be argued that there is always a reason to collect more data, and some researchers may argue that further verification makes the construct more 'robust'. Stopping further data collection after having spoken to 17 different respondents, I was not able to determine the limits of trust network reproduction (i.e. the point where nonfamily employees with little managing family interaction demonstrate lower levels of trust in managing family members). However, this was not the aim of this project. At the point where data collection was stopped, little evidence suggested that there were hugely contested opinions and thus the question remains whether 5 or 10 more interviews would have made a difference. While it does not seem likely, in essence the answer to that question remains speculative. After all,

theoretical saturation is a subjective feeling and may be judged differently from scholars with different backgrounds. There is no clear cut definition on the number of interviews necessary to reach theoretical saturation and therefore every researcher will have to decide individually, using care and diligence when to stop data collection,

4.3. Research Tools

In this section, a brief explanation and discussion of the research tools used for data collection will be given. The aim is to justify choices made based on the specific research project and research methodology. In the first part, the primary data collection tool will be explained. In the second part the collection of social network data will be discussed. It is argued that the measurement of close ties is justified, as it makes the analysis of social relationships possible. In the last part, guided feedback interviews will be discussed as the secondary research tools.

4.3.1. Guided Interviews

This section discusses the use of guided interviews which incorporating semi-structured features (also referred to as interviews) as the main tool of data collection. While both, guided and semi-structured interviews are suitable devices in a grounded theory method (Bryant & Charmaz, 2011a, 2011b; Morse, 2012) the specific combination of guided interviews that incorporated semi-structured parts was considered most suitable for this

thesis. The decision against a strict semi-structured approach was made based on two reasons, while the decision to include semi-structured features was based on the fact that collection of network data demands a meticulous measurement approach.

The first reason against a purely semi-structured approach is based on the emergent nature of grounded theory. The grounded theory method argues for the emergence of themes. As such, an iterative process of data collection and analysis is initiated. At the beginning of the data collection process, the researcher's knowledge is still limited. It is therefore impossible to determine a priori which areas will be relevant to theory building. Researchers start by introducing a broad range of topics with interviewees. As the researcher gains more knowledge on the participants' perceptions, feelings and interpretations, relevant themes and topic emerge. These will guide further interviews. Consequently, some topics covered in the beginning of data collection will provide little relevance to theory and will be dropped. Other topics, not included in the beginning, emerge as important, and will thus be explored in more depth. This leads to the conclusion that interviewing in grounded theory is of an explorative nature. As such, guided interviews are particularly compatible with the emergent, iterative nature of grounded theory. As Charmaz and Belgrave (2012) assert: *"The interviewer engages the interviewee in a 'guided conversation', although the interviewee's concerns and comments shape the direction"* (p. 348).

The grounded theorist therefore, needs to be attentive to respondents in order to identify themes that are important for developing theory. During the process of data collection, themes emerged as important that were not

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included in the preliminary interviews. These needed to be included at later stages, especially during axial and selective coding, to verify their importance.

This leads to the second argument against a purely semi-structured approach; its lack of flexibility. In a semi-structured approach, the same questions are asked in the exact same order as to not injure the validity of data. The argument is that slightly differently worded questions may impact the responses and thus make answers incomparable. Also, the order of questions is relevant as a question asked at the beginning may have a different impact as the same question asked at the end. However, the aforementioned quotation demonstrates that the researcher needs to be able to cede a certain extent of control of the content and direction to the interviewee. If the interviewee introduces a theme that is interesting or requires the researcher to 'dig-deeper', the researcher needs to be able to do so. In grounded theory, this would also not be considered as a violation of validity. A theme that is important will emerge in the data, no matter when the topic is introduced in the interview.

In contrast the collection of network data could be best made, using a semi-structured approach. Therefore, social network data was always collected at the end of the interview. The network questions were asked in the same order and were not adapted during the data collection process. This is based on the fact that a slightly different worded question in the collection of network data may result in a slightly different network being measured. It makes a difference whether people are asked to name the five contacts they

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have most frequent interaction in the business with or name the five most important contacts in the business. Frequency and importance are different things. As such, network questions are best asked in a semi-structured manner. In addition, network data was relevant to all interview situations and as such, could be planned in advance of data collection.

In summary, guided interviews incorporating semi-structured features were most suited to developing and refining theory; retaining the necessary features of flexibility and creativity vital to emergence (Morse, 2012). The inclusion of semi-structured features ensures comparability of network data (Charmaz & Belgrave, 2012).

4.3.2.   Social Network Analysis

Social network analysis is a valuable research tool for two reasons. First, social network analysis is a well-known tool for analysing social relationships and their meanings. The first step to analysing social network data is to collect network data. In this thesis, a personal collection of network data was considered most appropriate. The collection of network data was indispensable in this project. One research aim consists of understanding the social relationship dynamics of family and nonfamily employees as well as among employees. This includes understanding of the subjective interpretation and meaning by social actors. As such, it becomes apparent that knowledge of relationships must be acquired. The researcher needs to know who interacts closely with managing family members and with whom members share an emotional relationship. This knowledge can best be

developed by using self-reports of respondents. The necessity to collect data personally was based on the fact that not every employee has a business email address, thus the analysis of electronic data was deemed inappropriate. This project collected data on close structural and close relational ties. Reasons for collecting data on two separate networks have already been given and will not be repeated. The close tie approach is particularly valuable as the subjective meanings and interpretations of social ties will generate a better in-depth understanding of organisational relationships.

The second reason for using network analysis and collecting network data is that it facilitates the identification of relevant respondents. To understand the relationships between managing family members and nonfamily employees as well as among nonfamily employees, the identification of existing social relationships is necessary. The people with whom substantial social interaction exists are probably the most valuable respondents when an in-depth understanding of social relationships is a research aim. As such, it can be contended that the collection and analysis of network data is a necessary condition to attaining the research aims of this thesis.

4.3.3. Guided Feedback Discussions

In the last part of this subsection, the use of guided feedback discussions (also referred to as discussions) as a secondary research tool is discussed. The following three reasons support the use of feedback discussions. First, they provide a tool for the verification of emergent theory. Some grounded

theorists argue that the verification of emergent theory needs the support of new data (Bryant & Charmaz, 2011a, 2011b). Second, the use of feedback discussions helps to push data collection to an end, as it supports the process of axial and selective coding necessary to achieving data saturation (Morse, 2011). Lastly, the self-critical nature of feedback discussions helps to ensure that the emergent theory is based on a truthful account and interpretation of respondents' feelings, perceptions and experiences (Mruck & Mey, 2011).

Feedback discussions are a tool used to discuss emergent theory and the results of data analysis with respondents. As Morse (2011) asserts, in feedback discussion preliminary results of data analysis are presented to respondents. Respondents are then asked to provide feedback in the form of a discussion of the results. While researchers should abstain from asking for a direct confirmation of results, some form of confirmatory or contradictory information will be given. If respondents are asked to relate their own experiences with regards to the emergent themes, they will either provide experiences that confirm or reject preliminary findings. Feedback discussion can be in the form of focus groups or single face-to-face conversations. In this thesis the decision was made in favour of dyadic feedback discussions. Three reasons influenced this decision. First, focus groups would have validated the guaranteed anonymity of the respondents. Second, the social dynamics would have changed and would have likely gained complexity as soon as the conversation included more than one researcher and one respondent. Third, the private nature of social relationships and the subjective interpretations made it necessary to have confidential discussions,

where respondents could openly express their feelings. A more detailed discussion of the aforementioned reason is provided in the section that explains data collection procedures.

Furthermore, the decision to use feedback discussions has been made on principles of grounded theory. A number of researchers have argued that in grounded theory, the generation and verification of emergent theory should not solely be made from one data source (Bryant & Charmaz, 2011b). As such, it is proposed that for purposes of verification, new theory needs to be collected and analysed (Morse, 2011; Bryant & Charmaz, 2011b). Feedback discussions provide the possibility to further investigate emergent themes and probe their validity. As the researcher only identifies relevant themes after data collection and analysis, the collection of new data that allows comparisons between old and new data will help to verify the relevance of emergent theory. The second argument put forward by grounded theorists to use feedback discussions is that it helps data collection to come to an end (Morse, 2011; Holton, 2011). The introduction and discussion of preliminary findings and theory with respondents facilitates axial and selective coding. As such, it leads to a more refined theory. Lastly, it helps to ensure the developed theory represents a truthful interpretation of respondents' feelings, perspectives and experiences (Morse, 2011, 2012). It is the aim of grounded theorists to develop theory from data. The key to developing valuable and practically relevant theory is an appropriate interpretation of respondents' perspectives. As both grounded theorists and pragmatic critical realists accept the researcher's fallibility (Oliver, 2012) and the impact the subjective feelings of the researcher may have on generated theory (Cisneros Puebla,

2004), feedback discussion provides a tool to minimise these 'subjective feelings'. It thus can be concluded that feedback discussions are a suitable tool for the verification of emergent theory.

4.4. Data Collection and Data Handling

This section is structured as follows. The first part discusses the collection of data in the form of guided interviews, incorporating semi-structured features in more detail. The following part will then explain the handling of these interviews. The third part explains the collection of network data, while the following part will deal with the handling of collected network data. The last two parts explain the data collection of feedback discussions and the respective handling.

4.4.1. Data Collection: Guided Interviews

In this project, data collection started once the research ethics and integrity form was approved. After an initial meeting with the managing family in November 2013 to assess the suitability of the case, the research ethics and integrity form was approved at the beginning of February 2014. Once preliminary interview topics and questions had been drafted, the data collection started at the end of February 2014, with the interview of the first managing family member. The last feedback discussions took place in February 2015. A presentation of findings to the managing family in July 2015 ended the on-site engagement of this research project. As such, repeated on site interaction stretched over nearly two years. Data were

collected face-to-face on the firm's headquarters by the researcher. All interviews were conducted in German.

The following table (see next page), shows the collection of guided interviews. The collection of feedback discussion is presented in a separate table in the subsection that deals with data collection of feedback discussions. The numbers in the far left row are identical with the numbers provided behind the data quotes in Chapter 6. As the interview schedule shows, before starting interviews with managing family members or nonfamily employees, a pilot interview was conducted with one managing family member and nonfamily employee. This was used to assess whether certain topics or questions needed adaptation. After each pilot interview, respondents were asked to provide feedback. Feedback was incorporated and adaptations made.

Table 4.1: Summary of guided interviews with semi-structure parts

No.	Phase 1: Managing Family Members	Date	dur/min*	Memo
1	Brother 1 (Test interview)	28.02.2014	40	15
2	Brother 2	04.03.2014	25	16
3	Brother 3	07.05.2014	20	10
	Phase 2: First Level Network Members			
1	Employee test interview**	08.07.2014	30	15
2	First level close organisational and trust tie	14.07.2014	20	10
3	First level close organisational tie	16.07.2014	20	12
4	First level close organisational and trust tie	16.07.2014	25	12
5	First level close organisational and trust tie	16.07.2014	30	15
6	First level close organisational and trust tie	16.07.2014	20	16
7	First level close organisational and trust tie	18.07.2014	20	14
8	First level trust tie	18.07.2014	20	15
9	First level trust tie	16.01.2015	25	14
10	First level close organisational and trust tie	21.01.2015	20	12
11	First level close organisational and trust tie	23.01.2015	25	15
	Phase 3: Second Level Network Members			
12	Second level trust tie	27.01.2015	25	15
13	Second level organisational tie	28.01.2015	25	12
14	Second level close organisational and trust tie	02.02.2015	35	16
	recorded time in minutes/total number of memos		425	234
	* duration time was rounded up to closest 5 minute interval			
	** tie was later identified as third level close organisational tie			

Before approaching managing family members for an interview, an interview guide was drafted. In this guide, a number of potentially relevant topics (see below), were established and potential questions were drafted. In this section, only an overview of research topics will be given. A precise catalogue of interview questions will be provided in the appendix section 10.02.

The guided interview was largely structured as follows:

1. Introductory narrative question. Respondents were asked to tell their story in the business[21]. This was supposed to 'get respondents talking' for a few minutes, without interruption, so the participants could relax.

2. Social engagement of managing family members and social engagement of employees, perception of the importance of social engagement and experiences of social engagement in the business.

3. Well-being and care, perceptions, actions, experiences.

4. Managing family members and employee relationships: descriptions, dynamics, perceptions of both parties.

5. Employee-employee relationships: descriptions, dynamics, perceptions of managing family members and employees.

6. Individual self-perception and family perception (self-perception) and employees' perception of individual family members and managing family as a whole.

7. Social network: Organisational and emotional network and the ego interpretation of close social relationships.

8. Personal respondent characteristics.

In this research, all data was collected on company premises at firm headquarters. The decision to collect data on firm premises was made for the following four reasons. First, the major argument for conducting interviews on firm premises was to create an interview situation where respondents would feel as much at ease as possible. The firm premises provided an interview location where the interviewee had the 'home' advantage over the

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[21] The word 'story' in German is usually interpreted in this way that employee would tell how they got started with the business and how they and their career evolved over time.

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researcher. As such, it aimed to balance the power asymmetries usually inherent in research interviews (Herzog, 2012; Charmaz & Belgrave, 2012). A research interview is usually characterised by an asymmetric power distribution between researcher and respondent. The researcher has control over the situation, assuming a proactive role. The researcher has control over the topics and questions discussed. The respondent has less control over the situation, as the role of the respondent is rather reactive. The choice of the interview location can either underline the power asymmetries or dissolve them. A reinforcement of power asymmetries may create a repressive interview atmosphere, which may lead the respondent to be less able and willing to share his or her true feelings (Morse, 2011; Warren, 2012; Herzog, 2012). An interview location that dissolves the power asymmetries, in contrast, may have a positive effect on the respondent, enabling him or her to open up to the researcher, creating sufficient levels of trust that define a successful interview situation (Morse, 2011; Warren, 2012; Charmaz & Belgrave, 2012). The firm's headquarters is a familiar place for respondents and as such an unfamiliar place to the researcher. In this sense the interview location dissolved the power asymmetries to a certain extent and created a spacial context that helped respondents to open up.

Second, the company's premises also provided a spacial context that provided legitimacy to the researcher. Especially in the early stages of field work, most respondents had never even met the researcher. Requests for interviews were made personally, mostly via telephone or face-to-face by the researcher. As such, the managing family did not have knowledge about who was invited and spoken to. Offering to schedule interviews on company

premises would provide certain legitimacy to the researcher and may increase the willingness to participate. Third, pragmatic considerations made the company's premises the most suitable place. Conducting interviews within the company provided interviewees with flexibility to schedule interviews when it best suited their work duties. It also decreased the personal commitment of respondents. Making it easier for respondents to participate will increase their willingness to participate.

Lastly, and most important, an in-depth understanding of social relationships, their meanings and interpretations can best be achieved when studied within their real-life contexts. Arguing from a grounded theorist's and pragmatic critical realist's perspective it can be contended that knowledge on the organisational relationships in a family firm can only be attained if these relationships are studied within the spacial context of the family firm. This argument is not only theoretical; it can be backed up by personal experience. Collecting data on company premises allowed the researcher to experience the social relationships among colleagues, managing family members and employees. As such, it helped in the interpretation of the qualitative content of answers. For example, when managing family members said that employees could always come and talk to them about any problems, the fact that their office doors were literally always open just added another quality to the answer. A lot on the overall atmosphere can be picked up by being on premises. For example, one interviewee joking with a colleague who happened to enter the meeting room to prepare coffee, not being embarrassed of bothered at all to be interrupted, conveyed a relaxed, trusting atmosphere that might not have been experienced elsewhere. As such,

collecting data on company premises helped to analyse data provided on social relationships.

After relevant respondents had been identified, they were contacted personally via email, phone or face-to-face. Managing family members were all contacted via email. Nonfamily employees were contacted either via email or phone, and a few face-to-face. As the managing family had given the researcher permission to contact employees without the knowledge of the managing family, relevant contact information was collected from the HR department. While the data was provided, no intelligence was given on who should be contacted or spoken to. The choice to disclose the participation to colleagues of managing family members was left to the respondents. Comments from respondents during the field work process indicate that some respondents talked about their interview participation with colleagues. After inviting respondents to an interview, a date and time was scheduled.

A few days before the interview, participants were emailed a document explaining the procedures and purpose of the project. Information was given on how and by whom data was collected, and who would handle the data. Participants were guaranteed the right to withdraw without reason, not only before but also after the interview and at any later stage in the project. This was intended to give participants time to digest the information and make the administrative process at the interview day less complicated and daunting to the participant. The informed consent sheet was also provided in advance, so the participants could read it in advance.

At the day of the interview, both documents were reviewed together; respondents were asked to express any questions they had. After all questions had been answered, both respondent and researcher would fill out the informed consent form, signing each other's consent form. After informed consent had been given the audio recording device was switched on and the interview started. A sheet that contained a question catalogue helped to keep interviews in a similar order of topics and questions. No notes were taken, but rather an active listening style was assumed. The major point of importance was to make the respondent feel listened to and interested in. Eye contact and an attentive but relaxed sitting position were assumed to create a conversational atmosphere. Each interview ended with the collection of network data and respondent-specific data (length of time working in the business, department).

After the interview had finished and the audio recorder had been switched off, respondents were asked to fill out a tick-box (yes/no) questionnaire that mainly collected network-related data. For example, respondents were asked whether they had private contact with managing family members outside the business through social engagement or hobbies, whether they were friends with managing family members, if they knew managing family members when they were teenagers or children, or if any contact to managing family members existed before the person was employed by the business. This structural network information was collected to attain a fuller picture of relationships and to look for relationship patterns, if they existed. It already has been argued that in the family firm context, private relationships may precede organisational relationships between family and nonfamily members.

While respondents filled out the questionnaires, the researcher would take the opportunity to write down a few notes on the first impressions of the interview situation. As such, respondents would not feel monitored. After all data had been collected, each respondent was thanked, provided with a small gift for participating and was informed of when to expect the transcript for review.

4.4.2. Data Handling: Guided Interviews

All interviews were transcribed verbatim by the researcher. Excerpts of verbatim transcriptions translated from German to English are available in appendix 10.3. After each interview, the interview data was stored on an external hard drive. Interviews were deleted from the audio recording device, so that any loss of the device would not result in the disclosure of interview data to a third party. Informed consent forms and mini questionnaires were scanned in order to have a digital copy available. At the top of the page, a code was provided that made identification at a later stage possible. The originals were filed away and stored safely.

Before data transcription, notes taken directly after the interview were developed into field notes. These field notes would include a general subjective feeling on the interview atmosphere, how the respondent seemed to have felt and how I as the researcher felt as well as if there were any questions or topics that seemed to yield particularly long answers or if certain topics or questions seemed hard to answer. These notes formed part of the strategic reflexive process, which will be explained later in more detail. These

'first impressions' field notes were developed into a coherent field note after the research site had been left for the day. A more detailed description will follow in the part that explains analytical procedures.

Interviews were transferred to transcription software and were transcribed verbatim by the researcher herself. Qualitative interviewing in grounded theory requires the researcher to find the 'right' balance between taking control by steering the conversation and control, allowing the respondent to tell his or her story (Charmaz & Belgrave, 2012). This is a skill that is developed gradually. The transcription of interviews allows areas for improvement and the possibility to monitor the researcher's development to be identified. Also, the transcription of data by the researcher increases the researcher's knowledge of and intimacy with the data. The transcription process can thus be used for a first analysis. Once the analysis starts, the researcher will already have acquired thorough knowledge of the data. Moreover, in grounded theory everything is potentially data (Star, 2011). As such, nonverbal communication especially pauses, laughs, etc., are potentially useful data for analysis. However, the direct experiences with these forms of communication have only been made by the interviewer. Only the interviewer has a specific memory of the interview situation and can thus decide on the relevance of these experiences.

After data had been transcribed, a post-transcription field note was composed. The first impressions field notes were incorporated into these. The post-transcription field notes would discuss the themes mentioned in the first impressions field note in more detail. Interesting themes that needed

further exploration in future interviews were noted. Areas of improvement in the interviewer's skills were identified in order to adapt these in future interviews. After the interviews were transcribed, all were sent to a research assistant[22] for validation. This was to ensure that transcripts truthfully captured the interview situation and that interviews were not manipulated by the researcher.

After the validation, transcripts were emailed to the respondents with the invitation to read the transcript and make amendments, if necessary. The decision to let respondents add or delete data from the transcript after the interview was based on the following two reasons. First, the possibility to adapt transcripts[23] provided respondents with the ability to delete, add, or mark data as not being used in direct quotations, if they felt it necessary. This was intended to reduce one of the risks of being interviewed for the respondents (Ryen, 2012). One of the risks of being interviewed is that the interviewee may feel a 'loss of control'[24] over how and what happens to provided information. This may lead some respondents to decline participation or not disclose full information. Second, sense making is a process that requires time. In some cases respondents make sense of what has been said after it has been said. The chance to incorporate these post-interview sense-making processes needed to be given to respondents. Only one respondent amended the transcript by adding data; none deleted data

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22 A research assistant was appointed to check the external validity of transcripts and to make sure the researcher did not alter information given in interviews or had made mistakes. However, changes made by the assistant were marked and the researcher double-checked them once again. The research assistant was not involved in any kind of analysis. In the research consent form, respondents gave their consent to a research assistant checking the transcripts.

23 Respondents were given the possibility to adapt transcripts by either adding or removing information, or marking parts which they wished not to be quoted directly.

24 Once the interview is over, the respondent usually has no power to influence or change the provided information. As such, things that have been said cannot be taken back or explained further, if the respondent feels it can be misinterpreted. Since the respondent has also given consent to direct quotations being used, the respondent has little influence over which quotations are used. Some passages might make the identification of the respondent possible, so the respondent may not want to be quoted directly.

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from the transcript. Once interviews had been cleared by respondents (usually within three-five days), interviews were formatted to allow pen and paper coding and analysis.

4.4.3. Collection of Network Data

In this thesis, network data was collected in a semi-structured manner at the end of the interviews. Further data on structural and relational properties was collected via a mini-questionnaire. More in-depth data on social relationships and their subjective meanings and interpretations was collected in the interview. Of specific interest were relationships between managing family members and nonfamily employees as well as among nonfamily employees as colleagues. In this project, data on close structural ties, i.e. ties with the most frequent organisational interaction, and close relational ties, i.e. ties with whom an emotional connection existed, was collected. The reason for collecting these separately and assuming them to be potentially different will be provided below, after a brief introduction of the network questions. This is followed by the discussion the appropriateness of the network questions in assessing the desired networks. It is contended that while limitations exist, the data collection procedures were suitable to the needs of the project.

At the end of each interview, respondents were asked to identify their close structural and emotional ties. The structural ties consisted of those individuals with whom there was most frequent organisational interaction. After these had been named, relational properties of these ties were

assessed. An analysis of data throughout the research process led to labelling these contacts: close organisational social ties.

Q: Who are the five people in the business you interact most frequently with?

Q: With whom of these people do you have private contact?

After the close organisational ties had been identified, respondents were asked to identify their close relational ties. The analysis of answers led to a relabelling of these ties as close organisational trust ties or close trust ties.

Q: Imagine you were to climb the Matterhorn and you could take five people from the business with you, whom would you take with you, if everyone is equally physically capable?

Q: Why did you choose these five people?

Q: If you had to select two of these five people to rappel you up or down, who would secure you?

Q. Why did you choose these two people?

The reason to collect two different networks relates to the space and time contingencies of business and especially family firm contexts (Marsden & Campell, 1984). In the previous chapter, it was argued that in organisational contexts, the hierarchical position and task-oriented role often determine the frequency of interaction (Borgatti et al., 2013; Marsden & Campell, 1984). At Wurst Stahlbau, for example, employees working on construction sites will have frequent interaction with team members who work on the same site.

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Employees working in administration, which spans only one building in the headquarters, will also have more frequent interaction with each other. These spacial boundaries, however, provide only limited opportunities for personal face-to-face interaction between administrative staff and construction workers.

The hiking trip questions measures the relational network, i.e. those people with whom a close emotional connection exists. In the organisational context of the family firm, there is the possibility that emotional ties exist to people without a frequent interaction in the business context (Marsden & Campell, 1984). For example, managing family members have grown up in the community where the business is located, and many of the employees working in the business have grown up in the same community. It may well be (and in fact, it really is the case) that some employees share a longstanding private relationship (Marsden & Campell, 1984) with managing family members while still working in a position in the business that will lead to limited organisational interaction. These arguments make a separate measurement of two networks sensible, since the traditional relationship dynamics need not apply in the family firm context. As such, it cannot be assumed that the working relationship precedes any private relationship.

Another question is to which extent the network question are appropriate for measuring the desired network. The first network question is appropriate to measure the organisational close ties, since these are usually defined by hierarchical structures and organisational roles. This was also validated by the answers of respondents, who would often comment when naming a

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person that they shared offices or worked in the same area. The other two questions helped to determine whether certain organisational relationships had moved beyond the spacial constrains of the business to private, non-work-related contexts.

The network questions measuring the emotional network did not use a direct approach. People were not asked whom they trusted most or liked best. This is based on two reasons. First, as certain network questions may be considered intrusive, they should be asked in a direct manner. Especially in this case, where the interviewer and interviewee met for the first time at the interview, it could have been considered nosy or rude. Second, people may have felt obliged to name certain people, for example, managing family members or superiors, thinking it would seem odd if they did not. Therefore, an indirect approach was taken. The suitability of the emotional network questions were assessed in pilot interviews and by the follow-up questions that asked people to explain why they had chosen these people to go hiking with them. Apart from mentioning people's reliability, people often commented that they were friends with these people, knew them longest and got along very well. Also, the word 'trust' often emerged. This is why these ties were labelled close trust ties. Trust is a very complex emotion that requires cognitive and affective investments. However, the level of cognitive and affective trust necessary to label a person as trusted will depend on the context of the time and space of the relationship. The suitability of the network question to measure trust and emotional ties was established along the way, based on the reasons respondents provided for choosing certain contacts. In this research, the reasons provided by respondents in earlier

stages established the suitability of the question and the question was thus considered contextually appropriate.

However, relevant network data was not only collected via the network question, but also during interviews and in the mini-questionnaires. During interviews with nonfamily employees, respondents were asked a few questions on their relationships with managing family members and colleagues that would provide a more refined understanding of the meanings and interpretations of these relationships. Furthermore, mini-questionnaires given to respondents after the interview (answered only with thicking 'yes' or 'no' collected additional structural and relational properties of managing family and nonfamily employees relationships. For example, managing family members and nonfamily employees were asked if they had private interaction, if they shared friendship ties and if they knew each other before entering the business. The advantage of spreading the collection of data on social relationships across different stages also allowed the provided answers to be validated and additional data collected, if it was not provided in the interview itself.

4.4.4.   Handling of Network Data

The handling of network data includes the storage and transformation of network data. Collected network data was transformed into network matrices. One matrix was used for the organisational close ties, and another for the close trust ties. During the data collection process, the network matrices were expanded by adding new information on the respondents. A proper analysis

of network data only occurred at later stages of the field work process, when network data was at a more complete level. After data collection, interviews of respondents were sorted into groups for comparative analysis.

The first set of interviews contained data collected from managing family members. The next set contained interviews from all members that had been selected to the close ties of managing family members. These were labelled first level close ties. Within these categories respondents were further sorted into three categories before analysing interview data. The first category consisted of first level close organisational ties (for all employees mentioned by one or more managing family members to have only frequent organisational interaction). The second was comprised of first level close trust ties (for all employees who were only selected to the close trust ties by one or more family members). The last category consisted of first level close organisational and trust ties (for all selected to both networks by either one of more family members).

The employees selected to the close ties by first level network members were labelled second level close ties, and categorised in the same way. Contacts mentioned by second level ties were named third level close ties. This information was later used in the analysis to compare between cases. In this way it could be established whether the network position would have any effects on the extent to which a shared perception of caring and being cared for existed. At a later stage of data collection procedures, where more complete network data existed, the network matrices were transferred to a social network analysis tool. A number of different networks were analysed in

order to detect patterns and relate them to findings provided by the analysis of interview data.

4.4.5.   Collection of Guided Feedback Discussions

This subsection explains data collection of guided feedback discussion. This data collection was initiated at a quite advanced stage of the analytical process, when theorising and conceptualisation had already started. Discussions were used for the verification of categories by axial and selective coding.

Table 4.2: Summary of feedback discussions

No.	After Phase 1 and Phase 3: Managing Family Members	Date	Dur./min
1	Managing family member 1 (non-recorded)	08.07.2014	40
1	Managing family member 1 (non-recorded)	11.03.2015	25
	After Phase 2: First Level Network Members		
1	Employee test interview*	22.01.2015	15
2	First level close organisational and trust tie	22.01.2015	35
4	First level close organisational and trust tie	22.01.2015	25
8	First level trust tie	22.01.1900	20
6	First level close organisational and trust tie	10.02.2015	15
	After Phase 3: Second Level Network Members		
11	Second level organisational tie	06.02.2015	20
12	Second level close organisational and trust tie	06.02.2015	20
	Recorded time in minutes		150
	* tie was later identified as third level close organisational tie		

After the initial analysis of interview data, a number of respondents were invited to a personal feedback discussion. These consisted only of respondents who had already participated in an interview. At the beginning respondents were introduced to the preliminary findings. They were asked to provide feedback and to further elaborate on themes they had mentioned. As such, there were few pre-developed questions and mainly only areas for discussion. It can be contended that the discussions were not conducted in

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an interview style but rather as a conversation. Respondents were allowed more control over the conversation, with the interviewer only steering the conversation to new topics when one topic was exhausted. As such, even though the number of topics was fewer compared to the original interview, conversations lasted equally long and sometimes longer than the original interview with the specific respondent.

4.4.6. Handling of Guided Feedback Discussions

The storage of feedback discussions is equal to those procedures explained in the interviews. As feedback discussions were initiated at an advanced stage of data analysis, no field notes were drafted. Data was transcribed verbatim by the researcher and all transcripts checked for validity by the research assistant. An excerpt of a verbatim transcription of a feedback interview translated from German to English can be found in appendix 10.3.2. Transcripts were not made available to respondents, as the discussion evolved around previously provided data. Feedback interviews were analysed and coded right away.

4.5. Data Analysis Procedures

This section explains the data analysis procedures. It is structured along the same themes as the previous section. First, the analysis of guided interviews will be described and discussed. This is followed by a description of the analysis of network data. The last part then explains the data analysis of feedback discussions.

4.5.1. Analysis of Guided Interviews

The analysis of data can be structured along the three data collection phases of interviews. In the first phase of data collection (interviews with managing family members), open coding and memo writing helped to develop first themes. At the beginning of the second stage of data collection (interviews with first level network members), open coding was extended, and emergent themes compared. A second analysis of interviews with managing family members confirmed emergent themes. At a later stage of phase two, axial coding began and led to first conceptualisations. In the last phase of interview data analysis the focus was on selective coding to refine the emergent framework. While in the first phase and early second stage, the focus was on generating themes and tentative conceptualisation, the later stage of the second and third phase focussed on refinement of categories and solidifying emergent themes.

The analysis of data started right after the interview by writing down a few notes on the interview. These were first impressions and they were recorded right after the interview in order not to lose this first impression. These field notes would include a general feeling on the interview atmosphere, how the respondent seemed to have felt and how the researcher felt, and if there were any questions or topics that seemed to yield particularly long answers or if certain topics or questions seemed hard to answer. These notes formed part of the strategic reflexive process, which will be explained later in more detail. These 'first impressions' field notes were developed into a coherent field note, once the researcher had returned home.

After each transcript, a post-transcription field note was written. This was usually incorporated into the 'first impressions' field notes, and themes mentioned in the 'first impressions' field note were picked up again. It needs to be considered that everyone's impression is influenced by subjective experience. A question in the 'first impressions memo' may have been felt to be difficult for the respondent when after having transcribed the data, the response was quite elaborate. In other cases, respondents mentioned themes that seemed interesting, but were not picked up, or reacted to instantly in the interview situation. A note was then made to pick up that theme in either a feedback interview with the same respondent or to be attentive to it in following interviews.

Post-transcription field notes fulfilled two primary functions. First, they contained subjective impressions on the interview situation, the respondent, and the researcher. They were used to develop strategies for the interviewer to use to improve skills, and to analyse successful interview situations and potential causes for success. The reflections on the social interaction of interviewer and interviewee will be covered more in-depth when talking about the relational reflexivity of the interview process. Second, interesting themes that caught the researcher's attention were noted and tentatively analysed. These interesting themes would be explored in future interviews or in a feedback discussion with the respondent.

Transcripts were analysed by simultaneous coding and memo writing. Every interview was broken down into the above-mentioned topics and then coded in small sections. In most cases answers to each question were coded

separately in the first 'coding round' and a reflective memo was written right after coding reflecting on the data. Reflective memos were where codes were developed by discussion and reflection, taking various perspectives. After first coding an interview and a review of reflective memos, another interview was coded in the same manner. Comparisons between coded sections as well as between reflective memos were made, and similarities and differences emerged.

However, data was coded more than once. After having reviewed data from a few first level network employees, where interesting themes had emerged, the interviews with managing family members were looked at again and codes were adapted and further compared. For example, while trust was apparent in managing family behaviour and attitudes, its vital importance emerged in interviews with first level network members. The way managing family members mentioned trust in the interviews made it seem a 'normal' thing. How important that trust was to nonfamily employees only emerged after the first interviews with nonfamily employees.

After having analysed and reanalysed data collected from managing family members and the first phase of data collection with first level network members, core categories had emerged and a preliminary conceptualisation had been developed. In the later stage of the second phase of data collection (in this phase first level network members were interviewed), axial coding began. At this stage, core categories had already emerged and a preliminary framework developed. While the interviews had the same topics and

questions, a few questions were introduced which would 'test' the solidity of conceptualisation.

Axial coding specifically evolved around whether trust led to social reciprocity or whether social reciprocity led to trust. Analysing incoming and already existing data, it emerged that trust, especially given in the form of 'trust credit' to new employees would lead to the creation of social reciprocity, especially on an emotional level. As such, affective trust led to a positive interpretation of social behaviour directed towards managing family members. However, it emerged that the relationships between those two core categories were bidirectional in the sense that positive experiences of social reciprocity provided reinforcing feedback on the trust relationship.

In the third phase of data collection, where second and third level network members were interviewed, axial coding was continued and selective coding began. This was also the phase in which the scanning of relevant literature began. The concept of trust network reproduction and network learning had already emerged in the analysis of first level network members' data; however, second and third level network members would be crucial to either solidifying data 'evidence' or rejecting it. Again, the same topics and questions were asked, but questions were added that would help verify these two core categories. While first level network members were those initiating the reproduction of the trusting relationships with managing family members, whether a learning process actually occurred would be dependent on how second and third level network members interpreted relationships with colleagues and managing family members. Second level network members

needed to have trusting relationships not only with their close colleagues but also with managing family members with whom they shared less close ties. After analysing interviews with second and third level network members with different degrees of 'connectedness' in the network, data collection was ended, as no new themes emerged.

4.5.2.   Analysis of Network Data

Network data was analysed in different ways and at different stages of the analytical process. During the collection of interviews, network data was used for categorising groups for comparisons. In the later stages of data collection a more detailed network analysis was completed that included centrality measures.[25] Results from analysing network data were incorporated into emergent themes and theory. The decision to perform a more detailed network analysis at a later stage was made for two reasons. First, at the beginning of network data collection, network data is too incomplete for a proper analysis. An analysis of networks via network analysis software required at least the collection of data on all managing family members and their close ties.

Second, performing a detailed network analysis at the early stage may have led to a biased analysis of interview data. As such, it was decided to let themes emerge from interviews and then compare them with network data results. Third, as no complete organisational network data was collected, the

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25 In network analysis centrality measures are used to determine the most important nodes in a network. Centrality measures include, for example, degree, closeness and betweenness. In this thesis, only degree (in and out degree) were measured, since the whole network was not measured. For example, the higher the in-degree the more important is a node for a network.

validity of network analysis is limited. Scholars warn against making theoretical assumptions based on network analysis only, regardless of whether collected network data is complete or incomplete (e.g., to give a few references).

At the first phase of interview collection and the early second phase, the collection of network data was reviewed for its suitability in measuring the desired networks. The network data collected on close structural ties was collected by a direct question. The only challenge for respondents was to keep within the limit of five contacts. This was expected and not considered problematic, as the aim was to attain a prioritised close network. Analysis of data led to labelling these ties as close organisational ties, as people would report frequent work-related interaction based on hierarchical and task-oriented properties. In order to determine the suitability of the network approach used for measuring close relational ties, an indirect approach was used. As such, analysing the reasons would help determine the suitability. The most mentioned reasons were:

- I have known this person longest, for a very long time; we have a very close connection.

- I know I can trust this/these person/s in every situation and matter.

- I can rely on this/these person/s, to not let me fall/to get me up the hill safely/to motivate me.

- I get along very well with this/these person/s, we are friends.

- I would have fun with this/these person/s, and we would reach the top of the mountain.

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As such, the ties selected to accompany the interviewee to the hiking trip were labelled close trust ties. It seemed that existence of an emotional connection and a trust relationship belonged together. The trust relationships were based on both cognitive and affective trust levels. Throughout the whole process of the collection of interview data, the collected network data was used to build categories for case comparisons. As such, respondents were sorted, along with their position in the close organisational and close trust network, into managing family members and nonfamily employees. Among the nonfamily employees, employees were sorted into first level network members, which consisted of contacts selected by managing family members, second level network members (close ties of first network members) and third level network members (close ties of second level network members).

The building of case categories helped to compare data provided within interviews on the nature, interpretation and perception of the relationships of these members with the collected network data. This was quite important, as it soon led to the realisation that trust to managing family members, or colleagues was not only limited to those contacts selected to the close trust network but was extended to the organisational ties. In addition, analysis of second level and third level employees' perceptions revealed that they considered managing family members trusted weak ties. Even with little or only sporadic personal interaction with managing family members, second and third level network members would report similar levels of cognitive and affective trust. The result led to the idea of trust network reproduction.

At a later stage of data collection, collected network data was analysed via UCI Net and Netdraw, types of specific network analysis software. This software helped to visualise the networks and perform a number of analyses. Ties could be analysed on whether they were reciprocal or not. For example, the emergence of trusted weak ties (i.e. second and third level network members trusting managing family members) was confirmed by second level network members selecting managing family members to their close trust ties. The network analysis would reveal this in a better way. Analysis of in-degree[26] also confirmed the central role managing family members had in the organisational network and trust network. As such, analysis of network data was integrated into emergent theory and confirmed emergent theory to a certain extent.

In this thesis, only network data of interviewed people was collected. As such, the network data remains incomplete. Missing values (i.e. ties who had been selected to the networks but who had not been interviewed) were analysed in the two possible ways. In one analysis, they were deleted from the networks, and in the other analysis they were put as equal to '0'. This means that these nodes will have only incoming, but no outgoing ties.

There are three reasons for not having performed the 'proper' network analysis at the early stage of data analysis. First, as network data was collected via the snowball method, network data was limited in the early stages. A network analysis only made sense after all family members and first level network members had been interviewed. Second, an early analysis

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26 In-degree in network analysis is measured by counting the number of times a specific person has been named as a tie. An in-degree of 11 for a managing family member in the close organisational network means that 11 different people have named him as being one of the five people they interact most frequently with in the business.

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of network data may have prejudiced the analysis. Letting themes emerge and performing a more detailed network analysis later made sure that emergent categories and themes had emerged from interviews. Lastly, as network data remains incomplete, the validity of network data remains limited. As such, it should have less influence on shaping theory. Even when complete network data exists, scholars warn to make theoretical assumptions based on network data only (Borgatti et al., 2013).

4.5.3. Analysis of Feedback Discussions

Analysis of discussions was used in axial and selective coding and thus in the verification and refinement of emergent theory. The analysis was, however, similar to the process of analysing interview data. Feedback discussions occurred at the different stages of data collection and analysis. The conversations contained a certain degree of guidance; however, the content and emphasis on topics varied considerably. As soon as respondents are asked to engage in discussion on the analysis, each respondent will usually provide further data based on subjective experience. For example, a first level close organisational and trust tie will automatically provide more experience on relationships with managing family members and how cognitive and affective trust plays an important role. A second level close organisational and trust tie with a high level of 'connectedness' will provide more feedback on collegial relationships and network learning. Feedback interviews were primarily used for verification. As such, the analysis of data was used for axial and selective coding to refine emergent theory.

Transcripts were broken down into the emergent themes that had been covered. For example, trust and network learning were emergent themes that would be covered in feedback discussion. Memos were also drafted and used for discussing the experiences and provided data. In the last phase of data collection and feedback interviews, the post-conceptual literature review was started and core categories refined. The literature was also integrated into memos. This was especially useful for a more nuanced conceptualisation of trust and network learning. Analysis was stopped when the developed theory was at a refined and more completed stage.

4.6. Methodological Limitations

This section discusses the methodological limitations of this thesis. Every method and every research tool has specific purposes, and as such also disadvantages. This section will briefly cover the methodological limitations of grounded theory, the embedded case study and other methodological tools, such as the network measurement approach. First, the limitations of grounded theory will be discussed. A discussion of the limitation of the embedded case study will follow. The last part deals with the limitations of the network measurement approach. This will cover the limitations of a 'close tie approach', a discussion of alternative starting points for network measurement and the limitations of the snowball method for network data collection.

4.6.1. Limitations of Grounded Theory

In this thesis there are limitations that stem from the way grounded theory was applied in this research. First, due to its focus on the generation of substantive theory, the results of this thesis are dependent on the specific research context. While potential for meta theory has been identified, no data has been collected in other contexts. Second, the single researcher approach provides a certain degree of subjectivity for developed theory. While developed theory seems logical and could have been developed by other researchers as well, the impact of the researcher on the outcome needs to be acknowledged. It is argued, however, that these limitations do not injure the results, or make grounded theory a less valuable approach.

The purpose of grounded theory is to develop novel theory as opposed to adapt or verify existing theory (Glaser, 1992; Strauss & Corbin, 1998; Glaser & Strauss, 2008; Bryant & Charmaz, 2011a). Especially in this research, where substantive theory was developed, the result is primarily context-dependent. It gives a valuable theory of how managing family members build trusting relationships, creating a feeling of social reciprocity. It explains trust diffusion and social reciprocity diffusion by trust network reproduction and network learning. While causal mechanisms, such as trust network reproduction and upper network stability, have been identified that provide potential for a meta theoretical concept, it offers no 'factual evidence' of those. Generalisability of results cannot be offered; however, this has never been the aim of this research.

 In the application of the grounded theory method in this project, a certain limitation stems from the single researcher approach. In grounded theory,

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researcher teams often work together to manage the increased volume of data and also to achieve a certain degree of 'coding legitimacy'. If researchers independently develop the same or similar codes, it could be argued that these seem to be solid and truly data driven. While codes have been discussed with the supervisory team, it does not erase the single researcher effect. The developed theory contains different levels of data abstractions. On the one hand, certain themes seem easily reproducible, meaning that other researchers doing this project would have developed the same themes from the data. On the other hand, some themes are more hidden in the data and required a more creative leap than others (Bryant & Charmaz, 2011b). Grounded theorists have argued, however, that the researcher-intense approach defining this method hardly leads to strictly replicable results (Cisneros Puebla, 2004). While these limitations exist, and need to be acknowledged, the rigorous process that has been applied does not lead to developed theory having less value.

4.6.2. Limitations of the Embedded Case Study

Due to its intensive research approach, the embedded case study also develops results with lower levels of generalisability. As such, the embedded case study is valuable for the generation of theory. The embedded case study is particularly suited for 'deep understanding' (Gao et al., 2012) and as such does not lead to generalizable results. For this project, however, it was this quality of deep-understanding that was particularly sought for. As such, the limitation of the embedded case study in terms of not providing verification on the case specific level is not considered problematic. The

advantage of the embedded case study in generating theory based on understanding a complex and real-life case is therefore considered more important than its disadvantage.

4.6.3.   Limitations of the Snowball Sampling Based on a Close Tie Approach

Social networks can be measured in various ways and the network measurement approach will inevitably impact the emergent network (Hennig et al., 2012; Borgatti et al., 2013). A limitation of the network measurement approach of this research lies in its focus on close ties. It thus is not a representation of the total ego networks. As such, it needs to be interpreted with care. For example, the fact that some ties mentioned in the close organisational network were not mentioned in the close trust network does not infer that these ties are not trusted; it only means that there are other members who are emotionally closer or more trusted. This also works the other way around. Ties selected to the close trust network but not to the close organisational ties do not lead to the conclusion that there is no organisational contact, only that there are other ties with more regular contact. The need to prioritise the ego networks to five ties proved challenging to some respondents, who felt there were more ties they would include. However, prioritisation was an aim of network measurement. It was not the aim to perform an elaborate network analysis and to understand the network as a whole but rather to gain a deep understanding of the close social relationships, and their interpretation, dynamics and consequences. As such, the limitation of not being able to make interpretations on the whole

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network was accepted as a trade-off for gaining a better understanding of the closest relationships.

A second limitation stems from the decision to start the collection of data and network data at the managing family member level instead of starting at the centre of the network, or top of the hierarchy, as alternative starting points for data collection exist. Two alternative starting points for data collection have been identified: first, starting at the bottom of the organisational network, or second, starting at the top of the organisational network with the only nonfamily member on the management board.

The first alternative would have been interesting and maybe quite revelatory. It was, however, dismissed for the following two reasons. First, as an outsider to the organisation, little knowledge was available on the network structure. Defining the bottom of the hierarchical network would have been difficult. Second, since a close tie - approach to data collection was applied; it may have taken a while until managing family members would have been identified as close ties.

The second alternative would have been to start with the only nonfamily member on the management board. This person clearly shared a close structural and relational relationship with managing family members. This was known a priori, as the person was also present during the first personal meeting with the managing family. However, starting with the managing family would also guarantee their support for the project. Due to the prolonged and substantial on-site interaction, success and failure are very

much dependent on the support of the managing family. Starting data collection with managing family members led to support and total discretion. Respondents and dates for interviews could be determined by the researcher alone, without the need of notifying family members for specific dates or permission. Another limitation of the network measurement approach is that the collected network data remains incomplete. Not all members identified as close ties at lower levels have been incorporated into this project. As such, the results of the network analysis have limited validity for the whole network. While interpretations are valid for collected data, they can only provide directions for the whole network.

Lastly, sampling based on a snowball sample using a close tie approach, has weaknesses in itself. Since this project uses a non-random sampling approach in a qualitative research design, sampling bias may be an issue. Findings may have been influenced by the sampling approach. The close tie approach is likely to yield respondents with similar ideas, interpretations and values and as such similar answer and high levels of trust may be partially based on the closeness of ties (Levin & Cross, 2004; Hennig et al., 2012; Borgatti et al., 2013). Furthermore, it has been argued in chapter 2, that the happy and caring atmosphere may be a result of 'cultural selection' (Scase & Goffee, 1987). Employees who integrate best with the family culture are more likely to stay in the business and attain positions of responsibility, while those who fail, leave (Scase & Goffee, 1982). Talking to employees closest to the brothers and following their close ties may have naturally led to more positive confirmatory data. While this may be true to some extent, evidence indicates this to be of minor relevance.

First, answers of second and third network members who only formed part of the organisational network were similar to those at first level (organisational and trust network). This should have not been the case, since they are neither organisationally close to the family nor emotionally very close to family and colleagues. Second, if cultural selection is a major issue, it should be reflected in the fluctuation rate. Since it measures the number of employees leaving in relation to the average number of employees, it should be indicative of cultural selection. If cultural selection was an issue, the fluctuation rate should not be below 2%, but much higher.

Another question is to which extent non-response and response bias may prevail. Non-response bias may occur when respondents invited to take part in a study, refrain from doing so (Etter & Perneger, 1997). This is especially relevant in survey based methods, where response rates are often considerably below 100%. If answers of participants differ significantly from those who did not participate, generalizability of results to the whole population cannot be made (Etter & Perneger, 1997). Transferred to this research, there is no non-response bias. All respondents who were approached for an interview, participated, giving a response rate of 100%. The remaining employees were simply not approached for an interview, thus non-participation is not a result of unwillingness or blatant decline, but rather of ignorance. However, it would be absurd to equate those not invited to non-respondents. If one was never invited in the first place, declination is simply impossible (Etter & Perneger, 1997).

Response bias cannot be ruled out in any qualitative research project that uses in-depth, face to face interviewing. However, it needs to be questioned whether any such assumption would be sensible on epistemological grounds. Rejecting the possibility of an objective epistemology, means assuming that the researcher will have an impact on participants (Cisneros Puebla, 2004; Charmaz & Belgrave, 2012; Finlay, 2012). The possibility that participants have answered in a certain way, because they felt it appropriate or desired cannot be ruled out completely.

However, measures were taken to encourage rich and honest responses. First, managing family members were not notified about who participated and this was made clear to respondents, hoping to mitigate the fear that negative answers would be punished or make its way to family members (Ryen, 2012). Second, feedback interviews helped to ensure that respondents could reflect on answers and that made interpretations are truthful representations of respondents' perspectives (Morse, 2011). Third, the use of reflective memos made the impact of the interviewer transparent and lead to the adaptation of trust-encouraging interview situations (Lempert, 2011; Mruck & Mey, 2011). Lastly, having transcripts validated by research assistants also supported the feeling that respondents seemed to answer in a truthful manner.

Finally, it needs to be considered that the aim of this research is the generation of theory and not the verification. This research tries not to generalise or predict outcomes. It explains the case of Wurst Stahlbau, arguing in chapter 7 why the theoretical framework may potentially apply to a

wider range of cases. Trust network reproduction and upper network stability have been identified as causal mechanisms able to generate meta theory. Lastly, aim of being bias-free would be contradict principles of pragmatic critical realism and grounded theory.

4.7. Summary

In this chapter a thorough overview and description of the research method and design have been provided. The embedded case study as a major tool for theoretic sampling has been introduced. The suitability of an embedded case study research design in a grounded theory research method applying a pragmatic critical realist paradigm has been demonstrated. The sampling procedures relating to the main case and single participants have been made transparent and have been justified under theoretical considerations. Research tools and procedures concerning the data collection, data handling and data analysis have been described in a detailed manner, as to provide appropriate transparency and understanding. Methodological limitations have been identified and discussed. While their existence is acknowledged, they do not impair the value of developed theory. The next chapter will report on research implementation and reflexivity.

5. Research Methodology III: Research Strategy, Implementation and Reflectivity

5.1. Introduction

This chapter discusses my feelings and experiences during the research process related to the research strategy and its implementation. Although it deals with subjective feelings of the researcher, it is written from a 'third-person perspective' to provide a harmonious reading perspective and not as an attempt to provide a 'quasi-objective' perspective. The chapter is structured along the themes mentioned in the previous two chapters. First, reflection on the choice of pragmatic critical realism as a research philosophy will be provided. Then, reflections on grounded theory as a research method are made. These include strategic choices such as literature integration, recording and analysis of collected data. Finally, reflections on social relationship experiences during interviews are discussed, including the lessons learned during interviews.

5.2. Reflectivity on Pragmatic Critical Realism as a Research Philosophy

This subsection reflects on the choice of pragmatic critical realism as a research philosophy. First, personal preferences which led to the selection of pragmatic critical realism will be evaluated. Then, reflections on how data collection, handling and analysis follow a pragmatic critical realist's paradigm are provided.

5.2.1.   Reflection on Personal Preferences for Choosing Pragmatic Critical Realism

This subsection explores the personal preferences and beliefs leading to the choice of pragmatic critical realism as a research philosophy. The choice was made after careful consideration for five reasons. First, while social reality may exist outside of human cognition, every person will assess this reality differently, based on subjective experiences, beliefs, time and space. Researchers are no exception and thus purely objective research does not exist in the social sciences - research, then, is about trying to develop a better understanding of social reality within the limitations imposed by subjectivity.

Second, social reality is dynamic and changing. Theory can only adequately explain present phenomena, but does not necessarily apply to all future instances. Therefore, it is not the aim to produce strictly replicable results, able of predicting future results. Third, research should take multiple perspectives into account, especially of those, whose perspectives are often neglected. Pragmatic critical realism was chosen, because it allows for that integration by recognising social complexity. Fourth, theory should be developed from real-life contexts and should aim at helping people understand their complex social world. Research subjects, i.e. those about whom research is about should be able to learn from research and be able to apply it in their every-day contexts.

Lastly, there is no single superior method to generate theory, nor is there is just one way of interpreting a research philosophy. Researchers should be

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sensitive to their research objects and subjects, when choosing research method and design. Pragmatic critical realism allows for the flexibility to make a context appropriate decision as opposed to claiming that there is just one way of doing research. Furthermore, there is a plethora of different streams within pragmatism and critical realism, so that pragmatic critical realism can take many forms. While some may find this intimidating, it supports the notion that subjective beliefs always impact our conceptions and interpretations to some extent, reinforcing a major argument of pragmatic critical realists.

5.2.2. Reflection on the Compatibility of Sampling, Data Collection, Handling and Analysis with Pragmatic Critical Realism

This section will discuss how data collection, handling and analysis are compatible with the selected philosophy. In this project, data collection, handling and analytical procedures have been designed to encompass both, pragmatic critical realism and grounded theory for five main reasons.

First, pragmatic critical realists argue that sampling needs to be done in a retroductive fashion and provide practical relevance to the phenomenon studied (Oliver, 2012; Kontinen & Ojala, 2012; Leppäaho et al., 2016). This is compatible with theoretic sampling strategies used by grounded theorists (Morse, 2011; Oliver, 2012). The case company was sampled primarily because it had successfully established social reciprocity. This was assessed by analysing available information on the case company and evaluating the

information in a private meeting with the family. This sampling choice accommodates both, pragmatic critical realism and grounded theory. Even the snowball sampling of respondents on a strong-tie approach is compatible with method and philosophy since those closest to the managing family are most likely to have developed a shared understanding of care.

Second, the use of different data collection tools, such as guided interviews, feedback interviews, mini-questionnaires and available secondary data helped to make sure that alternative explanations are considered. This is compatible with both, pragmatic critical realism and grounded theory. Similarly the use of field notes, memos and the iterative coding process where designed to foster theory development that was data driven and represents the working social realities of those involved (Oliver, 2012; Kontinen & Ojala, 2012; Lempert, 2011; Leppäaho et al., 2016). Third, the language used to analyse and describe findings is compatible with the language used by other pragmatic critical realists. In Leppäaho and colleagues' (2016) recent review of case study research in the Family Business Review, they argued that critical realism entails a certain degree of causal language which it allows the identification of causal mechanisms that are able to explain outcomes. They noted that the phrase 'leads to' seems characteristic of critical realist language. Phrases such as 'leads or leading to' as well as, 'creates or creating' have been used extensively in the analysis, indicating that analytical procedures and findings are compatible with pragmatic critical realism in a grounded theory method.

Fourth, trust network reproduction, and upper level stability however, have been identified as potential causal mechanisms that can determine the extent

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to which social reciprocity is successfully developed. This is arguably compatible with the aim of critical realist research. Lastly, the findings of the thesis provide practical relevance for those involved and other family firm managers, which is to pragmatists. The brothers benefited from this research by realising that the maintenance and extension of trust, especially on affective level is important to the maintenance of social reciprocity. Furthermore, they realised that a long-term relationship perspective in the form of upper network stability can enhance the reproduction and diffusion of trust and social reciprocity to lower levels of the organisation.

5.3. Strategic Reflectivity on Grounded Theory

This subsection critically reflects on the strategic choice of applying a grounded theory method. First, a general reflection of grounded theory as a research method is provided. This includes reflection on the subjective reasons for choosing grounded theory and the researcher's experiences made with grounded theory in this thesis. This is followed by a specific reflection on controversial issues and the strategic choices made. While the third chapter explores controversial issues from an academic perspective, justifying choices on academic grounds, in this subsection, emphasis is placed on subjective preferences and experiences that led to these choices, since subjective preferences will impact strategic decisions to a certain extent (Star, 2011).

5.3.1. Strategic Reflectivity on Grounded Theory: General Reflectivity

The decision to use grounded theory as a research method was based purely on contextual factors. The desire to develop theory on how managing family members create a feeling of social reciprocity with nonfamily employees seemed to indicate a dynamic social process that required an intensive research approach. Furthermore, theorising as a detached process, without data collection in real-life contexts, left the researcher often wondering whether it really captured the complexity of real-life.

Grounded theory, thus, seemed to be the preferred choice, even if it was made rather reluctantly. Since grounded theory is not a widely applied method in management science, little formal training was available to the researcher. After reading the literature provided by Glaser & Strauss, and Strauss & Corbin, the realisation that there is more than one way of carrying out grounded theory research did not instil the researcher with confidence. In contrast, it felt rather intimidating as it seemed to require a positioning at either Glaser's or Strauss' side. Other grounded theorists' use of words such as 'messiness', 'overwhelm' and 'insecurity' indicated an emotional intensity related with this method that also sounded daunting. Stern's (2011*)* analogy comparing grounded theory to *"[…] a jealous lover that takes over the researcher's waking and sleeping hours […]"* (p.124)*,* captures quite well the experience with this method. In addition, the evolving nature of grounded theory research makes precise planning impossible, which further complicates matters in PhD projects, which usually run on a tight schedule. However, the researcher decided that the strategic decision for or against

grounded theory should be made with respect to what the project required and grounded theory seemed most suitable.

The personal experience with grounded theory can be summarised as follows. The method requires the researcher to be patient, persistent and self-critical. The feelings of 'being overwhelmed' and messiness, especially at the beginning of the work, were intense and intimidating. Since the researcher was intent on not missing anything, the number of themes emerging from the first interviews seemed to make conceptualisation impossible. However, agreeing with most grounded theorists, the constant comparison of emerging themes as more data was collected eventually led to the emergence of themes and development of core categories. Once core categories had solidified, however, conceptualisation came quite 'natural'. Nonetheless, it needs to be mentioned that the development of core categories required a few months, since the researcher needed to develop methodological confidence. As such, it can be concluded that initial feelings of 'messiness, uncertainty and overwhelm', are common for grounded theory projects.

5.3.2. Strategic Reflectivity on Grounded Theory- Specific Reflectivity

In chapter 3, some choices on common controversial points in grounded theory were discussed from an academic perspective. In this section, a reflection of subjective preferences and experiences and the extent of which

those contributed to the implementation of the research strategy are provided.

5.3.2.1.   The Use of Literature

This thesis uses a pre and post-conceptual literature review. While enough academic arguments have been put forward to justify this approach in this project, it would be disingenuous to pretend that subjective feelings did not impact this decision. The pre-conceptual literature review was necessary for two reasons. First, it provided an understanding of the current state and gaps of theories dealing with the inner working and social dynamics of family firms. While interesting theories exist, a feeling remained that they did not seem to capture the full complexity. Second, without the pre-conceptual literature review, research questions would not have developed, and neither would the realisation that grounded theory provided a different but potentially valuable route to theorising have occurred.

Once the data collection started, the literature review was suspended until emergent themes and categories had developed and then the literature was used to refine the emergent framework and establish how the framework related to and advanced existing theory (Stern, 2011). The researcher felt that the data needed her full attention to let themes emerge. This seemed a necessary process for developing grounded theory skills. As a grounded theory novice, the researcher felt that the integration of the literature at an early stage might lead to premature conclusions. Therefore, the researcher actively exposed herself to the prolonged and iterative process of collecting,

analysing and comparing data. This learning process also included 'making wrong turns and going back to the start'. However, this seemed a necessary experience in order to improve her confidence in her abilities and develop emergent theory. The researcher is convinced that letting themes emerge by themselves led to the development of theory grounded in data, even if it required more time. Once categories had solidified, reading existing literature helped to refine themes that had emerged.

5.3.2.2.   The Use of memos and Field notes

Another controversial point that has been previously noted is the use of memos and field notes. In this research, writing memos and field notes was an indispensable task without which theory could not have been developed. Field notes and memos are ways to engage and converse with data right from the start. For the researcher this ongoing discussion with the data helped to integrate multiple perspectives without censure, allowing interpretation of one piece of data from different angles. It also facilitated the development of codes from the data. Abstract, meaningful codes are a result of a complex and nonlinear sense making process which requires creativity and constant critical reflection. As such, abstract codes are not likely to emerge at first glance. After open coding of small sections of data a memo was developed. These helped to identify emergent themes in the data and also led to 'elevate' code at a more abstract level. In addition, memos were used to discuss emergent themes and categories for axial coding at later stages.

Field notes were also used extensively in the research, as it is considered a way to monitor the data collection and data handling process. Field notes differ from memos in their purpose. Memos are a means of analysing data, while field notes are a means of analysing the data collection and data handling processes. Interview field notes, for example, were developed immediately after each interview and were written to capture first post-interview impressions. First impressions of interviews were used later in the transcription process to scan the interviews for interviewer behaviour. These 'first impression' field notes were extended after interviews had been transcribed. In this sense, field notes were used to identify successful interviewer behaviours as well as areas for improvement.

5.3.2.3.   The use of Audio recording devices

In a single researcher design, the use of audio recording seemed to be most appropriate, since alternatives seemed less sensible and intuitive. The first alternative to audio recording would have been to take notes during interviews, and the second would have been to have a research assistant taking notes during interviews. The researcher deemed the first alternative inappropriate for the following reasons. First, the researcher has never been able to listen and take notes at the same time, not even during lectures or seminars. Instead, the researcher would listen carefully and develop notes afterwards. Taking notes during conversations would have made the researcher less attentive towards the interviewee and may have resulted in not being able to establish a connection. Second, it would also ensure data collection accuracy. Since today's research integrity and research ethics

standards require researchers to handle information given by interviewees with care and diligence, taking notes after interviews may have led to a loss or alteration of data.[27] Audio recording therefore ensured accuracy for both the interviewer and the interviewee and security that information was not corrupted. Moreover, audio-recording was considered a useful tool to capture non-verbal aspects of data. If everything is data, as many grounded theorists claim (Stern, 2011), then audio recording helps the researcher to notice non-verbal aspects of communication such as pauses, coughs, laughs and other reactions that would go unnoticed otherwise. Although these may be important they are usually only picked up during transcription.

The second alternative of using a research assistant in the interviews was considered inappropriate for two reasons. The introduction of a third person to the interview situation would have resulted in a change of power dynamics (Warren, 2012). Interviewees may have felt uncomfortable in being subjected to two researchers and may have been less open in interviews (Charmaz & Belgrave, 2012). Second, a research assistant may have slightly changed the information provided by interviewees, resulting in less accurate data. A valid argument against audio recording, however, is that it may limit respondents' openness and willingness to be completely honest (Warren, 2012). Audio recording makes the conversation explicit and factual in the sense that respondents can hardly say "I have never said that". The awareness that everything that is recorded is inevitably 'out there' may make respondents 'overly guarded'. To counteract this possibility, respondents were given the opportunity to adapt transcripts, to delete or add information, or to withdraw

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27 Everyone will process information differently and as such, themes may have been forgotten or recorded differently from what the interviewee actually replied.

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their participation, even after the interview, without giving any reasons. No respondent deleted information and only one respondent asked that an answer not be directly quoted. Thus, it seems a safe assumption that respondents answered honestly to their best capability.

5.3.2.4.   The Use of Verbatim Transcription

Most of the aforementioned arguments supporting audio recording devices also apply to the transcription of interviews. Again, some researchers argue that meticulous verbatim transcription is neither necessary nor helpful. As Stern (2011) points out, meticulous transcription may hinder the creative process necessary to grounded theory, since strict accuracy in some cases will not make a difference to the meaning of data. However, the researcher disagrees with this view. Careful transcription is neither worrisome nor wearisome; it is part of the responsibility owed to respondents. Careful transcription makes the researcher an expert of the data. The researcher, for example, was already familiar with the data before starting the 'real' analysis.

The final and probably most important argument for the transcription of data by the researcher is that it accelerates the interviewer's skills learning process. Transcription of data by the researcher herself soon led to the identification of successful interviewer behaviours and areas for improvement. The quality of collected data is affected to a great extent by the interviewer (Morse, 2011, 2012). If the interviewer is able to establish a connection that enables respondents to 'open up', more valuable data will be collected, leading to better theory. Transcription of data from the very

beginning soon led to reproducing successful interview behaviours, such as self-revealing behaviours. Weaknesses in interviewing techniques, such as talking too fast, were eliminated.

5.3.2.5.   The Use of Coding Software

The use of coding software has also elicited controversial reactions. Some grounded theorists have voiced little enthusiasm for coding software, arguing that in grounded theory, the researcher is the person who is involved in growing theory (Bryant & Charmaz, 2011a). Consequently, the researcher is considered a critical success factor. In this respect, the researcher agrees with the traditionalists. Coding, especially open coding, is best done by hand. Comparing coding by hand with coding with a software program at the beginning, the researcher decided on coding by hand for the beginning of the analytical process. To the researcher, using a software program seemed to divert too much attention from the data. However, this again is based on personal inclinations. The researcher felt that interrogating (e.g. highlighting) facilitates sense making, thus the researcher still read printed copies, as opposed to reading on digital devices. The researcher was convinced that highlighting and making notes on the paper while reading enhanced the sense making process. The choice to code data initially by hand is thus considered to be grounded in personal preferences. NVivo was used at a later stage to visualise categories emerging from memos and reorganize them in different ways.

5.4. Relational Reflectivity on the Data Collection Process

This section reflects on personal experiences during the data collection process, especially with respect to relational experiences in interviews and during data collection. The first subsection provides a general reflection on the interview as a social relationship process. These general reflections will then be transferred to specific experiences during interviews and data collection.

5.4.1. General Relational Reflectivity: The Interview as a Social Interaction

Relational reflexivity deals with the social relationship and interactional dynamics between interviewer-interviewee. Every interview is a social interaction where researcher and respondent engage in joint interaction (Morse, 2011; Warren, 2012; Morse, 2012; Finlay, 2012). Both parties, assuming participation is voluntary, hope to create a successful meeting; researchers hope to gain valuable data, while respondents hope to be helpful. Both parties thus have expectations, fears and hopes. During the interview the interviewer observes the respondent in order be attentive and to reflect how the interviewee may feel during the interview. Afterwards, both usually reflect on the situation. Researchers may try to review personal interviewer behaviours to improve their skills or may assess reactions to certain questions. Respondents may assess if they felt comfortable and based on this experience might decide whether they would participate in other research projects (Mruck & Mey, 2011; Warren, 2012; Finlay, 2012).

Relational reflectivity is important in grounded theory, since it makes the impact the researcher has on developed theory more transparent.

5.4.2. Specific Relational Reflectivity on Data Collection and Interviewing in this Research

Relational reflexivity on the relationship experience during interviews was achieved in this research by writing field notes. After each interview, field notes were composed to record instant post-interview impressions. These were called 'first impressions' and were adapted later after transcription and contained a first relational reflection of the interview.

Since an interview is a social interaction between two individuals, each interview will be different. As such, there is no recipe for the 'perfect interview'. However, each interview situation creates an instant impression for the researcher on how the interview went. In some cases, the researcher felt there was an instant connection, where interviewing seemed to be easy. Respondents in these interviews were quite extroverted and open, and voluntarily provided rich descriptions. Other situations left the research quite exhausted. These respondents would rather answer in short sentences, requiring a more active role from the researcher (e.g. asking the respondent "Is there anything else you would like to add?" or "Can you give an example?"). The researcher felt that she had to work harder to establish a connection with some respondents than with others.[28] Analysing the interview situations, the researcher tried to assess her interview behaviour to

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28 Even the research assistant checking transcripts would notice that in some interviews there was an instant connection with respondents that seemed missing in others from listening to transcripts.

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identify what may explain some interviews being considered more successful than others. It emerged that there seemed to be contextual factors as well as behavioural factors which led to the creation of successful interview situations. Contextual factors include such as age, gender and educational background and they may have an impact on the interview experience (Warren, 2012), For example, 'matched interviews' (Warren, 2012), where respondents were roughly in the researcher's age group and had received similar education seemed to be 'easier', as there seemed to be an instant connection and a shared language. However, not only contextual factors but also the behaviour of the researcher seemed to have considerable impact the interview success.

First, the researcher realised that respondents were usually quite nervous at the beginning of an interview. As such, she considered it her responsibility to create an atmosphere that helped respondents to open up. Factors conducive to creating an open atmosphere included 'stress reducing behaviour', 'authentic interviewer behaviour' and 'self-revealing behaviour'.
Second, the researcher realised that improvements to her interview style positively impacted interviews. Areas for improvement were identified in the speed of talking, clarity of articulation, and provision of more time for respondents to assess questions.

5.4.2.1.   Stress Reducing Behaviour

Many of the respondents had not been personally interviewed for a research project before and many respondents came from a non-university

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educational background. For them, being interviewed seemed to be more stressful, since they did not know what to expect and how the behave. Empathic behaviour seemed to help reduce initial stress. For example, audio recording seemed to make some respondents more nervous, since they feared they would embarrass themselves.[29] The researcher tried to meet this feeling with empathy and reassured respondents that she herself often feels embarrassed when listening to her own blunders in interviews. For many respondents this relieved the tension. Realising that the researcher herself would feel the same established a shared connection and made them feel less exposed.

5.4.2.2. Authentic Interviewer Behaviour

Another aspect of successful interviews was authentic interviewer behaviour. The researcher soon realised that she always influenced respondents' behaviour, whether intended or not. Trying not to influence respondents through neutral behaviours (e.g. trying to 'hide' reactions to answers or information given), would rather 'close up' respondents. Being reserved resulted in respondents being equally reserved and guarded. In this sense, seemingly no reaction would trigger a negative reaction (Finlay, 2012). This may be based on respondents sensing the interviewer to be unauthentic. As a quite extroverted, engaged person, being neutral and reserved required the researcher to actively suppress part of her personality. Respondents may have intuitively felt that the researcher was not being authentic and tried to 'hide something'. As such, they reacted with equal reservation and creating a

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29 Some respondents mentioned in the beginning when they were informed of the procedure of transcription, that the researcher would have to listen to their „silly voice"

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personal connection was harder for both parties. Reviewing successful interviews, the researcher realised that authentic behaviour, i.e. 'being herself', helped respondents to relax and open up. These interviews seemed to yield the best results, with respondents being very open and providing extensive information.

5.4.2.3.   Self-revealing Behaviour

Similarly, self-revealing behaviour, in small doses and when the interview situations provided opportunity, had positive effects. If respondents shared a private experience the researcher could relate to, she would sometimes share this with the respondents. It needs to be considered that certain interview topics required respondents to reveal quite personal feelings regarding their relationships with managing family members and other colleagues. As such, respondents would assume a considerable 'emotional risk' by being open and honest (Ryen, 2012). Self-revealing behaviour balanced this perceived 'risk-asymmetry', since the researcher also assumed a certain amount of vulnerability.

5.4.2.4.   Speed of Talking

Transcription of the first interviews soon led to the realisation that the researcher spoke far too quickly. Finding it difficult to decipher her own speech, the researcher realised it would be even more difficult for respondents. Talking at a reduced speed would help respondents to better understand the questions and also created a more relaxed atmosphere.

5.4.2.5. Clarity of Articulation

Similarly, the researcher realised she would sometimes start asking a question, stop mid-sentence and then reformulate the question or add information. The researcher acknowledged that this would make it more complex for respondents to figure out what she was asking. However, respondents could only provide useful information if the question seemed clear. As such, the researcher worked on asking clear and short questions. In addition, the researcher quickly learned to stop talking whenever a respondent started to speak.

5.4.2.6. Provision of More Time to Assess Questions

In the first interviews, the researcher often felt the need to break the silence. Sometimes, respondents would pause in their answers or take more than 10 seconds to answer a question. At first, the interviewer felt flustered or insecure by respondents' silence. However, the researcher soon learned to 'enjoy the silence'. Some respondents needed more time to process questions and to sort their ideas. This did not mean that they did not want or could not answer a question. The researcher also learned to wait a few extra seconds after respondents had finished talking, as respondents sometimes would add things after they seemed to have stopped talking.

5.5. Summary

This chapter provided insights and reflection on the research strategy and its implementation. While in the previous two chapters, choices on research

strategy and its implementation focussed on academic argumentation and justification, this chapter provided transparency on how subjective feelings, experiences and preferences impacted the choices made. While logical arguments can be found to support choices, it would be naïve to pretend that personal experiences, preferences and feelings had no impact. In grounded theory, especially those theorists embracing epistemological subjectivism, it is quite common to dedicate part of the methodology to these subjective choices, since they are considered influential to understanding developed theory. It is not the aim to achieve universal approval for choices made and as such it will be accepted that other researchers may have made different choices.

6. Findings and Analysis: Developing Emergent Theory

6.1. Introduction

This chapter presents the major findings by explaining the developed emergent theoretical framework and explaining the analysis. In grounded theory, findings are the results of analysis. Other research approaches often separate the findings from the analysis of the findings. In grounded theory, however, both tasks are carried out simultaneously and as such the findings and analysis of the findings are non-separable tasks. In the first section, the fully developed theoretical framework will be introduced (6.0). This helps understand how themes emerged and were further developed and integrated into a theoretical framework. A successive elaboration of the theoretical model will help understand the emergent nature of the theoretical framework and interdependencies among trust network reproduction, network learning and social reciprocity.

This research identifies that trusting relationships between managing family members and their close ties create emotional and instrumental social reciprocity. It is further argued that trust learned in managing-family-employee relationships is reproduced in employee-employee relationships and leads to a process of social network learning among employees. The development of trusting weak ties, between employees at lower levels and managing family provides further evidence for trust network reproduction and network learning. Five major analytical points emerged and each point is discussed separately, providing an understanding of the step-by-step development of the theoretical framework. The focal analytical points are

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grounded in the data collection process which is inherent to this research and has influenced the development of the theoretical framework. The next three sections (6.2, 6.3, 6.4) relate to findings and the interpretation of findings made in data collection phase 1 and 2, when managing family members and first level network members were interviewed. The following two sections (6.5, 6.6,) relate to the interpretation of findings made in phase 2 and 3 of the data collection process, when first level and second level network members were interviewed. Upper network stability, discussed in the next section (6.7), relates to the analysis of findings that emerged in phase 1, 2 and 3, when another cross analysis of data was made.

Framework 6.1: Creating Social Reciprocity: The role of trust and trust network reproduction through social learning

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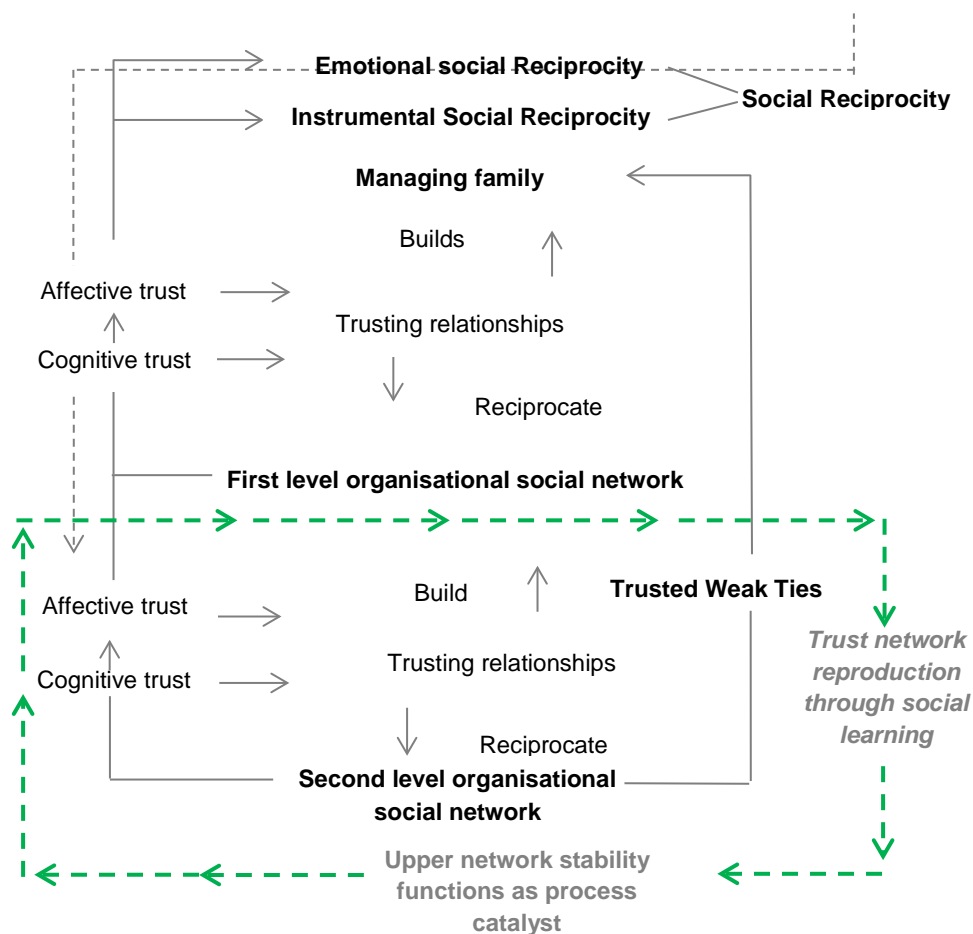
The framework presented above (6.1) needs to be 'read' from top to bottom. Analysing how managing family and nonfamily employees create a shared understanding of care and being cared for, the first step consisted of understanding what a shared understanding of care is based on. It soon emerged that employees were aware of specific actions taken by managing family members to promote their well-being. In addition, a positive interpretation of motivational intent of managing family members was attributed to these actions by employees. Moreover, an emotional component emerged that was not related to specific things being done, but rather a general feeling of being genuinely cared for as an individual by the managing family. An analysis of the close relationships that managing family members and nonfamily employees shared provided evidence that dyadic relationships were built on cognitive and affective levels of trust. It was especially the latter component of trust which led to a general feeling of 'mattering as an individual' and a positive attribution of motivational intent. As such, affective trust in managing family-nonfamily employee relationships has a direct and moderating impact on creating a feeling of being genuinely cared for in employees.

However, employees who had been in the business for less than five years and who did not have yet the same levels of intimacy reported similarly high levels of trust as did those employees who shared strong ties with managing family members. This was surprising, as network theory suggests the existence of noticeable differences between those who have known the managing family for a long time or who shared a friendship tie (Marsden & Campell, 1984; Coleman, 1988). At the same time, analysing the employee-

employee relationships it emerged that they were described in very similar ways to managing family-employee relationships. The managing family, being the centre of the network, seemed to have a considerable influence on how relationships were built among employees. Trust relationships were built by managing-family-employee interaction and reproduced in employee-employee relationships. Further interviews were made with second level network members in order to find out whether identified themes and relationships were persistent over a wider range of the organisational network. This was the case and thus it is postulated that trust is learned and reproduced over hierarchy levels. Trust in social relationships can thus be seen as a social learning process occurring between employees, influenced and shaped to a great extent by the managing family. This theme was integrated into feedback interviews and was found to be relevant.

Before entering the analysis and discussion of findings from which framework emerged, a brief overview of the illustrations will be given, which have been used to first visualise the development from open codes, to dimensions and categories. The findings are presented according to how relationships emerged and led to the successive development of the framework. It is not the order of emergent themes but rather how emergent themes seem to be interrelated. Answers between first, second and third level network members have not been distinguished in the presentation of most findings, as they were the same among employees. A more detailed distinction between managing family members, first level and second level employees has already been provided in chapter 4. The numbers provided in the first column of table 4.1 are identical to the numbers used throughout this chapter. Thus,

the relation of data quotes to first, second and third level network employees is possible. All illustrations are organised under the aforementioned analytical points and the development of the illustrations has been influenced by Strike (2013).

The first illustration summarises findings on managing family-employee relationships with respect to cognitive trust. They are presented first as the snowball sampling started with the managing family. Being at the centre of the organisational network, the managing family members influence and shape the structural and relational dimension of the organisational network. The perceptions of employees on their relationships with managing family members are also presented in the illustration. This is important to demonstrate how employees reciprocated the cognitive trust provided by managing family members. The second illustration represents the affective trust inherent and reciprocated in managing family-nonfamily employee relationships. Again, both perspectives are integrated into one schema, to demonstrate the reciprocity in the relationship.

Illustration 6.3 visualises how social reciprocity was created through an emotional component and instrumental component. Emotional social reciprocity was directly related to affective trust in managing family-nonfamily employee relationships. Affective trust led managing family members to demonstrate emotional need-based monitoring which provided employees with a feeling of emotional dependability that made them feel cared for. It is an interesting finding, as it indicates that employees feel cared for and have

developed emotional attachments to family members. Instrumental social reciprocity emerged as a positive interpretation of managing family members' actions being based on caring and benevolent motives. This positive attributional bias was based on affective trust, which had a moderating effect. This indicates that a social cognitive learning process leads to an automatic positive interpretation. While certain actions directed at employee well-being had simultaneously positive financial effects for the business as acknowledged by employees, they were rather considered a secondary and not a primary motive.

Illustration 6.4 goes on to summarise findings on employee-employee relationships, which demonstrate a high degree of similarity as reported in Illustrations 6.1 and 6.2. It follows that relationships between employees and managing family as well as those among colleagues share similarities. Illustration 6.5 summarises the perceptions of employees on the importance of managing family member behaviour in influencing their behaviour. This theme emerged at a much later stage of the analytical process when a preliminary framework had already developed. The findings in Illustration 6.5 emerged mostly during feedback discussions. Illustration 6.6 reports findings on the stability of relationships within the organisation. Stability in relationships was a theme mentioned across participants; however, its explanatory value emerged at a later stage in the data collection process. It emerged as being relevant after interviewing employees with less than 3 years in the business provided similar answers related in the aforementioned illustrations.

6.2. Development of Reciprocal Trust Ties Based on High Levels of Cognitive and Affective Trust

Data shows that managing family members build trusting relationships with employees, characterised by high levels of cognitive and affective trust. This is supported by the network analysis and the analysis of interviews. Although the network analysis was performed after the emergence of trusting ties from the interview data, it will be presented first to provide an understanding of the structural dimension of managing family-employee relationships.

6.2.1. Analysis of network data

Being at the centre of the organisational network, the three brothers have the highest in-degree, i.e. incoming ties (Hennig et al., 2012; Borgatti et al., 2013). As everyone was asked to name five people in the business with whom they interacted most (Marsden & Campell, 1984; McAllister, 1995; Bebbington et al., 2008; Borgatti et al., 2013), the out-degree should be the same for all people. Having managing power, the brothers should be at the centre of the organisational network and the flow of information (Ensley & Pearson, 2005; Borgatti et al., 2013). The network below shown in Figure 6.1 represents the close organisational social network. For reasons of visual simplification only outgoing and incoming ties of managing family members are included to demonstrate the centrality of managing family members to the organisational network. Dark blue squares (nodes) represent managing family members, and pink lines donate reciprocal ties. Reciprocal ties are ties where the both nodes select each other to the network. Managing family

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members show an in-degree of 12, 11 and 10, meaning that the respective number of people mentioned to the network, which measured the five most frequently and regularly interacted ties. The size of the squares is weighed by in-degree, with bigger nodes indicating a high value of in-degree. Looking at the network, it can be followed that managing family members report the highest in-degrees and are thus considered central nodes to the network.

Figure 6.1: First Level Close Organisational Social Network
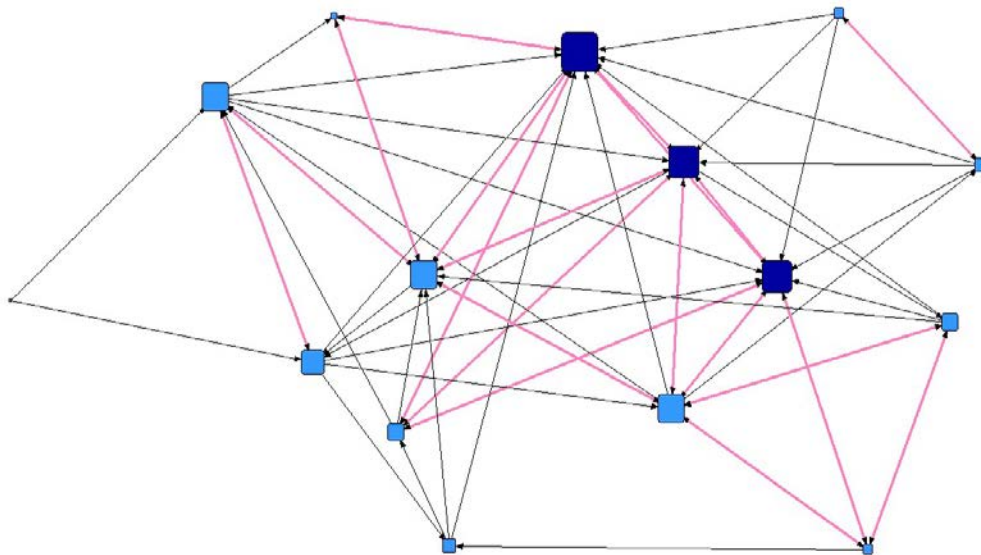
However, for the purpose of the analysis, a look at the close trust social network is more valuable. The Trust Network of the three brothers is presented below, in Figure 6.2. The network data was processed through UCINET 6 and then visualised through a network visualisation tool called Netdraw[30]. The dark blue and big squares (nodes) are managing family members. Nodes can be represented in many shapes (e.g. squares, circles triangles), depending on the visualisation tool. The researcher will decide on

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30 Netdraw is a network visualization tool within the network analysis software of UCINET.

the shape and colour of nodes. Since in this research distinction between managing family and nonfamily employees is important, it was decided to colour both sets of nodes differently. The size of a node in this case measures the in-degree. The bigger a node the more often it was selected by other nodes. The possibility to 'weight' nodes along certain characteristics such as in-degree our out-degree is provided by the network visualisation tool. This visualisation aims to demonstrate that managing family members are indeed the centre of the organisational network. The in-degree measures the importance of a node and as such, weighing nodes by in-degree appropriately demonstrates that managing family members are central to the organisational network. Pink lines indicate reciprocal ties, which mean that both nodes selected each other to the trust network. The selection of another colour to indicate reciprocal ties facilitates a distinction between reciprocal and non-reciprocal ties. The number above each tie indicates the out-degree; i.e. the number of people mentioned by this node. In this research, out-degree should be equal to five for all nodes, as people were limited to select only five people. In one case a decrease from five to four in the out-degree of one managing family can be explained by the retirement of that employee and their successive deletion from the network.

The distance between nodes has no meaning. No data was collected in the network measurement approach that would have allowed for an accurate determination of 'closeness' between nodes. Differences in line size are purely attributed to visualisation procedures. An appropriate visualisation seeks to present a network where paths between nodes are clearly visible with no overlaps or other nodes blocking a path between nodes. This is

achieved by repositioning single nodes in a way such that the aforementioned conditions are met.

Figure 6.2: First Level Close Trust Network
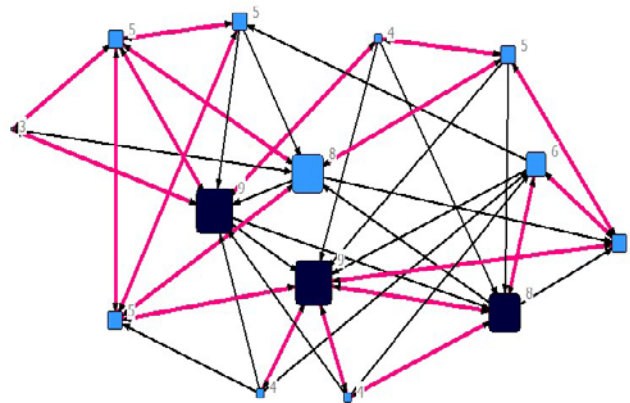
When analysing the ties selected to the trust network of managing family members, a high degree of reciprocal ties becomes apparent. Managing family members demonstrated a high degree of reciprocal ties in their respective trust network. The maximal number of reciprocal ties was five, with managing family members having at least three or more reciprocal ties. One managing family had five reciprocal ties; while others had three reciprocal ties (one managing family member had a decrease from four ties to three)[31]. The brothers had all trust ties with employees reciprocated and only intra family ties were not reciprocated along the measurement approach. This was considered to stem from the limitation of naming only five people, which led to constraints in the number of people that could be selected.

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31 One of the selected contacts retired from the business before I had the chance to arrange an interview.

A closer look at the in-degree shows that managing family members were more or less equally popular in being selected to the trust network by employees[32]. Looking at the degree of overlap that managing family members had between their respective organisational social network and trust network demonstrates considerable overlap. Of course there are members in the trust network of the managing family which the managing family member did not mention in the close organisational network. However, this may partly be due to the fact that managing family members also had to limit their close organisational network to five individuals they interacted most with (Borgatti et al., 2013). All managing family members felt it rather difficult to keep within that limit, and expressed that there were also other members in the business with whom they shared frequent and ongoing interaction.

In one or two cases, however, managing family members shared a friendship tie with one of their trust network members and their interaction with this tie was mainly outside the organisational context. There were also close organisational ties of the managing family which were not selected to the trust network; however, this coincided in those cases where ties were selected to the trust network but not the close organisational network. Again, it needs to be considered that also in this case only five ties could be mentioned. Thus, it cannot be concluded that the managing family member did not trust these close organisational ties, but only that there was someone else in the business with which the managing family member shared a closer relationship.

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32 The in-degree for managing family members was 9, 7 and 6. If family ties are neglected, the in-degree is 7, 7 and 4, respectively.

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The overlap of the close organisational network with the trust network of managing family members and the fact that in most cases the working relationship preceded the trusting relationship indicates that cognitive trust leads to the development of affectionate trust. The relationship between cognitive and affectionate trust has already been uncovered by McAllister (1995), who reported that high levels of cognitive trust also led to higher levels of affective trust (McAllister, 1995; Gulati, 1995; Morrow et al., 2004). Also, interaction frequency between manager and employee was positively related to affective trust (McAllister, 1995). Unfortunately, McAllister did not investigate possible interdependencies between interaction frequency and cognitive trust. It can, however, be assumed that the positive relationships between peer reliable behaviour and cognitive trust are partially dependent on interaction frequency, since it could be argued that a higher interaction frequency should lead to a higher probability of witnessing peer reliable behaviour on the part of the manager.

Analysis of structural network data of the close trust network (Figure 6.1), shows that trusting relationships that managing family members built were reciprocated. It shows a high degree of reciprocity in the trust network of managing family members, as the number of pink lines in this network demonstrate. Moreover, the high in-degrees of managing family member-nodes also support the idea of the importance of managing family as trusted ties of nonfamily employees. Managing family members show the highest in-degree in the trust network, as indicated by the size of the nodes and are thus central to the trust network. Not only where the brothers selected to the trust network by employees who selected managing family members to their

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close organisational network, but also from those who did not select the managing family to their organisational network. This shows that the managing family enjoys high levels of affectionate trust by employees who do not share a close organisational tie. The numbers in brackets represent employee-only in-degree, i.e. ties reported by one family member to another family member were omitted. The following table presents the discussed results of in-degree in a more explicit way. It reports the in-degree of all brothers as close organisational and trust ties. The number in brackets represents the in-degree excluding ties between brothers.

Table 6.1: In-degrees of managing family members

	In-degree close organisational ties	In-degree close trusting ties
Brother 1	12 (10)	9 (7)
Brother 2	6 (4)	6 (4)
Brother 3	9 (7)	7 (7)

Furthermore, it is not only the network data that demonstrates that managing family members build trusting relationships with close organisational ties. Analysing the reasons mentioned by family members for selecting employees to their trust network, it becomes apparent that trust ties are based on cognitive and affective trust. When asking why certain people were selected to accompany them on the 'Matterhorn' climb, managing family members said they knew those people longest and best, and felt they could count on those people. One brother said[33]:

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33 All quotations provided in this chapter and in appendix 10.5. have been translated verbatim from German to English. As such, all mistakes in sentence structure, as well as grammar have also been translated. If, for example, the sentence structure in the English translations is incorrect, it is based on the original German sentence structure also being incorrect.

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"I know I can count on these people, they are good people" while another said *"[Employee name] is absolutely loyal to the core, to the business and the family. [The person] always stands by me and by our business, and goes through thick and thin with me, in good or bad times"*. **Brother 2**

The trust expressed by the brothers however, not only demonstrates cognitive trust (reliability), but also affective trust. As the above-mentioned quotations show, there is an emotional bond between managing family members and their close ties. This is, for example, expressed by the feeling that you would get along well with and could blindly trust these people. A further look at the answers in more detail indicates that managing family members build trusting relationships with close nonfamily employees, based on cognitive and affective levels of trust. This is also supported by Illustrations 6.1 and 6.2.

6.2.2.   Building Trusting Relationships

This subsection analyses how managing family members are able to develop reciprocal trusting ties with close nonfamily employees. Ties mentioned by the managing family as close organisational ties and/or trusting ties are named first level organisational network members. Analysing the close relationships between managing family members and nonfamily employees, it soon emerged that dyadic trust was an important relationships feature for both managing family members and nonfamily employees. Dyadic trust was built on cognitive as well as affective levels of trust. Cognitive dyadic trust is

the perquisite for any development of affective trust (Butler, John K, Jr & Cantrell, 1984; Rempel et al., 1985; Lewis & Weigert, 1985; McAllister, 1995), especially in the organisational context. As Butler and Cantrell (1984) argue, being able to rely on another person's ability and consistency is crucial to the development of superior-subordinate trust (Butler, John K, Jr & Cantrell, 1984; McAllister, 1995). Affective trust is emotionally-based and creates a reciprocal feeling of care, benevolence and faith (Larzelere & Huston, 1980; Rempel et al., 1985; Lewis & Weigert, 1985; McAllister, 1995). In interpersonal relationships where affective trust is high, intrinsic motivation to demonstrate altruistic and need-based behaviour is high.

In the organisational setting, the primary purpose of a social relationship is task-driven, while emotional needs are secondary, although their importance may increase over time. If, however, the primary cognitive trust needs in the organisational context of reliability (dependability) and consistency ((predictability) are not met, it will hardly lead to feelings of genuine care in superior-subordinate relationships (Rempel et al., 1985; McAllister, 1995). The following illustration visualises the emergence of cognitive trust between managing family members and employees.

Illustration 6.1: Building trusting relationships: Cognitive trust in managing family-nonfamily relationships
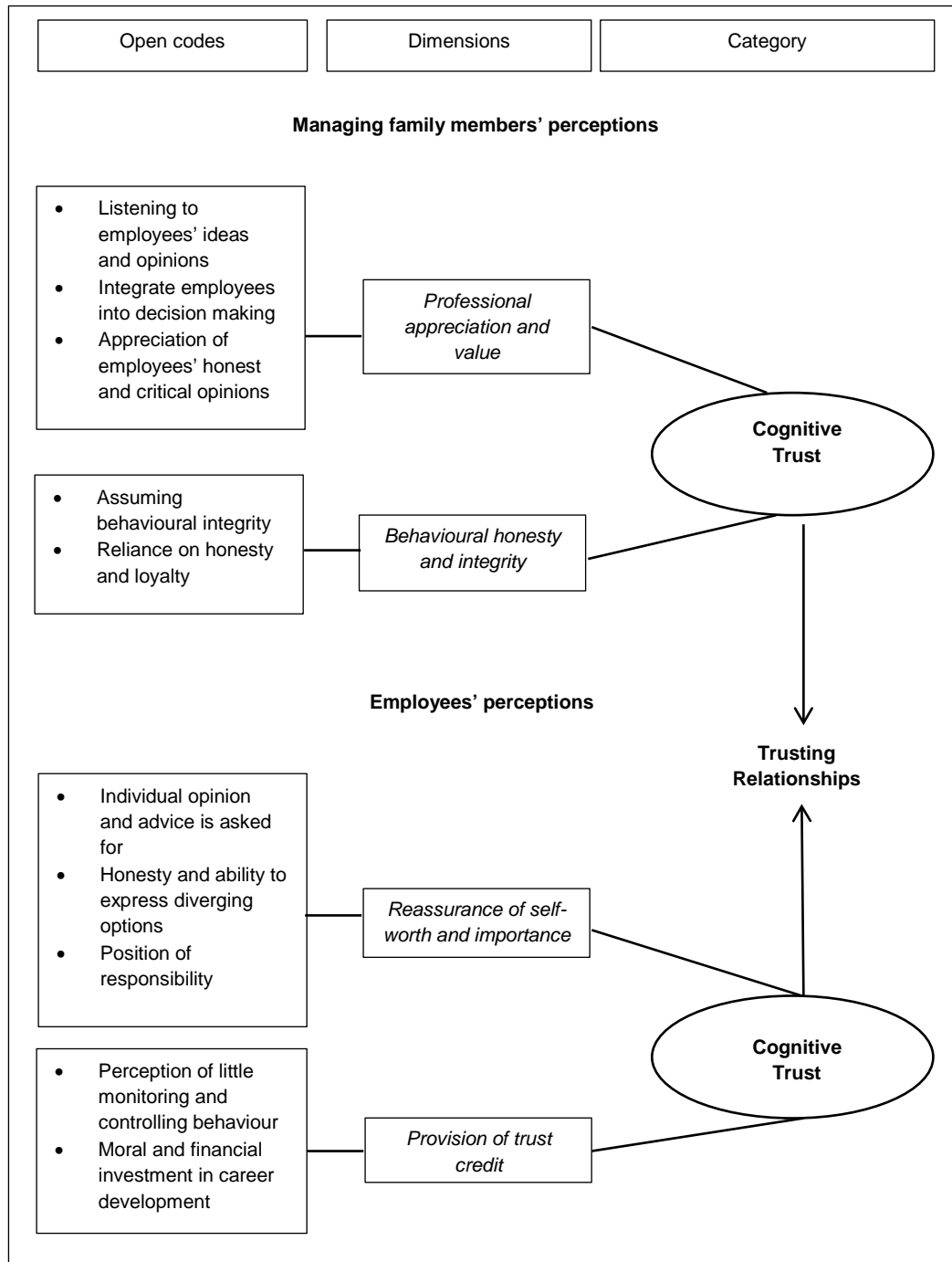
6.2.3.   Development of Reciprocal Cognitive Trust

In this subsection, the emergence of reciprocal cognitive trust ties will be discussed. Cognitive trust emerged as a category of the creation of trust. The provision of cognitive trust to employees was based on two dimensions, which both are a representation of trust in predictability and reliability. The provision of professional appreciation and valuation by the brothers provided employees with a sense of self-worth. Employees felt that managing family members trusted in their competence and ability. Believing in the behavioural honesty and integrity of employees, even in that of new employees, was interpreted as a trust credit being provided by managing family members to employees. This leap of faith was recognised by employees and led to a reciprocation of cognitive trust. By taking the risk inherent to trust, and providing a trust credit to employees, employees felt that is was 'safe' to trust managing family members in the same way.

6.2.3.1.   *Professional Appreciation and Value (Managing Family)*

Analysis of interviews with managing family members and the development of open codes revealed that the brothers demonstrated trust in the abilities and integrity of employees. This can be interpreted as a form of cognitive trust. Open codes demonstrated that the brothers are intent on showing their professional appreciation and valuation to employees, which was then developed into a dimension of cognitive trust. As such, they believe that employees' ideas should be listened to and that their professional opinion and skills should be acknowledged. Instead of dismissing ideas from

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employees they felt that a careful reflection on whether an idea was valuable should be made. Employees needed to be given appreciative feedback if an idea turned out to be valuable. The following quotation is provided with open, axial and selective codes. Black superscript represents open codes, green dimensions and therefore axial codes, while blue superscript represents categories and as such selective codes. This procedure will be repeated throughout the chapter, to provide some insight on the coding and sense-making process. One brother said:

> *"When employees give their ideas to improve things, you should take them seriously* try to integrate employees *professional appreciation cognitive trust and not just ignore their ideas […] in some cases, they make sense* employees have good ideas *professional ability cognitive trust and then you should give positive feedback* show appreciation *professional appreciation cognitive trust and tell them it was a good idea* trust in ability *cognitive trust, so they know you actually listen to them* listen to employees *appreciation cognitive trust."*

Brother 3

Another way to show professional appreciation and valuation is the integration of employees in decisions. For example, employees were asked to contribute ideas on to how to celebrate the business' 50-year jubilee. The brothers felt that this would be a celebration of the business' success, to which employees have contributed as much as the managing family.

> *"[…] so we all [brothers and top management nonfamily member], decided, in order to make the idea brain-storm more complete and to integrate the employees in planning to give every employee a little card with their next pay check, asking them to put ideas on*

them for the anniversary part…I don't know, maybe three or four

suggestions, and put them in our collection box, so everyone has

the opportunity to contribute." **Brother 1**

The perception that all employees can contribute valuable ideas to the business, no matter at which level they worked, is also demonstrated by actively reaching out to employees who because of their hierarchical position were less closely connected. Employee breakfasts provide an example that the brothers actively build social bridges with employees who they do not meet with regularity or at all. Employees, with whom they would usually not have a lot of direct contact, are invited to join the brothers for breakfast once a month. Since only a small number is invited each time, the possibility to talk freely and in a relaxed context is provided. The brothers said about these breakfasts:

"We do these breakfasts to get a direct connection to employees

working on lower hierarchical levels. Sometimes, information gets

filtered and problems of lower level employees don't reach us. We

invite a small number of people to have breakfast and then it's

bombs free everyone can say whatever is important and

sometimes really funny things come up […]. It's a way for us to get

in touch and its shows them quite quickly that we look after things

they mentioned" **Brother 1**

 "Sometimes we will even go to the construction sites to visit the

workers. We pack a picnic basket and these events are usually

quite nice. You really get to hear a lot of things that usually would

not reach you" **Brother 3**

Showing their professional appreciation and value to employees has an important influence on creating cognitive trust in the managing family-nonfamily relationships. Positive cognitive trust experiences create and reinforce the perception of dependability and consistency in abilities, skills and intentions of employees. Integrating employees into decision making, or asking for their professional opinion has led to better ideas and improvements, which according to family members, would have been missed out on. In this sense, managing family members have learned that trusting in the ability and intentions will be rewarded (Rempel et al., 1985). However, it also creates a cognitive trust bond between managing family and nonfamily members that is reciprocated.

6.2.3.2. Reassurance of Self-worth and Importance (Nonfamily Employees)

Analysing open codes led to the conclusion that employees recognise the cognitive trust provided by managing family members. In addition, being shown professional appreciation mattered a great deal to employees spoken with. One employee of the first level close organisational network said**.**

"I can go to them, anytime *always available* *there is something I need to talk about"* and *"whenever there is a project; they come and ask for my opinion* *my opinion is valued* *reassurance of self-worth* *cognitive trust* *and my word counts* *my expertise is acknowledged* *self-importance* *cognitive trust"* **Employee 3**

Another employee (third level close organisational network) seemed to the feel the same:

"I am happy to have transgressed from an apprentice to being perceived a person with professional competence trust in my competence reassurance of self-worth cognitive trust *[…]…that I am asked for my opinion because it matters* my ability is acknowledged self-importance cognitive trust *and that I can honestly speak* honest opinion matter trust in integrity cognitive trust *my mind, even if I don't agree* voicing critical opinion trust in integrity cognitive trust *with the managing family] in all cases.* **Employee 1**

Employees derive reassurance of self-worth and importance from being asked to provide their professional and personal opinion, as the quotations above demonstrate. Being professionally appreciated invokes a feeling of having reached professional and personal competence, where the opinion is asked for, because it matters and is important to managing family members, even if it is divergent. It has been argued that social relationships provide a sense of self-worth to each individual (Cutrona, 2004). The reassurance of self-worth and importance is an important dimension to the reciprocation of cognitive trust in nonfamily employee-managing family relationships. This can be explained by looking at the purpose for which organisational relationships are built and how relational dynamics evolve. For employees, working in a business (family or nonfamily), provides a basis for material security. On a psychological level, being able to provide for oneself or a family creates a feeling of self-worth as a contributor to one's own and other people's prosperity (Cutrona, 2004). The ability to provide for oneself or others,

however, depends to a certain extent on whether and how well the employee can perform the tasks assigned. The better the task-related performance, the more secure the position and thus the ability to provide (Wood & Bandura, 1989). As such, the perception of employees' that their professional ability is appreciated increases their perception of self-worth as a secure provider and valuable organisational member (Driscoll, 1978; Sheehan, 2014).

For employees, the feeling of being considered reliable, apt and dependable creates a feeling of being trusted (Rempel et al., 1985; Lewis & Weigert, 1985; Morrow et al., 2004). In addition, it also increases their perception of dependability and predictability of the managing family's behaviour (Butler, John K, Jr & Cantrell, 1984). If the managing family members appreciate their professional value, employees can feel more secure that good performance will be acknowledged and rewarded in the future (Butler, John K, Jr & Cantrell, 1984; Butler, John K, Jr, 1991; McAllister, 1995; Roderick M. Kramer, Karen S. Cook, 2004). It can be concluded that professional appreciation by managing family members creates a feeling of self-worth among nonfamily employees. These factors contribute to the development of cognitive trust relationships between family and nonfamily members, increasing the reciprocal perceptions of dependability and reliability.

6.2.3.3. Behavioural Honesty and Integrity (Managing Family)

Another emergent dimension that contributes to the development of cognitive trust between the managing family and nonfamily employees lies in the

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managing family's confidence in employees' behavioural honesty and integrity. Assuming that the majority of employees would behave honestly and with integrity and refrain from opportunistic behaviour is a form of trust credit being provided. Talking with managing family members, it seemed that trust was provided up front and that employees had rather to maintain instead of earning the trust given by managing family members. This was provided to all employees and as such certain privileges were available to all employees, not only those who worked closely with the managing family or had already proven they deserved to be trusted. A few employees reported that the managing family financially invested in their professional development right from the beginning. In many of these cases, the family took the potential risk that the investment would not 'pay-off', that the employee would receive training and then leave the business after a few years.

The belief in employees' honesty and integrity was also demonstrated by providing flexibility to invest time and working time into social engagements. Again, family members demonstrated little monitoring behaviour, thus assuming the risk to be taken advantage of. The managing family is aware that giving employees a certain extent of freedom may lead to opportunistic behaviours of some employees, but they believe that 'taking this risk' is important as the majority of employees will behave with integrity and honesty. As one managing brother noted:

> *"[…] the disadvantage of that whole story is, that when you give a lot of freedom* trust means taking a risk a leap of faith cognitive trust *to people or a*

lot of possibilities to max-out, you will always have some who will exploit you *exploitation of trust* *more than you would want to…of course that* disappoints me personally *withdrawal of trust credit* *loss of integrity and honesty* *loss of cognitive trust* *however, I am of the opinion that I* can't punish the ninety-five percent *the majority is trustworthy* *behavioural honesty and integrity* *cognitive trust* *[employees who behave with integrity] just because of the five percent silly ones."* **Brother 1**

This demonstrates that the managing family knows that trusting employees incurs a certain risk of opportunistic behaviour. As Mayer et al (1995) and Lewis & Weigert (1985) point out, trusting someone always incurs the risk that people may behave opportunistically and disappoint the trust provided. However, it is specifically this 'leap of faith' which defines cognitive trust (Lewis & Weigert, 1985; McAllister, 1995). Trusting in spite of the remaining uncertainty represents a cognitive leap. As such, managing family members provided a trust credit by assuming the vulnerable and risky position.

6.2.3.4.   Provision of Trust Credit (Nonfamily Employees)

This leap of faith demonstrated by managing family members towards nonfamily employees was recognised throughout all interviews with first, second and third level network members, irrespective of their tenure in the business. In particular, employees who had more recently entered the business felt that they were provided with a trust credit, i.e. trusted without having to prove their trustworthiness. Employees felt that a trust credit was

provided to everyone and that it was rather mistrust that had to be earned as opposed to trust.

> *"First of all, I was supported financially during my apprenticeship. Whether it was supporting me in paying my tuition fees, or else…Many of my class mates would not receive any financial support [from their employer] and were left alone with it [payment of tuition fees.]"* **Employee 8**

To employees, being invested in, even if there was limited certainty of whether the investment paid off, made them feel trusted and as such, cognitive trust provided would be recognised and reciprocated. The same would go for allowing employees to invest working time in social engagements. A number of employees are active in the local voluntary fire forces. Whenever they are called on duty, no one asks if it is okay to leave, they just leave, or if there is an alarm during the night, no one expects them to show up for their morning shift. They just give a quick call and that is okay. They are not penalised financially if they are called on duty while on their shifts, neither do they have to make up lost working time or provide evidence. When employees were asked whether you feel the managing family supports employees who engage in voluntary work[34], one employee responded:

> *"[…] I think it is important to them and so they support employees [in their social engagement]: For example when other employees*

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34 Legal requirements state that employers are obliged to let employees take part in fire duty calls and cannot deduct salary in cases where fire alarms occur during working hours. However, the employer can reclaim 'lost' money with the communal government. What employees remark on is the ease with which they can fulfil their engagements. They do not have to provide evidence on how long duty calls lasted and do not have to report to their superiors before leaving for a call. In addition, the family has never claimed lost money with the communal government. In this sense, the things provided that surpass the legal requirements are what are considered 'benevolent'.

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are called on a fire run, they are gone in a blink of an eye and drop

everything…" **Employee 4**

In this sense, employees report that the managing family demonstrates little controlling behaviour when it to comes to social engagement duties. This does not only apply to those engaged with the fire forces. This, in return, increases their feeling of being trusted.

> *"[…] No, it's really so [easy]. We don't have to fill out paper work or something [when we are called on duty]. I have never heard that they [managing family] have deducted money from affected employees [Employees who have missed working time because of a duty call]. If I have to start working at six am and the alarm goes off, at five to six, then that's just higher forces operating. That's how they [managing family] see it."* **Employee 9**

What is important to employees is that everyone is given equal trust credit. As such, employees working for less than 5 years also report that they can leave earlier or can get a day off if their social engagement requires it.

> *"It is generally never problematic* ^{equal treatment of all employees} *provision of trust credit cognitive trust [to fulfil social engagement duties]. For example when I have a football game and I say "I have to leave earlier today", I have never had troubles or anything'* ^{my word is trusted} *belief in honesty cognitive trust .* **Employee 8**

This equal treatment in providing trust credit also leads to cognitive trust being quickly established in managing family-nonfamily relationships. Even in

my own social interaction with the managing family, I was given this trust credit. As I have mentioned before, I was given total autonomy in my data collection process. I never had to ask managing family members for permission to talk to specific employees. Until today, managing family members have no explicit knowledge about whom I talked with. I never had to announce my visits. I would usually only give a rough time frame for data collection; for example, I stopped data collection in mid-July until the end of September 2014, as it was a busy time for the business and I communicated that to the managing family. When I recommenced data collection, I would just let them know I would be back again for further data collection. It was quite extraordinary to be given this freedom, since except for one personal meeting; the brothers had not met me before. Even other colleagues remarked that it was great that I could collect data so freely and I realised this as well, after I had analysed the data.

As Lewis & Weigert (1985), as well as McAllister (McAllister, 1995) pointed out, people who give us their trust, or who demonstrate trusting behaviour towards us, are much more likely to be trusted by us. Providing trust credit to new employees and assuming a vulnerable position, the managing family builds the basis for cognitive trust to develop more quickly. New employees feel that they do not have to prove their trustworthiness and thus require less interactional experience with managing family members to trust them in return.

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6.2.4. The Importance of Cognitive Trust in Family-Nonfamily Relationships

Cognitive trust in relationships is an important basis for affective trust to arise (Lewis & Weigert, 1985). This is especially applicable to organisational relationships (McAllister, 1995; Morrow et al., 2004; Stokes & Blackburn, 2002; Sheehan, 2014; Erdem & Atsan, 2015). This is based on the following reasons. First, organisational relationships are primarily purpose-driven; at least that is the starting premise. Both managing family as well as nonfamily employees interact with each other on basis of satisfying material needs and the provision of income. In the course of fiduciary relationships, other purposes of emotional nature may arise and become equally important. However, these emotional purposes are not the starting point of the relationship.

Secondly, relationship dynamics in the organisational context between family and nonfamily members usually arise from the organisational context and may be transferred to the private context at later stages of the relationship. While some employees may share prior private relationships, in a medium-sized context they represent the minority of cases. At the beginning of the relationship, there is often little or no interactional experience available to create an immediate emotional attachment (Lewis & Weigert, 1985). As such, the cognitive process of assessing the other person's dependability and predictability will receive heightened attention and may be a necessary condition for affective trust to arise (Lewis & Weigert, 1985). If both parties, managing family as well as nonfamily employees trust in each other's dependability (skill, intention) and predictability (consistency and integrity),

they are able to form a secure emotional attachment. This will lead to increased trust in each other's care, benevolence and good intentions, and faith in each other (Rempel et al., 1985; Lewis & Weigert, 1985; McAllister, 1995; Swift & Hwang, 2013; Erdem & Atsan, 2015).

Illustration 6.2: Building trusting relationships: Affective trust in managing family-nonfamily relationships

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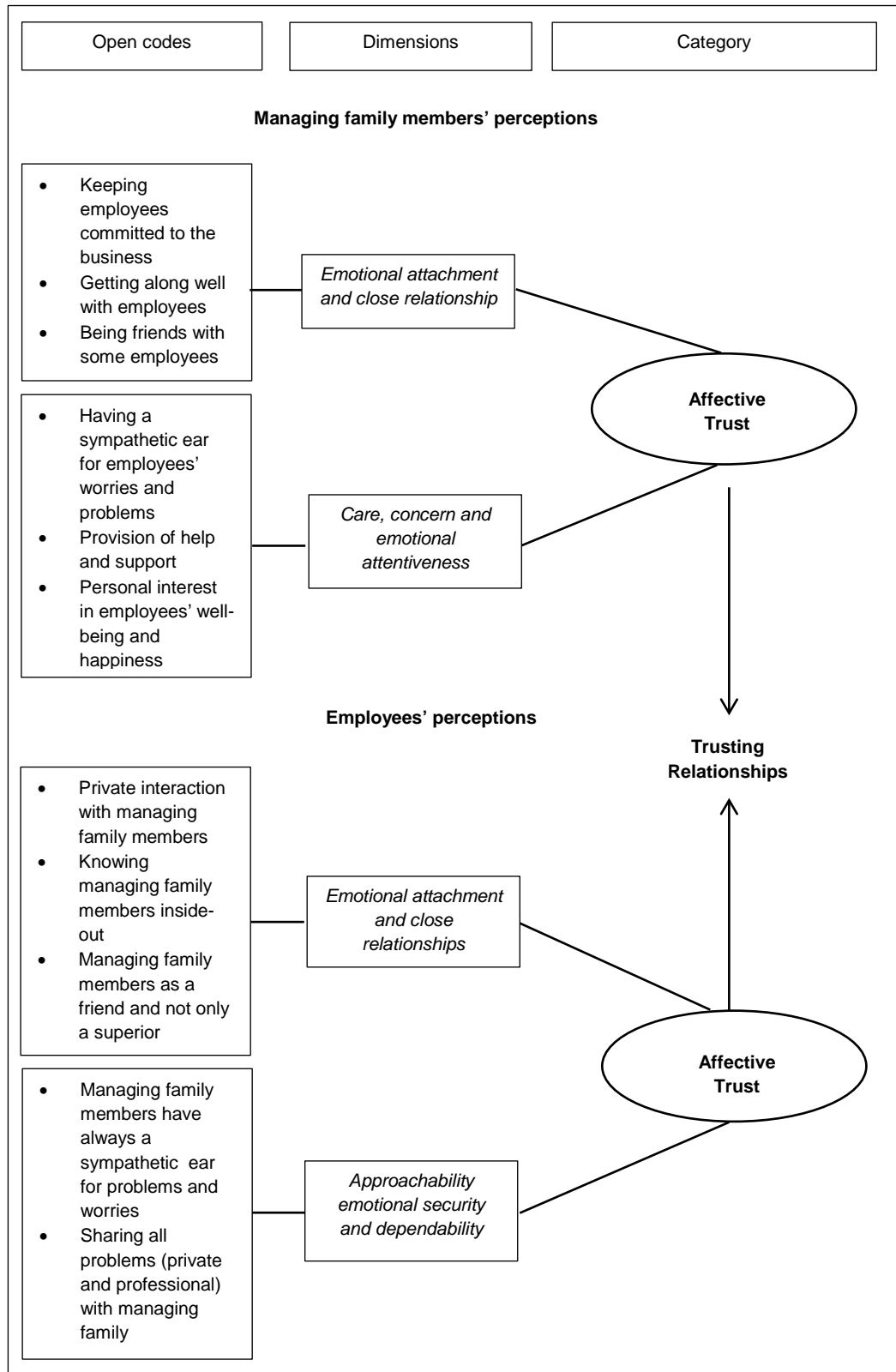
6.2.5. Affective Trust of Managing Family Members in Nonfamily Employees

The above depicted Illustration shows how affective trust emerged as another category. Affective trust and cognitive trust are as such building blocks of trust. Affective trust is based on two emergent dimensions which were inherent to managing family and nonfamily relationships. First, having formed an emotional attachment and close relationship, both managing family and nonfamily employees felt that they were more than 'just' superior and subordinate but also friends.

Affective trust is based on an emotional bond existing between two people or a group of people. It is a general belief or faith in the other person's good intention, love, personal appreciation and care for oneself (Lewis & Weigert, 1985; McAllister, 1995). As such, affective trust is characterised by close, intimate relationships, such as close friends, lovers, and family members. It is what makes people go above and beyond for another person, because one believes the other person would do the same (Lewis & Weigert, 1985). Affective trust takes time to grow, as it requires both parties to make high emotional investments which make each individual exceedingly vulnerable to the other (Lewis & Weigert, 1985; Rempel et al., 1985; McAllister, 1995).

6.2.5.1. Emotional Attachment (Managing Family and Nonfamily Employee Perspectives)

In the close relationships of managing family members and nonfamily employees, affective trust was built on a shared emotional attachment. Talking with managing family members and nonfamily employees about their close relationships with each other, it emerged that they perceived themselves to have multiple social roles. Managing family and nonfamily members expressed a strong sense of emotional attachment and personal loss, i.e. the feeling of emotional loss if one party left the business. Both parties felt that they were more than 'superior and subordinate', but rather colleagues and friends. Relationships thus transgressed the contextual boundary of the business. Managing family members generally expressed a sense of obligation to care for their employees, which indicates the existence of an emotional bond and affective trust. Having formed friendships with some employees seemed to increase the feeling of obligation to care for employees' well-being.

This may not be surprising, since friendship ties are usually considered to have a higher level of emotional investment and attachment (Lewis & Weigert, 1985; McAllister, 1995). Employees also reported the managing family was more than just a 'superior or colleague'. In particular, employees expressed the wish to stay in the business.

"[I know them] all… really personal. I am also really good friends more than a boss emotional attachment affective trust *with [one brother]. We were buddies in school, friends since childhood* long-standing friends close relationship affective trust *[…], we're chums* close friends close relationship affective

trust.*[…] Somehow, I have often felt* like the fourth son *Quasi-family*

emotional attachment affective trust ." **Employee 9**

Another employee said

"As a boss he is great, you know… He knows how to be a boss respect but also is kind of a colleague and friend to me, you can really say that, and that is also why working here is fun for me. I always get invited to his birthday and who can say that they get invited to their boss' birthday?!" **Employee 4**

It is argued that affective levels of trust and the necessary emotional investments lead to a higher vulnerability of both parties. The heightened perception of vulnerability by the managing family became apparent in the sense that actions, which in other businesses would not be considered as being personally directed at the managing family, would sometimes cause a sense of surprise and devastation. Speaking to one employee, I was surprised at how the employee related the experience of having decided to leave the business due to a lack of career development opportunities:

"[…] so I went to the family and asked "how can I move further?" and they said "we don't pay people along titles" and I said "okay" and then went to apply to another business that was looking for a foreman and was given the job. Then I gave them my oral resignation and all of a sudden they were like "Why? Have you already put us [the business] behind you?" and I replied "Actually no, because I really like it here, especially working with you is fun and all the festivities and stuff…I really would like to stay here. But

I also need to move on in my professional career and have to look after myself" "Okay, why don't you give us 24 hours and we'll figure something out?" [We met again] and they said: "look, we are looking for someone who can function as an interface from construction management to general management…" and I said "okay, but I don't want you to force things just for me" "No it's not. We have had the idea for quite a while and think that would be a position for you. **Employee 11**

It is the wording here that catches the attention. The phrase "*Have you already put us [the business] behind you?*" is an expression that one would rather use in a 'break-up' situation. It conveys the feeling that the person has cut the emotional bond with someone or something. It is a situation where one person has already reached closure. For the managing family, the employee leaving the business was not considered an act based on rationality. They felt as if by leaving the business, the employee would also cut their emotional bond with the family as a whole. It was as if the employee was 'breaking-up' with the business and the family. To them it seemed personally devastating that someone they had known for so long, someone they cared about and who they thought cared about them and the business would leave. A feeling of emotional devastation at adverse behaviour is a sign of high emotional investment in a relationship and a sign of high levels of affective trust (Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004).

6.2.5.2. Emotional Attentiveness, Care and Concern

The above told anecdote not only provides evidence for high levels of emotional attachment, it also demonstrates that managing family members show emotional attentiveness, care and concern for the employees' needs. The employee's anecdote shows that the managing family was attentive to the needs of the employee to develop a career. Talking with managing family members about how they perceive their responsibilities and themselves as leaders, managing family members reported a heightened care and concern for their employees' well-being and happiness. They wanted to be emotionally attentive to problems and worries. Regardless of whether their problems are of a professional or private nature, managing family members' felt that the employee should and could always come forward to talk to them.

> *"[…] and if someone comes up to me and says "you know, I got this or that problem" then we'll find a solution* ^{*helping employees demonstrating care affective trust*} *for the problem. You could say that's one of my strengths that you can come to me anytime* ^{*always available emotional attentiveness affective trust*} *you want and talk about your problems* ^{*you can confide in me*}*".* **Brother 1**

The perception of having a sympathetic ear to the worries of employees was shared by all managing family members. Equally, all brothers expressed that they felt responsible to provide support and help to employees in certain situations (e.g. financial distress, sickness). However, this perception was not based on an overly positive self-image but was also shared by employees.

6.2.5.3. Approachability, Emotional Security and Dependability

In interpersonal relationships characterised by high levels of dyadic affective trust both parties express a sense of caring for each other and being cared for. Affective trust of managing family members for employees was expressed by emotional attachment to employees. This attachment was reciprocated by employees. Similarly, managing family members expressed care and concern for employees' well-being and a desire to be emotionally attentive. Employees reciprocated this perception. All employees spoken with felt that the managing family is always approachable. This creates a sense of emotional security and dependability. Employees are convinced that in times of emotional distress, they can depend on the managing family's emotional support. Every employee spoken with felt or knew that they could always approach a managing family member if they had a professional or private issue or problem. There was a strong sense of trustworthiness and emotional security, that anything could be discussed and that the managing family would not betray this trust or judge harshly.

> *"[…] it's not only the colleagues whom you can talk with about your worries and problems; you can also go up the hierarchical ladder [managing family]"* **Employee 4**

> *"You know, I can talk to them [managing family]. Where can I do that in a corporation? If I got a problem, I can always approach them* always available approachability affective trust *even if it's a private matter* total trust in confidentiality emotional security affective trust *…when people [other employees] were indebted and didn't know how get out if it, they [managing family] helped them* totally reliable dependability affective trus.t*"*

> **Employee 3**

This perception of approachability, emotional security and dependability was also based on individual experiences of employees.

"[…] I went to the human resources office a few times and it didn't seem to work out [that quickly], so I finally just decided to go and talk to him [brother 1] and so I did and I explained the whole thing to him and half an hour later; I had my contract extension."

Employee 14

Those little personal anecdotes in particular provide behavioural evidence that managing family members demonstrate high levels of affective trust. As McAllister (1995) points out, high levels of need-based behaviour are related to high levels of affective trust in the manager-employee relationship. In this case, the managing family member realised that the issue of the contract extension was causing emotional stress and realised immediate action was necessary.

Such demonstration of affective trust towards employees also explains why employees feel secure in approaching the managing family members with all their problems. It was quite surprising to hear employees admitting that they would talk about private or financial problems with the managing family. This behaviour demonstrates a high level of affective trust in the employer-employee relationship, as employees demonstrate a high degree of vulnerability (McAllister, 1995; Mayer et al., 1995; Rousseau et al., 1998; Morrow et al., 2004). By confiding private or financial problems to the managing family, they need to have absolute faith that such information is not interpreted negatively by the managing family or used against them or

disclosed to other parties. Confiding private matters to another person is a matter of high emotional risk exposure (Lewis & Weigert, 1985), which not only is a demonstration of high levels of affective trust but also a demonstration of emotional relationship closeness. It is important to mention that these feelings were not only mentioned by the close trust ties or first level ties. This indicates that there is an extension of affective trust beyond the close relationships. However, this will be discussed at a later stage in more detail in section 6.6.3.3.

6.2.6. The Importance of Affective Trust in Managing Family and Nonfamily Employee Relationships

While the importance of cognitive trust in superior-subordinate relationships seems to be self-evident, the importance of affective trust in managing-nonfamily relationships may be less apparent. After all, managing family members do not need to be friends with nonfamily employees to work together in the business. Research on trust in organisational settings as such used to focus on cognitive trust (Driscoll, 1978; Butler, John K, Jr & Cantrell, 1984). As research on trust in organisational settings developed, however, the importance of affective trust was acknowledged to a greater extent (McAllister, 1995; Morrow et al., 2004; Levin & Cross, 2004; Swift & Hwang, 2013; Erdem & Atsan, 2015). Research on close relationships revealed that affective trust is an important emotional motivator in relationships. Affective trust increases the emotional investments made in relationships and the willingness to demonstrate altruistic and need-based behaviour towards another person (Larzelere & Huston, 1980; Rempel et al., 1985; Peetz &

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Kammrath, 2011). As such, people are more willing to subordinate self-serving intentions and behaviours for the sake of another person's happiness, because they believe the other person would do the same (Larzelere & Huston, 1980; Murray & Holmes, 1997; Peetz & Kammrath, 2011). In this sense, affective trust leads to a reciprocal emotional contract.

 In managing family-nonfamily relationships affective trust leads to both parties' willingness to sacrifice self-serving needs because they believe in the other person's good intentions. Managing family members demonstrate a higher motivation to invest in the well-being of employees and 'going the extra mile'. In return, nonfamily employees are willing to sacrifice higher financial reward. Employees as well as family members acknowledged that working in the same position in another industry would earn them higher salaries.

Affective trust, however, de-emphasises the need for a cognitive leap. If there is a general belief that people care for each other and like each other, the cognitive assessment process, which usually is needed to interpret intentions and actions of other peoples' behaviour, becomes less important (Rempel et al., 1985; McAllister, 1997). In this sense, the personal feeling of risk-taking and vulnerability that is inherent to trusting in another person is perceived as lower or less relevant if affective trust is high (Rempel et al., 1985; McAllister, 1997; Murray & Holmes, 1997; Dirks & Ferrin, 2001). As such, other people's behaviours that could be interpreted as inconsistent or unreliable are either ignored or attributed to unintentional accidents (Rempel et al., 1985; Murray

& Holmes, 1997; Peetz & Kammrath, 2011). As such, affective trust has an important moderating role. It shapes nonfamily employees' perceptions and interpretations of managing family's behaviours and intentions as being generally based on benevolence and care. All employees, upon selecting managing family members to any network, irrespective if it was close organisational and/or trust network, reported that they felt the managing family genuinely cares for them. The emergent aggregate dimensions can be integrated into the following model.

Framework 6.2: The development of trust between family and nonfamily employees

Managing family

Builds

Affective trust

Trusting relationships

Cognitive trust

Reciprocate

First level organisational social network
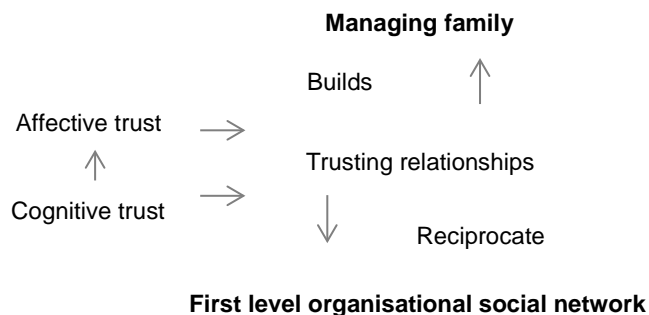
Through the provision of cognitive trust in employees, affective trust between managing family members and first level network members is developed, leading to a relationship based on reciprocal trust.

6.3. Trust Creates Social Reciprocity on an Instrumental and Emotional level

This section analyses and discusses how trust, especially affective trust in managing family-employee relationships, creates emotional and instrumental social reciprocity. These two components contribute individually and jointly to social reciprocity. Social reciprocity was an theme that emerged looking at the answers provided by managing family and employees when asked what the managing family does to promote their well-being. The first idea behind the term 'social reciprocity' was that the actions taken by the managing family to promote employee well-being would be recognised by employees. There would be shared perceptions of what was being done to promote employee well-being between managing family and employees. However, analysing data it emerged that affective trust in managing family members and employees' relationships directly leads to a feeling of caring and being cared for. This direct relationship has been coded as an 'emotional social reciprocity', since it relates to a general feeling of emotional well-being and care that is not related to specific actions, but rather to the emotional care and support provided.

 Instrumental social reciprocity was created through a positive interpretation of specific actions of managing family members that employees interpreted as being based on genuine care and benevolence. In other family firms, similar actions may be interpreted as self-serving to the family and firm. As such, affective trust has a moderating role, since it affects the motivation to promote employee well-being and the interpretations of actions.

6.3.1.   Affective Trust Creates Emotional Social Reciprocity

As illustration 6.3 below demonstrates, social reciprocity, i.e. a shared feeling of care and being cared for in managing family-nonfamily relationships, was coded as a core category. Emotional social reciprocity was coded as a category to social reciprocity. It is based on an emotional obligation to care expressed by family members that creates an emotional feeling of 'being cared for as an individual' and not only as an employee. As such, emotional social reciprocity refers to psychological aspects of well-being. Affective trust in managing family-nonfamily relationships created an emotional obligation in managing family members to care and promote employee well-being; a matter all felt was close to their heart.

Furthermore, affective trust led to the demonstration of emotional need-based monitoring. Not only did managing family members recognise the importance of attending to the psychological needs of employees by always being available to talk to, they also identified with employees' problems, considering them also their problems. Employees similarly expressed a feeling of emotional self-importance. The affective trust provided by managing family members made employees feel genuinely cared for. Employees expressed that managing family members made them feel cared for, since they mattered as a whole person and not only as an input factor. A sense of emotional security and affection also contributed to emotional social reciprocity. Employees felt confident that managing family members would not leave them alone with their problems and perceived the family as

Illustration 6.3: Creating social reciprocity through emotional and instrumental social reciprocity
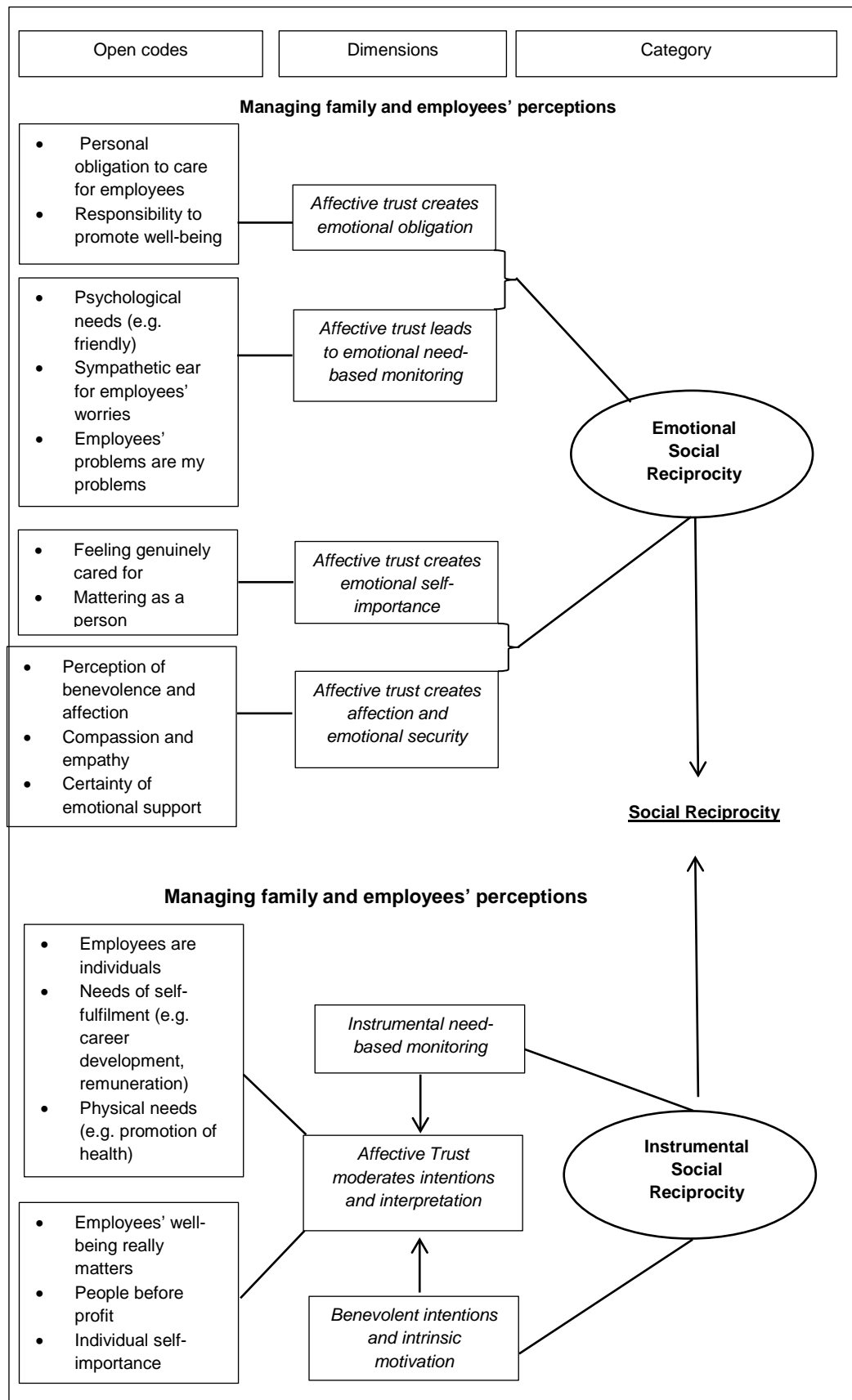
6.3.1.1.   Affective Trust Creates Emotional Obligation

While talking to managing family members about how they perceive their responsibility to promote employees' well-being, it emerged that the brothers felt an emotional and personal obligation to care. Affective trust increased the emotional attachment and as such the desire to provide emotional support and care. All managing family members felt that the well-being of employees was a matter that is close to their heart. For example, one noted:

> *"The well-being of our employees is very close to my heart Only healthy employees can support and sustain their families […] we do have a health management system that preserves employee-health, so people stay healthy, fit and can reduce stress their levels. That's a really important aspect."* **Brother 3**

6.3.1.2.   Affective Trust Leads to Emotional Need-based Monitoring

In addition, managing family members noted that the emotional well-being of employees was also important to them. The expression "always having an open door" was often mentioned and it also was a literally applied idea. Managing family members never had their office doors closed, unless there was a meeting. Being available and interested in the emotional well-being of employees, managing family members demonstrated emotional need-based monitoring.

"…If an employee has a problem, the employee can come to me and talk about it and we'll find a solution […] if someone has a problem I am always approachable to talk to." **Brother 1**

In an unrecorded feedback interview, a managing family member talked about the provision of financial credit to employees who had run into financial distress and could not or would not get a bank loan. The brother said that they had provided financial help to more than one employee and that it was nothing to be ashamed of. They recognised that financial problems would put emotional stress on employees, which they could relieve through the provision of a loan or other financial help.

6.3.1.3.   Affective Trust Creates Emotional Self-importance

To employees, the managing family's behaviour provided them with a sense of emotional self-importance; it made them feel that they are important as humans and individuals. This was the case for every employee spoken with, no matter their structural relationship[35]. The quotation mentioned earlier in section 6.2.5.3 provides a good example. In this example the interviewee talks about the topic of a contract extension. Filling in for an employee on maternity leave, the positon was initially limited to two years. As the end of the contract approached, the employee wanted to know whether the contract would be extended. The employee talks about how going to the HR department did not provide an exact answer. As anxiety increased, the employee decided to approach a managing family member directly. For the

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35 The structural relationship to managing family members is distinguished between first level (ties mentioned by the managing family, second level (ties mentioned only by first level ties) and third level (ties mentioned only by second level ties).

employee it was very important that the issue was taken seriously and speedily addressed. The matter caused emotional uncertainty and distress to a certain extent. Handling the matter in the described way demonstrated to the employee that individual matters of emotional relevance are taken seriously and considered important. Similarly, employees felt that people came before profits and not the other way around.

> *"Well, they really do [a lot] for sure;[…] it's not only about the money but rather this whole balanced scorecard thing [employee well-being is perceived top priority]…like health management which they support, like they're supporting us in going to the gym [financial support for fees], or classes on quitting to smoke […]"*
> **Employee 4**

6.3.1.4.   Affective trust creates affection and emotional security

Employees also expressed that managing family members interacted with them in affectionate ways, which made them feel emotionally secure. One employee described the managing family in the following way:

> "Affectionate, also very generous…like I said [they] always [have] an open ear for everyone, no matter how you feel and you're being supported…like [a] family." **Employee 11**

In this sense, affective trust in managing family-nonfamily relationships reinforces mutual affection and as the next two quotations demonstrate, provides employees with a feeling of emotional security and being cared for.

"Well-being? They really look after me benevolence and affection emotional security and affection emotional social reciprocity *, so I won't get sick again […] that I don't work so many extra hours, they specifically did this for me* mattering as a person emotional self-importance emotional social reciprocity *and said 'you should work less' and such. And if there is something, if I have a doctor's appointment they go like 'why don't you take the day off, so you can properly drive there without rush' and if there is something, even just a little thing* benevolence and affection *they ask 'is everything okay, did something happen* care and empathy emotional security emotional social reciprocity *?' That's the, most important thing".* **Employee 3**

"I think if you have a problem, you could always go to anyone of them [managing family] and talk to them. That's how it was with [the first generation] and it's the same with the [second generation] I think you can approach them with all your problems and you can talk about everything with them and if they can make it possible, they will help you." **Employee 7**

Both quotations clearly demonstrate confidence in the emotional dependability of family members. Employees 'know' that managing family members will support them emotionally, financially or in any way they can should they require help. Affective trust, it can be concluded, directly leads to heightened personal obligation to care (managing family) and a feeling of being genuinely cared for (nonfamily employees). This is not based on specific initiatives or actions, but rather on general social interaction experiences with managing family members.

6.3.1.5. The Importance of Affective Trust in Creating Emotional Social Reciprocity

In this subsection, the importance of affective trust in creating emotional social reciprocity is further discussed. Employees repeatedly expressed that they felt cared for and close to managing family members. In particular, affective trust is important to creating emotional social reciprocity. Managing family members expressed that they generally felt an obligation, not only as a leader but as an individual, to care for the physical as well as emotional well-being of employees. They acknowledged that emotional well-being is an equal contributor to employee well-being. It already has been argued that emotional attachment, which is characteristic, motivates caring behaviour and a sense of obligation (McAllister, 1995; Peetz & Kammrath, 2011). In this sense, people want to see those people with whom they share emotionally close relationships happy. This applies to managing family members who share emotionally close, affective trust ties with employees.

For employees, affective trust contributed to the development of emotional social reciprocity, as it directly led to a feeling that managing family members are benevolent and genuinely caring. When talking to employees in feedback interviews, all expressed that they feel the managing family really cares about them and that they can emotionally trust them. Accumulated affective trust created a feeling of being cared for. The demonstration of benevolence in past incidents led to the automatic interpretation that current actions are also meant in a benevolent and caring way (Wass, 1988; Dirks & Ferrin, 2001). In this respect, the employees' perception of managing family members' benevolence and affection in other situations, e.g. caring about a

sick employee and supporting employees in financial distress, is transferred to the interpretation of current situations, resulting in a process of social learning in managing family-employee relationships (Wass, 1988; Baldwin, 1995; Dirks & Ferrin, 2001; Nooteboom, 2002).

6.4. Affective Trust in the Creation of Instrumental Social Reciprocity

In this section, the importance of affective trust in the creation of instrumental social reciprocity, which also leads to social reciprocity, is discussed. In the analysis of data provided by managing family and nonfamily employees it emerged that both parties would mention the same things when asked what is being done to promote employee well-being. However, what was more surprising was the consistently positive interpretation of specific actions as being based on benevolence and care. In this sense managing family members were able to convey that while many actions also have positive effects for the business, the primary motivation to engage in these was the genuine care for employees.

This is an important finding, since it can explain why some managing families are considered to be primarily benevolent and caring, while others are primarily considered self-serving and self-centred (Hauswald & Hack, 2013). Similarly, affective trust also increased the desire in managing family members to contribute to each employee's well-being. As such, managing

family members tried to attain to specific needs of individual employees, if possible, and were sensitive to needs expressed by employees.

6.4.1. The Effect of Affective Trust on Intrinsic Motivation and Benevolent Interpretation

In this subsection, it is argued that affective trust has a moderating effect for both managing family and nonfamily employees. Affective trust leads to a heightened motivation in managing family members to care for employees' well-being, since it creates a feeling of obligation and responsibility. In addition, it increases need-based monitoring for specific instrumental needs of employees instead of a 'one-fits-all' approach to stakeholder engagement. For employees, affective trust led to the positive attribution of the managing family's actions as benevolent and caring. This was especially apparent in actions that could be potentially attributed to mixed motives (either caring or self-interested).

6.4.1.1. Instrumental Need-based Monitoring

Managing family members expressed a desire to understand what employees needed in order to feel cared for and tried to attend to special individual needs. One employee, for example, mentioned that the managing family had provided a home office space so that the employee could work while watching their small child. Another employee mentioned that if the bicycle they used to come to work needed repairs, the managing family

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would cover the cost. Affective trust leads to high levels of intrinsic motivation which is expressed via instrumental need-based monitoring and behaviour (Rempel et al., 1985; Peetz & Kammrath, 2011). As such, managing family members wanted to promote the well-being of employees, because it was a matter that they expressed as *"close to my heart"*. While family members acknowledged the positive benefits of healthy, happy and motivated employees to their business, it was not the primary motive guiding their actions.

When talking about what the managing family does to promote their employees' well-being, managing family members were intent on demonstrating need-based monitoring. They perceived employees as individuals with specific needs. Instrumental need-based behaviour was an emergent code describing specific actions by managing family members that aimed at increasing the employees' satisfaction, health and personal development in the business. Need-based monitoring was a term McAllister (1995) introduced to describe superiors' monitoring behaviour aimed at special needs of an individual or group of employees. For example, job security and remuneration are both aspects that promote security and self-fulfilling needs of employees.

> *"[…] what else are we also doing? Salaries, for example are above union rate and our possibilities for career development are much better than with other businesses. Also the development perspective here is very much different and thus we have a very low employee turnover rate and lots of job applications. Our*

employees also feel that there is a high level of job security, which

especially nowadays is important [to employees]." **Brother 1**

The managing family members also expressed a heightened concern for employee health, especially issues that would make work less physically exhausting or easier. All family members perceived their responsibility as an employer in providing a safe working environment and promoting employees' health inside as well as outside the business. It seemed important for managing family members to show that employees' needs were met and listened to. Likewise, it mattered to family members that their actions were perceived as caring and attentive. One managing family member said:

"[It's important for employees to know that we attain to things they mention *every employee is important* *instrumental need-based monitoring* *instrumental social reciprocity to us…I* write them down *instrumental need based monitoring* *most times and then we try to* put them into action *employee's problems are my problems* *emotional need based monitoring* *emotional social reciprocity.* Often, it's only small things *individual needs matter* *instrumental need based monitoring*, [for example] facilitating standing in the facility [welding production], like putting rubber mats for people who work standing for long times, that helps; it's a relief to them *physical needs of employees instrumental need-based behaviour* *instrumental social reciprocity* …"* **Brother 3**

This again provides evidence that managing family members are intrinsically motivated and want to attend to the specific needs of employees.

6.4.1.2.   Benevolent and Caring Intentions

Talking with employees on the promotion of well-being revealed that managing family members have successfully transmitted their emotional message. They too, felt, that what was being done towards promoting their well-being was deliberately considered and tailored to meet employees' needs, not just a jumble of disorganised activities. As such, employees felt that what managing family members did to promote their well-being was based on benevolent and caring intentions.

> *"We are permanently looking [HR and other departments] to get the best out of everything the employee…that starts with many no-financial rewards, for example our constantly evolving and improving health management system. Other companies offer back therapy training or a 'quit smoking class' once or so, but we provide protective vaccination every year and repeatedly offer 'quite smoking' classes, and bicycle trainings…offer a lot of health-improving initiatives…even in the business by providing auxiliaries for people sitting, or standing a lot, suitable protective clothing, free mineral water on hot days or subsidised sunscreen...well, all such things that somehow, even indirectly, improve health and increase happiness…"* **Employee 1**

> „[…] we don't talk about money, because we [employee and managing family] have come to an arrangement…I cycle a lot and we have agreed that if I need bicycle repairs or such, I just have to hand in the invoice and they'll cover it for me" **Employee 11**

6.4.1.3. Affective Trust as a Moderator to the Emergence of Instrumental Social Reciprocity

What emerged in the analysis of themes related to the promotion of well-being was that affective trust in the managing family-nonfamily employee relationship had a moderating role (Rempel et al., 1985; Dirks & Ferrin, 2001). Not only did managing family members transmit to employees what was being done but also why it was being done. As such, they were able to successfully transmit their primary motivation of benevolent intentions. Employees perceived that what was being done was because the managing family cared about them as individuals, colleagues and friends and not only as input resources. Affective trust has a moderating role, as it influences the interpretations and intentional attribution of managing family members' actions.

> *"[…] and for me, as a mother, I also have the possibility to work from home* ^{individual self- importance} benevolent intentions instrumental social reciprocity *and that, I find quite nice and convenient* ^{individual self- importance} *. I can log on from my home computer and if it's really that I can't [come to the office]…I can work from home* ^{individual self- importance} benevolent intentions *. Thus, they really do a lot so that people stay involved* ^{they} really care about me intrinsic motivation instrumental social reciprocity.*"* **Employee 5**

The employee here interprets this action as an attempt on the part of managing family members to let her stay more easily involved in the business. She feels that her need to combine work and family life is attended to. However this action could also be interpreted as self-serving. The provision of a home office space, despite its initial investment, has the

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advantage that mothers still can work when their child is sick and do not have to call in sick in such a case. Ultimately, in the long-run it may be a cost-saver for the managing family. Similar things go for health management initiatives, which are tax-deductible costs on one hand and reduce losses due to an increased number of sick days.

However, neither managing family members nor nonfamily employees perceive the financial benefits as the primary motivation for these actions. As such, mixed-motive situations are positively attributed as being based on benevolence and care. Dirks & Ferrin (2001), as well as other researchers have argued that affective trust, as a form of general faith or belief in the other person's good intentions, has an important moderating effect in shaping other persons' interpretations (Wass, 1988; Murray & Holmes, 1997; Dirks & Ferrin, 2001; Peetz & Kammrath, 2011; Hauswald & Hack, 2013). This is also demonstrated by the quotation mentioned in subsection 6.3.1.4 by employee 3, who explained that the brothers had reduced the working time and work responsibilities due to sickness. The employee interpreted this as a sign of deeply rooted care and an act based on benevolence. However, without affective trust it may well have been considered as a self-serving act based on the care for the business and not for the employee.

Affective trust as it emerged impacted not only the motivations of managing family members, but also the interpretation of actions by employees (Dirks & Ferrin, 2001; Eddleston et al., 2010; Peetz & Kammrath, 2011; Hauswald & Hack, 2013). Especially in cases where more than one interpretation of the

intentions is possible, affective trust leads to a positive, instead of negative attributions (Dirks & Ferrin, 2001; Eddleston et al., 2010; Hauswald & Hack, 2013). As such, it may well be that differences in interpretations of stakeholder engagement of family members is based on the existence affective trust of employees in managing family members.

6.5. Reinforcement of Trust: Importance of Social Reciprocity

In this subsection, the importance of social reciprocity in the reinforcement of trust relationships between managing family members and nonfamily employees is discussed. A closer analysis of data also indicates the relationship in trust in promoting social reciprocity is bidirectional. A positive experience and interpretation of actions of managing family members to be a sign of genuine care increases cognitive and affective trust (Larzelere & Huston, 1980; Eddleston et al., 2010). Having experienced consistently caring behaviour, employees have developed a conviction that managing family members will be supportive in the future. As such, the demonstration of reliable and consistent behaviour reduces uncertainty and leads to a quasi-predictability of managing family's future intentions and behaviours, thus increasing cognitive trust in the honesty and integrity of managing family members (Rempel et al., 1985; Wass, 1988; Nooteboom, 2002; Hauswald & Hack, 2013).

Similarly, a feeling of care and being cared for also increases the emotional obligation and attachment in managing family member-nonfamily employee relationships, increasing affective trust. Since trust is dynamic in nature, and the actions and behaviours of the trusted party are constantly compared in order to see whether they match the individual definition of trust, behaviours can be seen as trust enforcing or trust destroying (Rempel et al., 1985; Lewis & Weigert, 1985; McAllister, 1995; Mayer et al., 1995; Peetz & Kammrath, 2011). While positive experiences can be seen as trust enforcing, negative experiences may lead to a deterioration of trust (Peetz & Kammrath, 2011). This dimension was integrated into the emergent Framework 6.2, producing framework 6.3.

Framework 6.3: Creating social reciprocity through emotional and instrumental social reciprocity
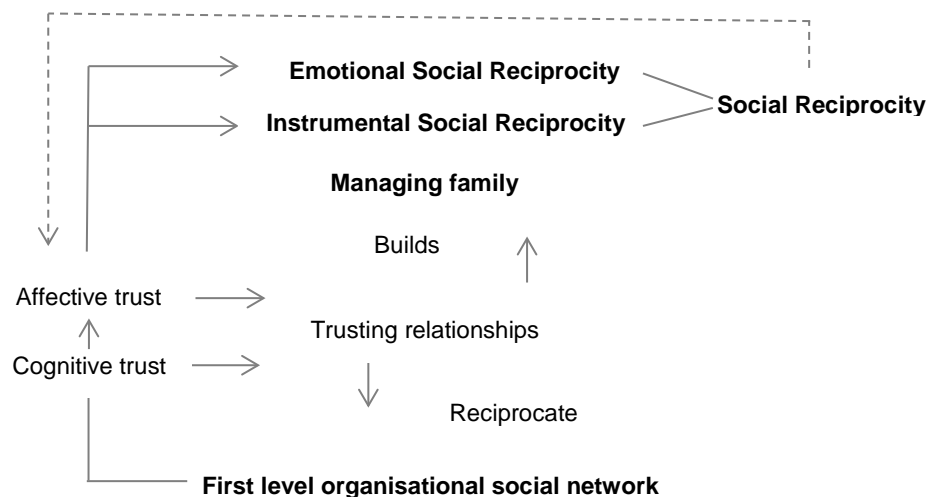
Managing family members create social reciprocity through emotional and instrumental social reciprocity. Affective trust directly leads to emotional

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social reciprocity, since it makes employees feel that their emotional needs are being attended to and that they are cared for as an individual person with emotional needs. Affective trust has a moderating effect in creating instrumental social reciprocity, since it leads employees to a positive interpretation of the motivational intent of managing family members' actions (positive attributional bias). Stakeholder engagement activities such as the health management system, for example, are primarily attributed to motives of genuine care instead of being considered self-serving. This happens despite knowledge of positive business effects. As such, managing family members and nonfamily employees have established social reciprocity based on and influenced by trust. However, the relationship between social reciprocity and trust is bidirectional, since a positive feeling and interpretation of being cared for also strengthens the existing trust relationships.

6.6. Social Learning in Relationships Leads to Trust Network Reproduction

This analytical section describes how the theme of trust network reproduction emerged. It starts by describing the observations made in the data and how trust in managing family-employee relationships influences the development of trusting ties in employee-employee relationships. It ends with a further adaption of the theoretical framework. While the attention to this point has been mostly directed to the first level network members, i.e. all ties mentioned by the managing family, attention is now shifted to second level

network members, especially nonfamily employee-nonfamily employee interactions.

Second level network members are those who were selected by first level network members to their close organisational or trust network. After analysing the interviews with all first level network members, it emerged that even 'only' close organisational ties demonstrated high levels of cognitive and affective trust towards the managing family. When analysing information of first level network members on their employee-employee relationships, it came to light that high levels of trust, cognitive as well as affective trust, existed and that employees felt that the social cohesion in the business was greater as opposed to in other businesses. Illustration 5 summarises the perceptions and interpretation of relationships between colleagues. It emerges that relationships are described in a very similar manner as the managing family-employee relationships were described.

This led to the supposition that somehow the managing family-employee relationships were influential in shaping the employee-employee relationships. Experience accounts show that employees had positive experiences with trusting managing family members (Wass, 1988; Baldwin, 1995; Rotenberg, 1995). This positive reinforcement would make them assume that in future situations they could trust managing family members. A process of social learning occurred induced by observational learning (Bandura, 1977; Wood & Bandura, 1989; Rotenberg, 1995; Stokes &

Blackburn, 2002), through behavioural modeling[36] and verbal modeling. Employees who interact frequently with managing family members learned through observing managing family members' behaviour towards them that they could trust the managing family members in all matters. Furthermore, they learned that trusting behaviour is socially accepted and supported by managing family members. Consequently, employees with frequent managing family interactions would start to reproduce the trusting relationships not only in their managing family member interactions but also in their collegial interactions (Pettit et al., 1991; Rotenberg, 1995), inducing a process of trust network reproduction and network learning.

This is also consistent with Bandura's (1977) perception of the impact of models on observational learning. He notes that: *"The people with whom one regularly associates delimit the types of behaviour that one will repeatedly observe and hence learn most thoroughly"* (p.6). Illustration 6.4 below shows that collegial relationships were described in a quite similar way as those with managing family members. A comparison with figures 6.1 and 6.2 seems to support this idea. First level network members it seems reproduce trusting relationships in collegial interaction. As such, employees would also provide cognitive trust to colleagues, trusting in the ability and integrity of colleagues. Similarly, affective trust was reproduced. Various respondents would report that they have developed friendship ties with colleagues and also meet

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36 In social learning and social cognitive theory, Bandura uses the term modeling to describe observational learning processes. 'Models' are for Bandura people or things, from which a learner can observe and learn behaviours, skills and tasks. 'Modeling' is as such the process through which observational learning occurs. The distinction between 'behavioural' modeling and verbal 'modeling and Instruction' is made, since they relate to two different ways in which the learning process is achieved. Behavioural modeling as such means that people learn through social interactions, observation and interpretation of social interactions with colleagues. Verbal modeling and instructions require some direct form of communication. Anecdotes, for example, are a form of verbal modeling, since there is no direct instruction. Employees, who get the anecdotes told, need to mentally code and interpret the information. Verbal instructions are direct advice such as 'go and talk to the managing family'. It does not require an interpretational effort.

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outside the business to engage in various activities. This is quite similar to how nonfamily employees describe their relationships with managing family members. Also, colleagues behaved in caring and affectionate ways with colleagues, listening to problems and being attentive to colleagues' emotional well-being.

Illustration 6.4: Trust network reproduction in nonfamily employee-employee interactions
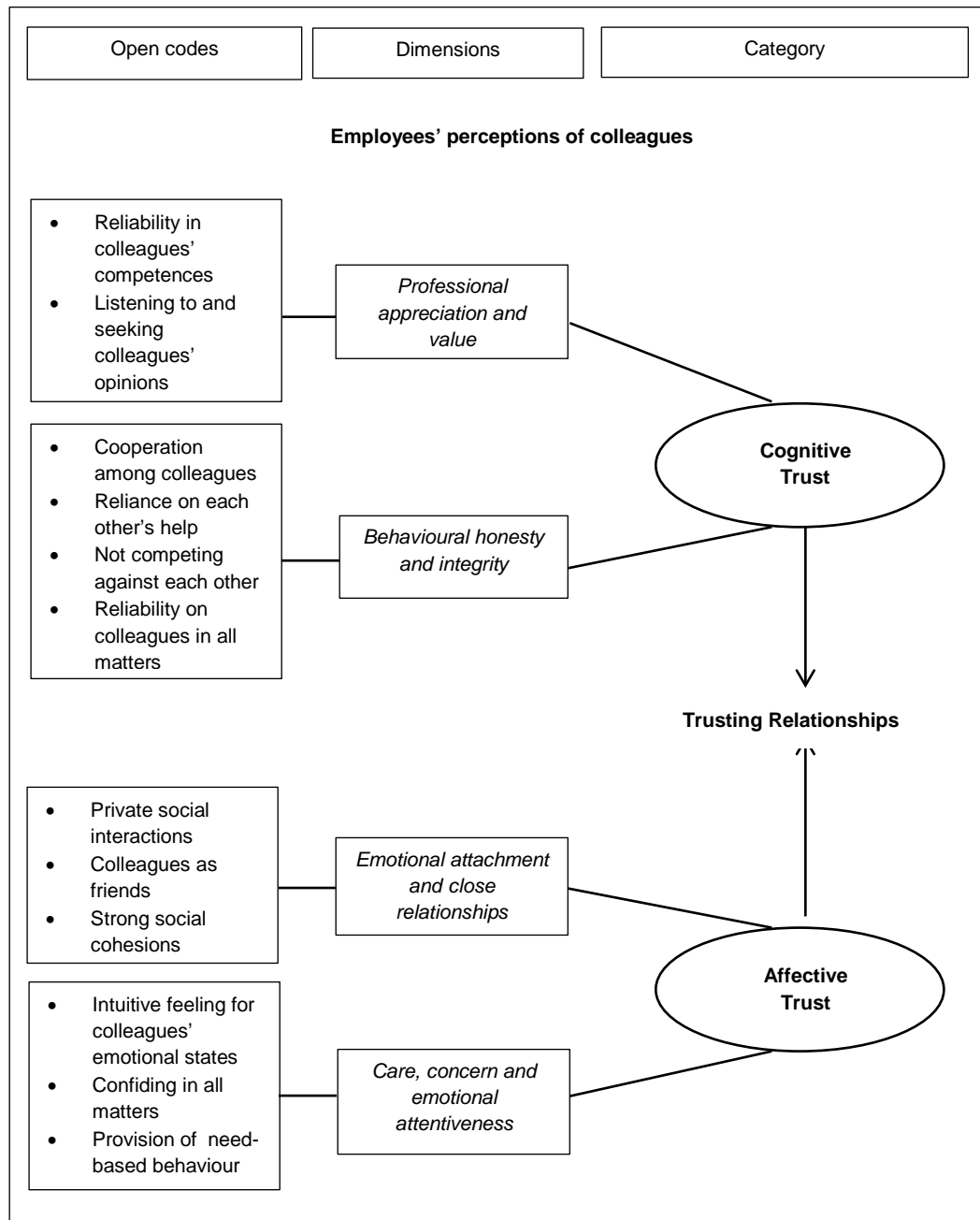
6.6.1. Reproduction of Cognitive Trust in Employee-Employee Relationships

The analysis of managing family-nonfamily employees revealed that managing family members as superiors had developed cognitive trust in employees and vice versa. This behaviour in superior-subordinate and collegial relationships between nonfamily employees seemed to be reproduced. Older colleagues who had been in the business for a long time (over 20 years), would trust in their young colleagues' abilities, reliable performance and competence. It seemed that as they had been given trust in their subordinate-superior relationships, they had learned that putting trust in other people's abilities was a risk worth taking. Some of the younger colleagues had just finished college but were still put forward as successors.

As Wood and Bandura (1989) point out, self-efficacy is a socially learned behaviour. In order to perform, especially in managerial-related tasks, people need to believe that they are easily able to perform their tasks successfully (MacDonald & Parke, 1984; Wood & Bandura, 1989; Stokes & Blackburn, 2002). Cognitive trust received from managing family members has built up the self-efficacy of employees. As such, the belief in their own abilities has been transferred to their colleagues. If people trust in their self-efficacy, they are also able to trust in their colleagues' self-efficacy. This theme will be discussed in more detail later, when data from feedback conversations is analysed, which dealt more directly with the topic of social learning in subsection 6.5.3.

6.6.1.1. Professional Appreciation and Value (Collegial Relationships)

In their working relationships, employees demonstrated professional appreciation and valuation of their colleagues. Employees expressed that they could rely on each other's expertise and competence and would ask for colleagues' help or advice. Those who had been working in the business for a long time would promote younger colleagues' career development and listen to each other's professional opinion. One employee for example said about a young colleague:

"I have selected [employee's name] as my successor ^{reliability in} *competence* professional appreciation cognitive trust *. [The employee] was trained here and therefore I said that this is the best person to support me."* **Employee 3**

6.6.1.2. Behavioural Honesty and Integrity

Many employees also felt that they could trust colleagues to be cooperative and not behave opportunistically. As one employee put it, people work with each other and not against each other.

"What would I tell her [my friend]? I would say that we are a friendly and nice bunch, who likes working together as a team cooperation among colleagues integrity and reliability cognitive trust *; with each other and not against each other* supportive and non-competitive behavioural integrity cognitive trust *…and that we are game for anything."* **Employee 5**

6.6.2. Reproduction of Affective Trust in Employee-Employee Relationships

An analysis of codes and emergent themes revealed that employees have built collegial relationships based on affective levels of trust. Many participants reported that they had contact with colleagues in their free-time, often considering colleagues as friends (Roderick M. Kramer, Karen S. Cook, 2004). Colleagues shared emotional bonds and believed that not only managing family members, but also colleagues would always be approachable to talk to (McAllister, 1995). Employees believed that people really cared about each other and that they could easily confide about all matters with colleagues. At this stage it can be tentatively proposed that trusting relationships between family members and nonfamily employees are learned, internalised and reproduced in employee-employee relationships.

6.6.2.1. Emotional Attachment

Employees agreed, as did managing family members before, that in their organisational network, they had become friends with colleagues and would spend free time together. Whether it was barbecuing, birthday parties, shopping trips or going to the gym, colleagues were used to spending free time with each other. Employees would often feel that the social cohesion among people is just stronger than it is in other businesses.

"Like I said, the atmosphere or social cohesion is stronger *stronger*

social cohesion *emotional attachment* *affective trust* *[compared to other*

businesses], why that is so is? I think it has to do with the fact that

we do a lot of things together in our free time ^{private interaction} ^{close relationships} ^{affective trust} *and that the managing family provides possibilities to do that, and we [colleagues] organise a lot of things together like we invite each other to birthdays* ^{private interaction} ^{close relationships} ^{affective trust}*, we have our lunch break together or do barbecues together."* **Employee 4**

"[…] But, generally there are also other aspects [that count], for example the nice and friendly manner in which we treat each other. You know, there are colleagues of which I can honestly say "they are my friends". ^{colleagues as friends} ^{emotional attachment and close relationship} ^{affective trust} *Just a little while ago, it was my birthday and I probably invited ten colleagues to my party, because basically, I think of them as friends* ^{colleagues as friends} ^{emotional attachment and close relationship} ^{affective trust.}*"* **Employee 8**

Even employees who admitted to having less frequent contact outside the business with colleagues said that it was normal to do things outside the business once in a while, if the occasion arose.

"I can only speak for myself…and I know that our ladies here from the company [female colleagues], they go, I don't know the exact regular cycle, I think every two or three years, they go on holiday together, like to Mallorca or something…[…] such things or they go on shopping trips or other city trips together. It's the nice things in life you share and of course, we invite each other to birthdays. Not because we have to, but because we are happy to see each

other and if someone has just become a parent we throw a big party, such things…" **Employee 1**

6.6.2.2.   Care, Concern and Emotional Attentiveness

Considering this strong emotional attachment between colleagues, it was not surprising to hear employees state that they usually knew each other's problems/worries and would talk about them with colleagues. Like family members, colleagues demonstrated care and concern for each other, and were emotionally attentive to colleagues. Some employees mentioned that they had developed an intuitive feeling for their close colleagues' emotional situation. This can only arise if the emotional bond between people is strong and affective levels of trust are high.

> *"...you can generally say that you know what's going on [with your colleagues]. You pass each other in the corridor and you just see, whether the other person is happy or sad and in general, that's just the way it is around here, you ask the person what's going on…like what's the matter and if you can help them with something…"* **Employee 8**

> *"Yes. By and large, I'd say we really know each other quite well. Everyone knows when someone has a bad day. Intuitive feeling for colleagues' mood emotional attentiveness affective trust You just know and say "let's get a coffee and talk about it" or you ask "Hey, what's up?" provision of need-based behaviour care and concern affective trust That's how it works here."*
>
> **Employee 5**

It clearly seems that colleagues reproduce need-based behaviour in their collegial relationships. The demonstration of need-based behaviour indicates an emotional bond in the relationship and is related with high levels of affective trust (McAllister, 1995; Eddleston et al., 2010; Peetz & Kammrath, 2011; Erdem & Atsan, 2015). Employees help each other and listen to each other because that is the way they are being treated by managing family members. They can be certain there will be no punishment or reprimand if they decide to take a little break and talk about private matters.

Further data collection on the idea of trust network reproduction and social learning in feedback discussions with first level network members provided more evidence that the trust relationships established with managing family members influenced how relationships among colleagues were built. The trust relationships that first level network members had built were actively learned and reproduced among employees and network learning occurred.

The following, illustration 6.5, provides a more detailed picture of the social learning process in managing family-nonfamily relationships and the consecutive trust network reproduction that occurred in collegial relationships. First level organisational members, as those with most frequent and intimate managing family interaction, seemed to have internalised trust as a working relationships model, which they reproduce in their collegial relationships.

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As such, first level network members serve as 'role models' or 'models' from which other colleagues learn appropriate social behaviours. Since first level network members are known for their close relationships with managing family members, their behaviour and perception of managing family members is quite influential in shaping the perceptions of employees who do not have the same level of interaction frequency and intimacy. First level network members serve as 'behavioural models', i.e. role models through their social interaction in which they reproduce trusting behaviour learned in family member interaction in the collegial ties. However, they also make use of verbal modeling and instruction. By telling anecdotes of managing family members having demonstrated benevolent, caring and supportive behaviour, second level network employees 'learn' that managing family members are caring and benevolent. In addition, verbal instructions such as telling colleagues to go and speak to managing family members was a more direct form of trust network reproduction.

Illustration 6.5: The social learning of trust: Employees' perceptions on the influence of managing family in shaping their behaviours
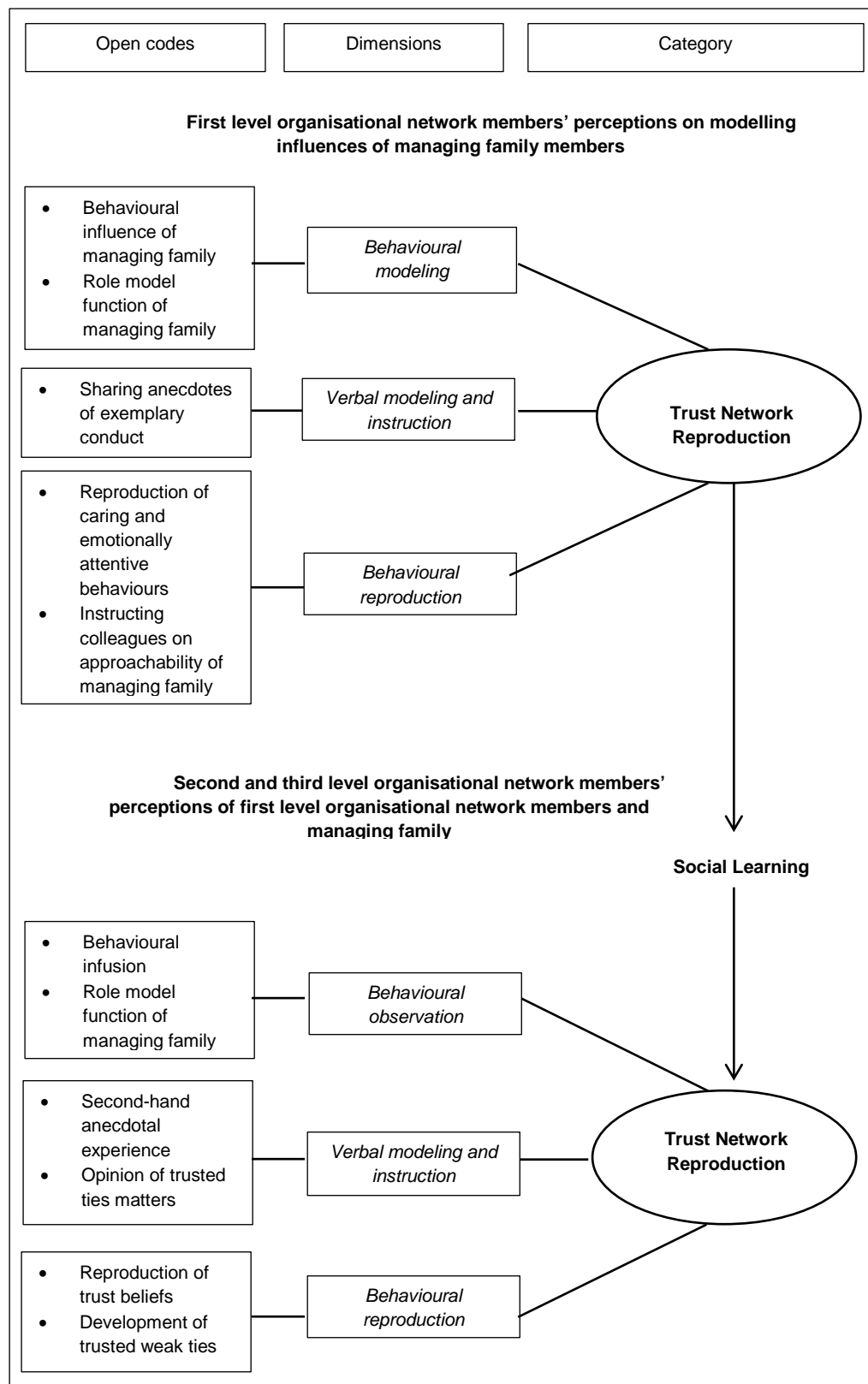
6.6.3. Trust Network Reproduction and Social Learning Between Employees at Different Network Levels

The idea that trust learned by first level organisational network members in their interactions with managing family was reproduced in collegial relationships was further investigated in feedback discussions and feedback conversations with first level organisational network members and second and third level organisational network members. In the next section, first level organisational network members' perceptions are analysed and then compared with those of second and third level network members:

6.6.3.1. Trust Network Reproduction and Social Learning of First Level Organisational Network Members

First level network members felt that the managing family's behaviour towards employees serves as a model for them. Some commented that they try to pass on the trust received by managing family members to their colleagues, which demonstrates that the managing family is seen as a live model on how to treat each other, which is in line with the findings in the previous literature (Bandura, 1977; Wood & Bandura, 1989).

6.6.3.1.1 Behavioural Modeling

In feedback discussions and conversations, first level network members and long-term employees acknowledged managing family members' behaviour to be influential on their own behaviours. Employees felt that the managing family served as a leading example on how to treat each other, believing that

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the way they are treated by managing family members influences how they treat colleagues. In this way, they provided a way of behavioural modeling, i.e. behaving in an exemplary way towards colleagues based on how they are treated by managing family members.

"When I started working here, I was treated quite nicely and respectfully managing family as a role mode behavioural modeling reproduction of affective trust *[by managing family members] and now, that I am responsible for the apprentices, it's also very important to me* trying to behave the same *that especially the new apprentices, who are now at the same age as I was then, are treated nicely* reproduction of learned behaviour behavioural reproduction affective trust reproduction*. That they are not shouted at, that everything is explained to them, so that they lose their anxiety form being in this new situation. [In this way], they can concentrate on their training without having extra stress put on them* trying to attain to psychological well-being behavioural reproduction affective trust reproduction*, that's totally unnecessary. Just talk to them, talk, talk, talk and give them the feeling "While this may just be your first year, you're still as valuable as someone who is already trained* show trust in their ability reproduction of trusting behaviour cognitive trust reproduction and experienced". Build up their confidence* behavioural reproduction cognitive trust reproduction…"* **Employee 1**

"Well I'd say in my opinion, I think that the managing family sets the example role model function. *How they behave themselves towards lower level employees, down the hierarchical ladder is an appeal to other people* behavioural reproduction *[on how to behave]…and it affects how I approach work* influence on my behaviour*. For example, if I have*

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been given appreciation and praise yesterday, I will probably come to work even more motivated today. And maybe that's a feeling I transfer to my colleagues. I can image that happening. […] I have learned, not only from the company here, but also from my education that you usually get much further when you try to solve issues in a diplomatic manner. But of course how those around you live it ^{behavioural reproduction}*, sets the atmosphere and that's what people transfer to each other* ^{behavioural reproduction}*."* **Employee 8**

Employees agree that managing family members' behaviours influence to a certain extent how people interact and that they serve as a leading example. While past experiences impact general perceptions, current experiences also influence social interactions. Being treated with trust and respect from managing family members, employees feel that it is more likely they will behave similarly (Brody & Shaffer, 1982; Paley et al., 2000; King, 2002). This is in line with academic understanding of social learning in relationships, which argues that past as well as current interactional experiences impact relational schemas reproduced (Baldwin, 1995; King, 2002). Even though past experiences outside the business have a shaping effect, it is the current experiences that will influence to a great extent current behaviours (Bandura, 1977; Wood & Bandura, 1989; Rotenberg, 1995; King, 2002).

In addition, managing family's behaviours also shaped the perception of the importance of friendly social interactions. Employees mentioned that they felt that the managing family provided opportunities to develop more cohesive ties among organisational members. As such, they inferred that it was

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important to managing family members how colleagues, superiors and subordinates treat each other.

> *"However, I also think that the things that are provided within the company [facilitate things], like for example work parties; Christmas parties and summer parties…You really get to know people quite differently [on such occasions], as if you're only seeing the person opposite from your desk…that also increases social cohesion."* **Employee 4**

Similar things were mentioned by other employees. In particular, the work parties organised by the family seemed to have a reputation for being 'legendary'. Various employees felt that the way these parties are held builds the basis for more relaxed private interactions.

6.6.3.1.2. Verbal Modeling and Instruction

Apart from behavioural modeling, verbal modeling also played an important role in shaping employees' perceptions on how managing family's behaviour was exemplary (Bandura, 1977; Wood & Bandura, 1989). Anecdotes were a common vehicle for transferring emotional dependability on managing family members. Employees would often talk about personal or other people's experiences where the managing family helped employees and showed interest in their well-being. As such, anecdotes influenced information processing and interpretation processes. Additionally, it seemed to create positive reinforcement expectations (Bandura, 1977). Employees would not need to actually experience a situation where they had confided in the

managing family and experienced a positive outcome, as stories of the positive experiences of other employees that were passed on between employees would suffice to create cognitive and affective components of trust. More than one employee mentioned that they had heard or witnessed the managing family providing financial help to distressed employees.

"[…] If there is something, I can always go and talk to them no matter what, even private [matters]. When there were [employees] who were indebted and they didn't know how to get out of it, then they helped […]"

While the employee may have had their own experience of supporting behaviour in other areas, the experience of employees in financial distress being supported by the managing family is a second-hand experience, something that happened to other employees or colleagues.

6.6.3.1.3. Behavioural Reproduction

It thus was inferred that managing family members' behaviour leads to a socialisation process that is learned and reproduced through direct or indirect experiences of first level network members (Wass, 1988; Rotenberg, 1995; Dirks & Ferrin, 2001; Hauswald & Hack, 2013). First level employees reproduce caring and attentive behaviour experienced with managing family members among their colleagues.

"...you can generally say that you know what's going on [with your colleagues]. You pass each other in the corridor and you just see,

whether the other person is happy or sad demonstrating emotional attentiveness like managing family *in general, that's just the way it is around here, you ask the person what's going on* reproducing caring behaviour affective trust reproduction *…like what's the matter and if you can help them with something* helping colleagues behavioural reproduction affective trust reproduction *…"* **Employee 8**

For some it may be an intuitive, unconscious reproduction process, while other employees acknowledge that they are actively trying to be as approachable and caring towards colleagues as managing family is towards them.

"I already have learned things managing family serves as model behavioural modeling *{form managing family members]. I would try to be as caring and as just as them* behavioural reproduction of caring behaviour affective trust reproduction *…that's important, to be just to everyone if you can be…[…] and yes, I think their behaviour [of listening to employees] is contagious in a sense* behavioural modeling and reproduction. *"* **Employee 12**

In addition, verbal instruction from colleagues was also a form of behavioural reproduction. The reproducing element here was that employees transferred their own trusting perceptions to their colleagues by advising them to approach family members if they had problems. Again, more than one nonfamily employee reported that they had advised colleagues to talk to a managing family member about problems or worries.

"Yes, I already have done this various time. In issues where I don't have competence; I do say "why don't you go one of them verbal

instruction *reproduction of affective trust perception* *[family members] and [I know]*

that they're looked after well by them *reproduction of affective trust perception*

[managing family members]. **Employee 12**

In this sense, first level network organisational members and other long term employees may play a key role in trust network reproduction and trust diffusion to lower levels. Since managing family members do not have the possibility to interact as closely or regularly with 180 employees, first level network members are influential in bridging contacts which can shape and influence other employees' perceptions of managing family members' behaviours, intentions and trustworthiness. On one hand, the social interactions of first level organisational network members are seen as an extension of managing family members. On the other hand, first level organisational members transfer their positive trusting experiences with managing family onto their employees. This indicates that network dynamics are important. As Hennig et al (2012) state, friends of my friends are also my friends. Similarly, one is more likely to trust a person who is trusted by a trusted tie in one's trusted network (Lewis & Weigert, 1985). In this sense, people are influenced by their close ties' trust perceptions.

6.6.3.2. Trust Network Reproduction and Social Learning of Second and Third Level Organisational Network Members

The analysis of answers given by second level network members further confirmed the emergent theme of trust network reproduction. Second level

organisational network members felt that the collegial behaviours of those with frequent managing family interaction was seen to be representative of managing family members' behaviour towards employees.

6.5.3.2.1. Behavioural observation and verbal instruction

Second and third organisational network members also felt that the behaviours of those with frequent managing family interaction mirrored how they were treated by the managing family. In this sense, behavioural observation, i.e. the way first level network members behaved towards second level network members, was considered representative (Bandura, 1977) of how first level network members were treated by managing family members. Caring, attentive behaviours of first level network members were assumed to be learned in managing family interactions. Also, second level network members believed that the way managing family members interact with employees influences the way employees behave with one another. As such, trusting and caring behaviour experienced in dyadic interactions between first and second level network members was partially attributed to positive interactions of managing family members and first level network members. While second level and third level employees acknowledged that personality may also play a role, employees also felt that caring and attentive behaviour was part of the DNA of the business, and that the managing family had an impact in creating this atmosphere.

> *"Well, at my old job, everybody just came to work, did his or her work and just went home when work was done. But here, it really*

is just different. When I started people came and asked me right away if I wanted to join their birthday group [collecting money for colleagues' birthdays] and it just felt, a welcome, like "we're happy you're here now" and…well…yes..."

"Like being welcomed into a family?"

"Yes, exactly! Yes." **Employee 14**

Other employees who had more recently entered the business reported similar experiences with their colleagues. As such, positive interactional experiences with colleagues are also important to creating positive perceptions of the business as a whole and, of ultimately managing family members. Trust network learning and reproduction, however, involve a tacit learning process which is rather implicit. In this sense, it requires a higher level of abstracting data. The impact of live observation emerged rather through observation of the similarities of managing family-nonfamily employee and collegial interactions and a general feeling that managing family members lay the ground for a certain way of interacting with one another.

Also, verbal instructions by first level organisational network members were considered quite important in shaping the perceptions of those with little personal interaction experience. A more explicit form of trust learning and trust network reproduction is provided by verbal instructions of first level network members. Employees who shared a close organisational and/or trust tie transfer their trust perceptions of managing family members through various means. These include anecdotal, first-hand personal experiences,

and direct verbal instructions to go and approach family members. The positive impact that verbal instructions of first level network members has in the social learning of trust emerged when talking to second level network members about their perceptions of the managing family and how they had developed them.

> *"Yes, when you* talk to colleagues *influence of colleagues, they* tell you to go and talk to them *verbal instruction reproduction of affective trust perception [managing family] about everything. Also if you have a private or personal problem you can go to them and talk about it, so yes,* you can trust them. *Trusted weak tie* **Employee 14**

It was quite surprising to hear employees who have sporadic or little substantial contact to managing family members admit that they could always approach and talk to the managing family[37] about all their problems. They also felt genuinely cared for by the managing family. Asking the employee how that conviction had been acquired the employee replied, *"Well that's what everyone says here"*.

It can be concluded, first level network members are crucial in shaping the trust perception of second level network members. Employees who have little direct or intimate interactional experience on which to assess the managing family's dependability, reliability and emotional care rely on the instructions and opinions of those who have frequent and intimate interaction. Verbal instructions, such as advising colleagues to talk to managing family members, or retelling anecdotal experiences of caring behaviours of

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37 One employee's contact to managing family members was mostly through email or limited to passing each other in corridors.

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managing family members directly shape the trust perceptions of lower level network employees, who have less possibility to gain first-hand experience. Second level or third level organisational network members do not form part of the close organisational network of managing family members and thus have limited direct managing family interaction. In some cases, organisational interaction was mostly limited to email contact or passing each other in the hallways. As such, second-hand experience becomes more important for those members in assessing the managing family's trustworthiness. As network theory suggests, individuals are more likely to be shaped by the experiences of those whom they feel close to. Consequently, lower level network members will rely on their close ties' opinions of managing family members, especially if those ties have abundant first-hand interactional experience with managing family members.

6.6.3.2.2. Behavioural Reproduction

Behavioural observation and verbal instructions by first level network members led to behavioural reproduction of trusting ties, not only between colleagues, but also between second level network members and managing family. This means that trusting relationships to managing family members were developed by second level network members who lacked constant and close direct interaction with managing family members. This also explains the little remarkable difference in answers on the perception of managing family as being emotionally attentive and caring given by first level network members and second level network members. As such, even second level

network members would demonstrate similar levels of cognitive and affective trust in the managing family.

> *"Well, the door is always open for everybody; if you do have problems and worries… you can talk to them…or if something is bothering you, you can honestly let them know about it."*
> **Employee 13**

> *[…] If you had a problem I would tell you to go to them* *reproduction of verbal instruction* *reproduction of affective trust perception* *[managing family] and talk about it. They have a solution for everything* *trusted weak tie.* *"*
> **Employee 14**

This was shown for employees who even worked in the business for less than 3 or 5 years, as the quotations above show. This seems contradictory to some of the relationships predicted by theory. Network theory, for example, suggests that emotional closeness and trust are things that only develop over long periods of time and require substantial and close interaction (Lewis & Weigert, 1985; McAllister, 1995). The development of trust, characterised by high levels of cognitive and affective trust, is said to require frequent, personal and repeated intimate interactions (Marsden & Campell, 1984; McAllister, 1995; Hoffman et al., 2006). This, however, did not apply to the case company. The quotations above (employees 13 and 14), were employees who belonged to the second level network and had rather sporadic and not very intimate interaction to managing family members[38].

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38 Employees self-reported interaction with managing family members such as passing each other in the hallway or communicating via email.

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The managing family reports that the average time that employees work for the business is around 15 years. However, at least five employees were included who were in the business for 5 years or less, and thus were considerably below average. Three of these were not mentioned to be part of the close organisational network by managing family members, and would rather be considered a weak tie in the managing family member's network. However, all of these participants were named close organisational and/or trust ties by first level network members. This leads to the conclusion that these employees have built trusting weak ties with the managing family, which is based in a social cognitive learning process. Trusting weak ties, defined by Levin and Cross (2004), are those which by interaction frequency and interaction intimacy are not considered strong ties in an ego network, who are nevertheless trusted by the ego. In feedback interviews with the second level network members, these issues were addressed and they were asked how they knew they could trust the managing family. Employees would say that this is what colleagues had told them. Other employees mentioned that they advised colleagues to go and talk to the managing family if they had any problems.

This demonstrates how the affective trust first level network members have for the managing family is passed on to their colleagues and shapes those colleagues' perceptions and interpretations of the managing family and their actions. This further increases the supposition that trust is as much a learning process as any other task. Seeing and hearing that their close ties trust the managing family, second level network members learn that the managing family can be trusted and that their intentions are honest and genuinely

meant (Mayer et al., 1995). Like friends of my friends are friends (Hennig et al., 2012; Borgatti et al., 2013), it also goes; people who are trusted by those who I trust can be trusted (Bandura, 1977; Lewis & Weigert, 1985; McAllister, 1995). This effect was called trust network reproduction. It postulates that trust as well as how organisational ties are built and maintained involves a process of social learning. In the case study it is a process of positive social learning. This is not only provided by employees who feel that the way colleagues behave within the business is very much shaped by how they are treated by the managing family, it is also provided by the fact that even employees who only share weak ties with the managing family believe that the actions and behaviours demonstrated by the managing family to promote their well-being are based on genuine concern. It thus will be argued that trust network reproduction is achieved through a social learning process between managing family, first, and second level organisational network members. The ability to build trusted weak ties through a process of trust learning and trust network reproduction can be considered crucial to the diffusion of trust, and ultimately social reciprocity.

6.6.3.3.   Trust Network Reproduction and Social Learning: the Importance of First Level Network Members

According to social cognitive theory, learning is based on a process of interacting and interpreting the social environment. As such, humans learn by observing other humans (Bandura, 1977; Wood & Bandura, 1989). In order for social learning to occur, individuals need to be able to observe and interpret behaviours by others. As such, it is argued that individuals are more

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likely to learn from those people with whom they share frequent interactions, as their actions can be best observed. Children thus learn by observing and imitating parents' behaviour. In the organisational setting, this idea has been used to explain task-related learning processes.

The training of new employees in specific tasks is as such often done by having the new employees observe skilled employees; or by letting new employees watch training videos (Wood & Bandura, 1989). In addition, verbal instructions can aid the learning process as humans are able to mentally decode verbal descriptions into mental pictures. This also applies for social interaction, as various studies have demonstrated. Social interactions (e.g. how to play, whether to trust, or to be cooperative) are also based on social cognitive processes of observing other people interact, reflecting on how others interact with individuals and what seems to be accepted interaction schemas (Brody & Shaffer, 1982; MacDonald & Parke, 1984; Rotenberg, 1995; King, 2002).

In the organisational setting this is not different. As such, nonfamily employees learn to trust managing family members by observing, reflecting and interpreting their personal or other people's interaction experiences with managing family members (Bandura, 1977; MacDonald & Parke, 1984; Cohn et al., 1991). The positive trust experiences made are thus internalised and reproduced in interactions with family members as well as with other colleagues. This leads to a diffusion of trust within the business. Trusting relationships between family and nonfamily members are reproduced in

collegial interactions. In addition, nonfamily employees with frequent and more personal interactions also transfer their positive experiences to colleagues at lower hierarchical levels. Second and third level network members who have limited possibility to gain profound first-hand trust experiences with managing family members (Hauswald & Hack, 2013) mostly form opinions on managing family's trustworthiness by observing and interpreting the interactions and perceptions of their close social relations who have a model function. First level network members are thus influential in shaping trust perceptions and perceptions of benevolence as they are considered as reliable resources (Bandura, 1977; Wood & Bandura, 1989; Hauswald & Hack, 2013). Being known to have frequent, longstanding and intimate interactions with managing family members, first level network members are perceived be a reliable authority when it comes to interpreting interactions and intentions of managing family members. As such, when forming perceptions on the level of benevolence, care and trustworthiness of managing family members, first level network members are those who other employees naturally turn to.

This leads to the conclusion that first level network members are central to the diffusion of social reciprocity within the business. It is their interactions and opinions that shape the perceptions of those who are not able to gather profound first-hand interaction experience. It follows that a further extension of the framework is warranted. Explain the framework.

Framework 6.4: Social learning leads to the development of trusted weak ties
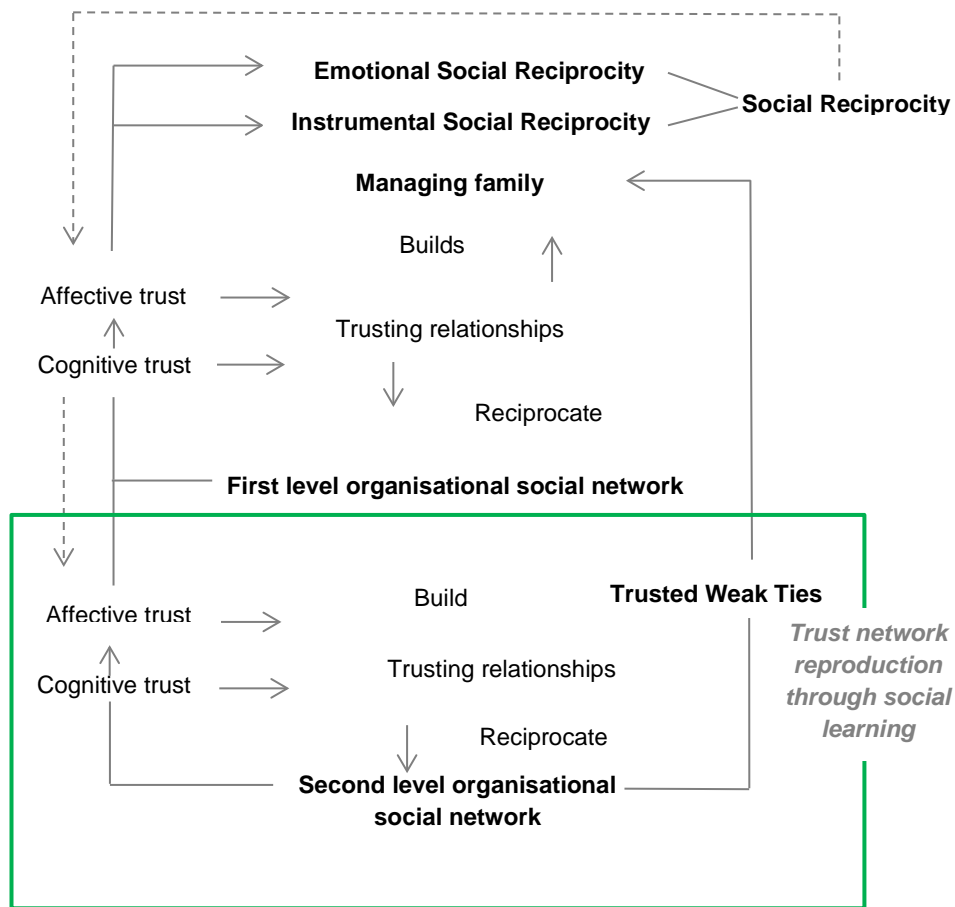
Looking at this adapted framework, trust network reproduction, i.e. the reproduction of trusting relationships with managing family in collegial relationships, leads to the development of trusted weak ties. This is an important finding, since it explains the diffusion of trust and social reciprocity to employees at lower hierarchical levels who lack the interaction intensity and frequency to develop trusting ties based on personal interaction experience.

This framework demonstrates the importance of social learning and cognition in social relationships in the organisational setting. As such, the developed framework provides understanding of the inner social dynamics of the family

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firm, which has not been the centre of attention in current research. One of the most valuable contributions is, however, that this framework offers an explanation not only of how a shared understanding of caring and being cared for is developed in family firms, but also why some family firms succeed and others fail. Trust, especially affective trust in managing family-nonfamily is of major importance to the creation of social reciprocity. Affective trust has a strong moderating effect by shaping the interpretations of motivational intentions of stakeholder engagement by managing family members. As such, employees are more inclined to attribute actions and behaviours to benevolent and caring motives. This framework demonstrates that positive perceptions of those employees sharing close ties with managing family members shape the perceptions of those with less frequent interaction, thus diffusing their trust perception to employees with less intimate interaction. This explains the development of trusted weak ties between family members and employees at lower levels of the hierarchy.

6.7. Upper Network Stability Functions as a Process Catalyst to Trust Network Reproduction and Social Learning

While social learning explains the emergence of trusted weak ties, it does not fully explain the speed of trust network reproduction. In the case company, second level network members who had only been in the business for three years reported similarly high levels of cognitive and affective trust in managing family members. Network stability, especially upper network

stability, emerged as a process catalyst to trust network reproduction. The upper network in this sense accelerates trust network reproduction by speeding up the social learning process, facilitated by network structure properties.

Average time of belonging to the business of managing family and first level network members was above the average of 15 years, and as such affective trust in particular was quite strong and resilient. Both managing family and first level network members expressed having total faith in each other and a strong emotional attachment. The strong emotional attachment and increased levels of affective trust lead to high levels of relationship security between managing family and long standing nonfamily employees. Neither managing family nor employees had to undergo a cognitive evaluation of the other person's good intentions and both had internalised trusting behaviours.

The social learning of trust in the managing family-nonfamily relationships enabled both parties to reproduce trusting behaviours with new members of the business. As such, new employees were integrated into an already functioning and dense trust network. Being surrounded by 'positive models' (i.e. employees who demonstrated trusting behaviour), accelerated the socialising process into the trust network.

6.7.1.   Upper Network Stability

One of the most 'surprising' findings was the emergence of trusted weak ties in second level network members who had rather recently entered the

business. The social learning of trust explains why nonfamily employees with little intimate or prolonged direct interaction with managing family members express similarly high levels of cognitive and affective trust in managing family members. However, the speed of socialisation with which new employees were integrated was somewhat astonishing. Analysing the themes mentioned by participants, a recurrent theme emerged which was coded as 'upper network stability'.

Illustration 6.6: Upper network stability: managing family, first, second and third level employees.
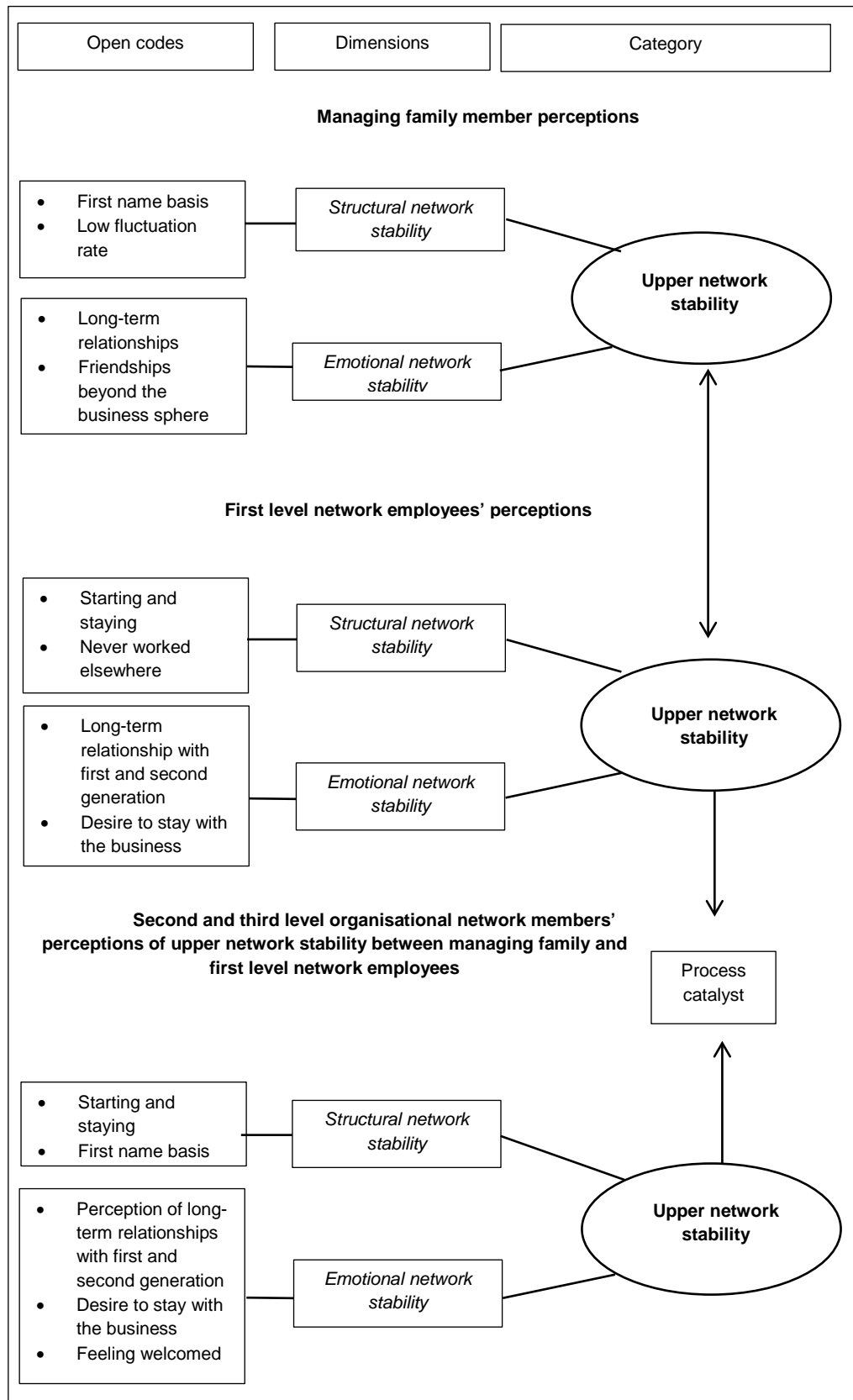
The illustration above demonstrates how network stability emerged as a process catalyst to trust network reproduction, leading to an accelerated socialisation process of new employees. Network stability emerged to be relevant on a structural level and emotional level. Not only do employees and managing family members share long-term relationships, they also express emotional satisfaction in their long-term relationships. As such, the socialisation of new employees is quite a speedy process, since they are surrounded by employees who have become 'expert models' (Wood & Bandura, 1989) and can reproduce the trust message quite easily (MacDonald & Parke, 1984; Hauswald & Hack, 2013). Also, network stability has a signalling effect to new employees, who feel that it is a sign of a trusting working atmosphere.

6.7.1.1. Structural and Emotional Network Stability

Managing family members had various employees whom they have known since childhood or early adolescence. As such, managing family perceived that there was high structural network stability, since there were many employees whom they kind of grew up with and with whom they were on a first name basis. Similarly, many first level network employees reported that they had long-term relationships with first and second generation family members and had known the brothers since they were able to walk and talk. This also created a sense of emotional network stability. Managing family members expressed that they had been friends with some employees before

they had started working in the business, or before the employees started working in the business.

> *"Well, I think that we have quite a relaxed atmosphere here, I mean amongst us, with employees…we know each other […] with most of the employees, at least 80% I am on* first names basis *structural network stability . They know us since we were little* long-term trust relationship *emotional network stability* *upper network stability; we kind of* grew up with them *long-term trust relationship* *emotional network stability* *upper network stability. "*

> **Brother 2**

Employees, as well, would express a sense of emotional network stability. Many reported they had never worked in another business, or that since they had started working in the business, they would not want to work anywhere else. As such, similar stories were shared by employees:

> *"Well most of the contact is with the boys [managing family members], logically, as* I know them longest. I used to *have them on my lap* *long-term trust relationship* *emotional network stability* *upper network stability,* literally, […] used to carry them around."* **Employee 6**

Other employees would mention how the second generation as young boys would come to construction sites during school holidays while one employee admitted "*I have changed my boss' diapers, who can say that about their boss?"*

In order to assess the degree of structural network stability, a further analysis of network data of first level close organisational and trust ties was carried out. Looking at the data reported by participants, it emerged that managing

family members have all worked actively in the business for around 20 years, while first level network members reported values that ranged between 5-43 years. The average time for first level network members was 23 years. 7 out of 10 first level network members had been in the business for more than 10 years. As such, the idea of structural network stability is confirmed by network data. Since the average belonging time of employees is around 15 years, 23 years as an average belonging time for first level network members is clearly above the business average. For both, managing family members and first level network employees, the structural network stability also led to emotional network stability. Both parties had the feeling that they knew each other inside and out the business and could trust each other 'blindly'. There was an emotional closeness that comes with the long-term perspectives of the shared social relationships.

As such, managing family members and first level network employees were both able to transfer their positive trust experiences with each other to other organisational relationships. It has already been mentioned that managing family members provided trust credit to new employees and that superiors would do the same for new colleagues. In a feedback conversation with a managing family member, the family member felt that 'trusting' new employees, despite its riskiness, was the right thing to do and that he had never learned it any other way. This indicates that managing family members have learned to trust. Second and third level network employees, as well as other employees who had more recently entered the business also perceived strong structural and emotional network stability in the business.

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"Most of the people I work with have been in the business for a long time. perception of long-term relationships emotional network stability *I mean the last time they had an apprentice in my position was more than 10 years ago* starting and staying structural network stability upper network stability *…this shows that there's no continual coming and going* perception of long-term relationships emotional network stability network stability *for people."* **Employee 13**

For second and third level network employees and employees who had recently entered the business, upper network stability seemed to have a positive catalyst effect on trust network reproduction and the social learning process of trusting ties. Since the brothers had already established trusting ties with their employees and therefore trust was already inherent in first level organisational ties who reported over average business affiliation. This had a positive influence on how managing family members were willing to provide affective trust credit to new employees and how new employees were integrated and socialised into a network of trust (Lewis & Weigert, 1985; McAllister, 1995; Mayer et al., 1995).

Managing family members had already learned or rather internalised affective trust ties to a number of employees before they assumed managing responsibility. In an unrecorded conversation with a managing family member about the importance of trust, the managing family member expressed that trust on a cognitive and affective level was something they had been taught by their parents. They had never witnessed any other behaviour and assumed it to be 'natural'. The effect of upper network stability and its potential significance on speeding up the social learning process of trusting

behaviour was further explored in conversations with first level and second level network members who were in the business for 5 or fewer years. These employees would often say that the way they were received into the network was very welcoming and that caring for each other and helping each other were just natural in the business. They had never seen any other behaviour. They also felt that they were integrated quickly into the trust network and did not feel there was a barrier between 'old' and 'new' employees. This is what employees who had entered the business more recently said:

> *"To be true, this is the first business I am working with, which does not have to change necessarily. Right now, I feel happy here. As such, I can only say that I have never experienced any other behaviour [caring for each other]. Here you're on first name basis with your boss. If they see that you're swamped with work, they will approach you and ask "Is everything okay? If it's too much than just share some of your load and go home for today." It's just a different atmosphere here."* **Employee 8**

Many of the participants spoken with who had entered the business in the past five years reported similar experiences of being welcomed with 'open arms', being helped and supported by colleagues as well as managing family members. There seemed to be an atmosphere of caring, supporting and trusting each other which stemmed from managing family members and first level network employees who had been working in the business for a long time. As stated by two second level network employees who had started working in the business three years ago:

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"Yes, I worked in another business before, that's right, but I wouldn't want to change anymore desire to stay with the business emotional network stability, *because here it's just really a nice way people work together; it's fun. Working together with my colleagues is great and the atmosphere is really better; it's stronger here [social cohesion], I would think. But maybe that's because of our work parties and such things, because they all know how to have a good time."*

Employee 14

"Well, the people here a very open and integrate you very quickly fast integration emotional network stability upper network stability, *so you feel comfortable* feeling welcomed emotional network stability upper network stability *You're not somehow…you're always supported and if you need help or support…as such; I am really very grateful […] and I would never want to work anywhere else* desire to stay with the business emotional network stability. *"* **Employee 13**

6.7.2.   Upper Network Stability as a Process Catalyst

Upper network stability can be considered as a process catalyst to trust network reproduction and the diffusion of trust and social reciprocity. It accelerates the socialisation and learning process of new employees when it comes to integrating them into the trust network. The reproduction of trust relationships employees had learned from interaction with managing family members and colleagues was transferred to new employees (Bandura, 1977; Rotenberg, 1995; King, 2002; Murray & Moses, 2005). Being surrounded by

employees who shared a trust relationship with managing family members shaped the perception of new employees on the trustworthiness of the managing family quite quickly (Bandura, 1977; Wood & Bandura, 1989).

This can be explained by using both network theory and social learning theory. Social cognitive theory suggests that observational learning can be achieved through observation of suitable models. Suitable models are those who seem to have mastered a certain skill (Bandura, 1977; Wood & Bandura, 1989). New employees entering the business aim for social integration (Weiss, 1974) which can be best achieved by adapting to the behaviours of already integrated members. As such, they observe collegial behaviours of long-standing employees who have obviously mastered the task of integration well. Social learning, however, argues that not every model will capture a learner's attention to an equal degree. In this sense, new employees would direct observational attention to selected models; most likely their close organisational and trust ties. Thus, the speed and success of network learning depends on the 'trust information' demonstrated or shared by strong ties. In network theory, strong ties are said to transfer redundant information and in the case of trust (Granovetter, 1973; Levin & Cross, 2004), redundant information has a positive amplifier effect (Coleman, 1988).

Being surrounded by colleagues who demonstrated high levels of cognitive and affective trust to managing family members would therefore speed up the process of learning that managing family members could be trusted. When asking employees who had entered the business more recently why they

would talk to managing family members about all their problems, they would answer that colleagues had told them so or they had heard anecdotes about the managing family helping other employees. In this sense, upper network stability in the first level organisational network serves as a process catalyst for creating trusting relationships between second level network members and managing family members through behavioural modeling and verbal modeling.

As such, trust diffusion was rather quick and required less personal effort by managing family members. The need for frequent and close contact to managing family members in order to create trusting relationships, as classical network theory suggests (Coleman, 1988; Levin & Cross, 2004), was cancelled out by frequent and close interactions with employees who shared close and frequent contact with the managing family. Being 'only' surrounded by positive models, i.e. colleagues who demonstrated trusting behaviour towards them and managing family members, sped up the learning process of new employees considerably (Bandura, 1977; Wood & Bandura, 1989; Rotenberg, 1995).

The social learning of trust in managing family-nonfamily employees' relationships and the reproduction of trust in collegial relationships explains how diffusion of trust and eventually social reciprocity is achieved to lower levels of the business. As such, two important thresholds can be identified in the processual framework which are likely to have a determining impact on whether managing family and nonfamily employees create social reciprocity.

First, the way managing family builds close relationships to their most frequent organisational nonfamily employees is of considerable importance. Whether the managing family is able to build social ties characterised by cognitive and affective levels of trust to nonfamily employees is likely to impact the interpretation of managing family's actions and intentions. High levels of affective trust lead to a positive interpretation of actions and intentions as genuinely caring and heartfelt. Low levels of affective trust, however, may lead to interpret actions and intentions as self-centred, and motivated mostly by family-centred socioemotional wealth goals.

Second, first level organisational network employees play a valuable role in transferring and reproducing trusting behaviours to lower levels of the business, where managing family members have limited direct impact. In addition, they are influential in shaping the perceptions of those employees who rely on other employees' first-hand interactional experience. A stable and close network of trusted first level network employees can considerably speed up the socialisation and integration of new employees, which would otherwise consume much more sustained effort. A last extension of the framework is given below:

Framework 6.5: (equal to 6.1) Upper network stability as a process catalyst to trust network reproduction
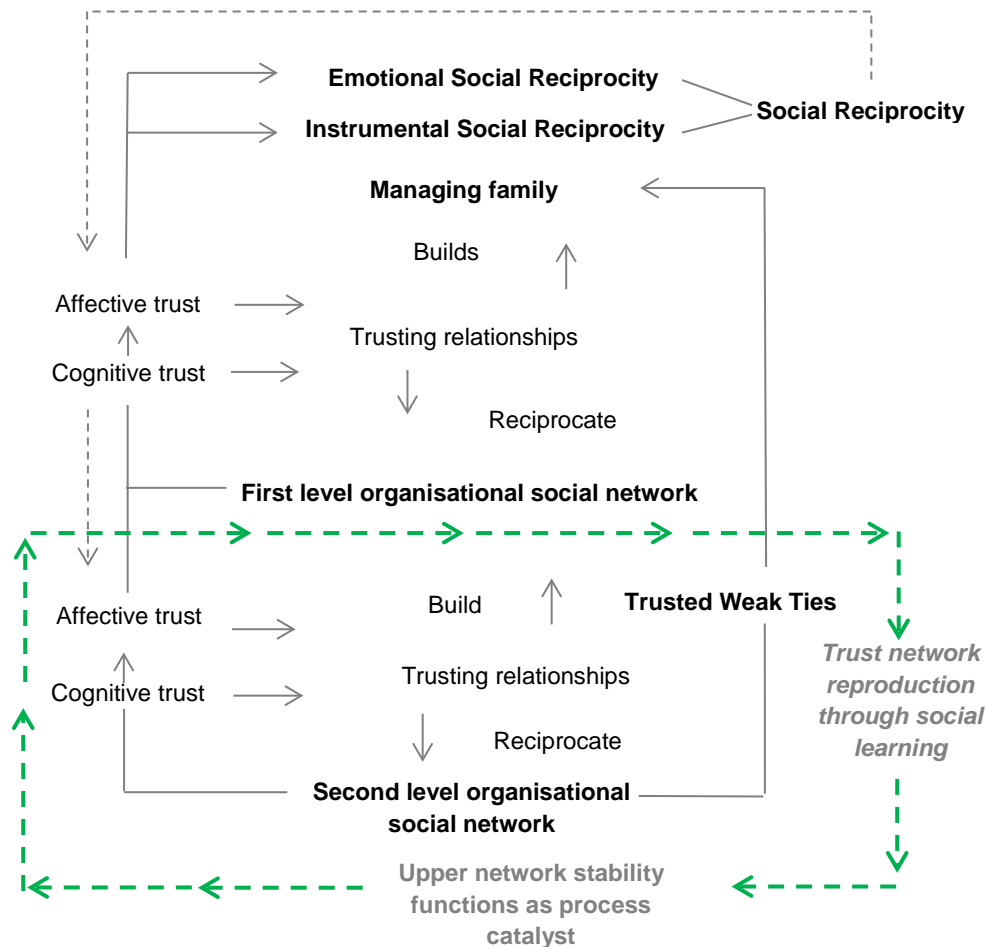
The last adaptation of the framework integrates the effect of time, especially of long-term relationships. While research has acknowledged the importance of long-term relationships between managing family and nonfamily employees for the managing family (Strike, 2013; Erdem & Atsan, 2015), this framework also shows the importance that these long-term relationships have for nonfamily employees who enter or have recently entered the business.

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6.8. Summary

The emergent framework and the analysis of findings demonstrate how trusting relationships, based on cognitive and affective trust between managing family members and employees, are influential in shaping the motivation and interpretation of action directed to promote employee well-being. Cognitive trust in managing family-nonfamily employees is an important basis for affective trust to develop. Due to the relationship dynamics of organisational relationships, mutual dependability and reliability are necessary to create emotional attachment.

Affective trust leads to emotional attachment on both sides. The feeling that people are not only boss-subordinate, or colleagues, but friends makes managing family members especially attentive to the emotional needs of employees, while employees feel they can depend and rely on managing family members to care about them. As such, employees do not perceive actions directed to promote their well-being as self-serving. Even if some of the initiatives will undoubtedly have positive financial benefits to the business in the form of lower cost, neither the managing family, nor the employees perceive this to be a major motivational factor of behaviour. It is rather considered a 'nice side effect'. Moreover, affective trust in managing family-nonfamily employee relationships imitates a social cognitive process which leads to an automatic positive attributional 'bias'. As such, employees who have high levels of affective trust in managing family relationships are more likely to attribute positive and caring intentions to managing family's actions in general (Wass, 1988; Dirks & Ferrin, 2001; Peetz & Kammrath, 2011; Hauswald & Hack, 2013).

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In addition, this research shows a considerable impact of social learning in creating trust diffusion. It may seem self-evident as network theory has been already used to explain learning processes, but also networks and relationships can be considered a process of social learning and cognition, as research in social psychology has already demonstrated in parent-child and child-peer interactions (Brody & Shaffer, 1982; MacDonald & Parke, 1984; Wass, 1988; Paley et al., 2000). This framework is conceptualised from these findings and argues that trusting relationships with managing family members are learned and reproduced by first level network members though setting live and verbal behavioural examples. This process is actively acknowledged and second level members perceive first level network members as suitable models to gauge managing family members' behaviours and intentions.

 Verbal modeling and behavioural modeling of first level network members both had positive effects on trust network learning. Verbal exampling shows transferring the trust opinion of first level network members with respect to managing family members to second level network members. These verbal instructions occurred directly, by advising employees to talk to managing family members if they had any problems or by recounting anecdotes of situations where managing family members had demonstrated trusting and caring behaviour to other employees. Live modeling in contrast reflects how first level network members built and maintained trust relationships with second level network members. Upper network stability serves as a positive process catalyst to social learning, leading to a quicker integration of new members and thus faster diffusion of trust and social reciprocity.

The framework not only explains how managing family members build and maintain social relationships with employees but also how these relationships are influential in creating a shared understanding and perception of care and being cared for; social reciprocity. In addition, the developed framework provides potential for meta-theory, as it can potentially explain differences between family firms as well as family and non-family firms.

7. Post-conceptual Literature

7.1. Introduction

This chapter reflects on the literature and integrates it into the theoretical framework. This chapter, then, forms part of the framework refinement and is placed after the analysis as part of the discussion. Since existing theory is an integral part of the analysis and of the emergent theory in grounded theory, it facilitates grounding categories and refines the emergent theory. In this research two concepts of major importance have emerged. First, the concept of trust emerged as an extremely important feature in creating social reciprocity. Second, the concept of social learning, especially social cognitive theory explains emergence and diffusion of social reciprocity. The importance of trust emerged through analyses of the close relationships managing family members shared with nonfamily employees. It emerged to have a direct reciprocal and indirect effect on creating social reciprocity. Social cognitive theory emerged in its importance, as it explained the diffusion of trusting relationships and social reciporicty to lower levels of the organisation.

The first illustration (7.1) provides an overview of how emergent themes were refined and discussed with existing literature. It also provides a structure for this chapter. In Section 7.2, the concept of trust will be reviewed and: The subsections of section 7.2 explore trust from a social relationship perspective and argue for the importance of cognitive and affective trust in business relationships in the family firm context. While affective trust is important in creating a feeling of being genuinely cared for in nonfamily employees, cognitive trust is necessary to the development of affective levels of trust (Lewis & Weigert, 1985; McAllister, 1995). However, there is also a dark side

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of trust (Zahra et al., 2006; Welter, 2012). High levels of affective trust can potentially have negative consequences and increase the susceptibility to betrayal and opportunistic behaviour (McAllister, 1997; Nooteboom, 2002; Zahra et al., 2006) Section 7.3 and its subsections discuss the importance of social learning and social cognition in the reproduction of trust, while the last section summarises major points.

The illustration below represents the developed theoretical framework. Categories and subcategories are presented with a selection of existing literature that was integrated into the framework, to the extent that it helped in refining or grounding emergent categories. Furthermore, detailed explanations will follow in the respective subsections of this chapter. While the concept of trust is acknowledged to be complex and multidimensional encompassing different levels,[39] in this chapter trust at the interpersonal level will be focussed on since it emerged of major importance to the theoretical framework.

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39 Trust exists at individual. Organisational and institutional level Nooteboom (2002); Zahra et al. (2006); Welter (2012); Shi et al. (2015) which are interdependent and may reinforce or substitute each other.

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Illustration 7.1: Integration of existing literature into the developed framework

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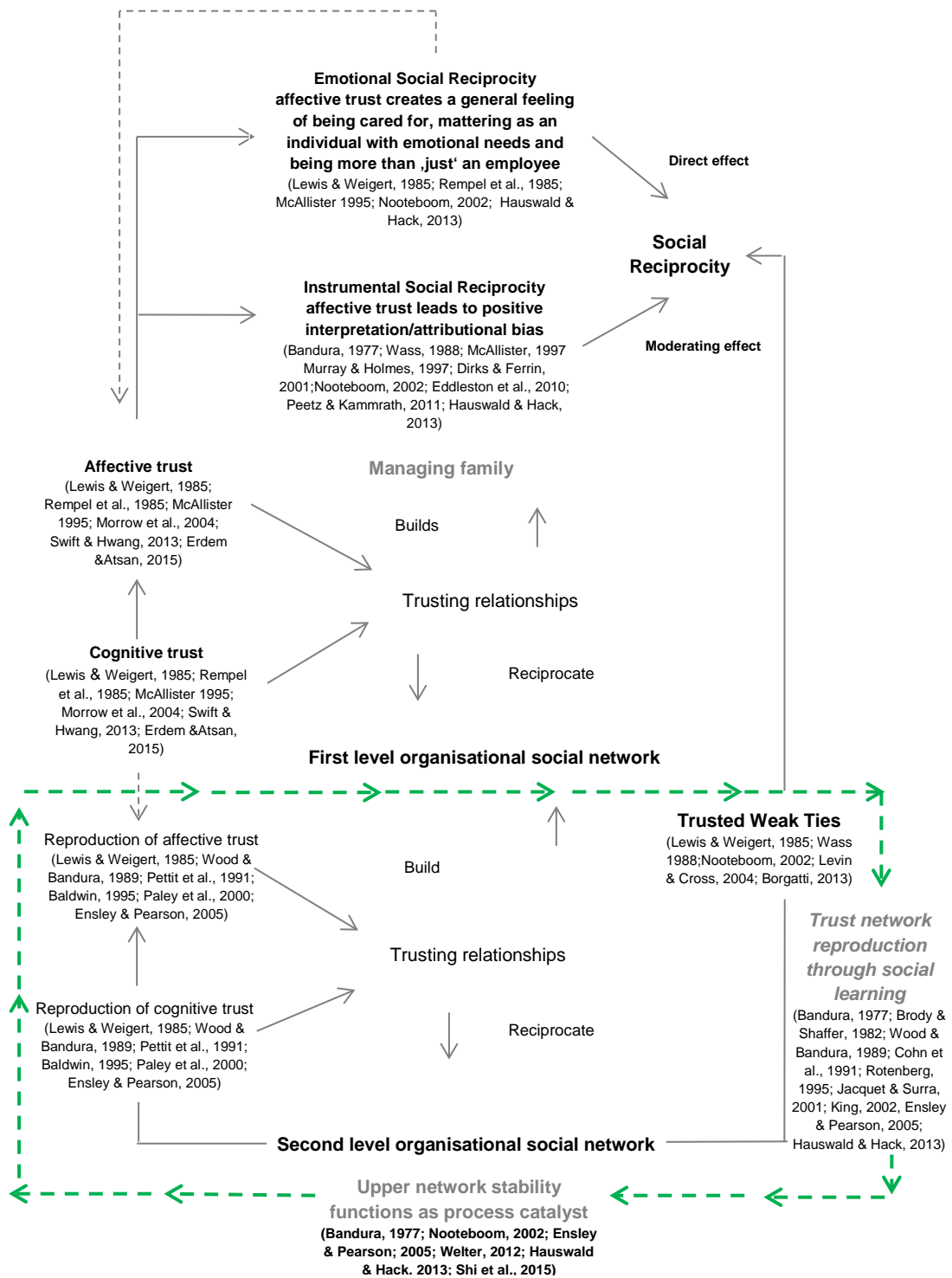
7.2. Trust

This section reflects on relevant literature on trust, which emerged as a major category in the framework. In this thesis, trust emerged as a dynamic psychological state, embedded in and impacted by social relationships. Thus literature which conceptualises trust as a process emerging between individuals will be primarily focussed on (Lewis & Weigert, 1985; McAllister, 1995; Nooteboom, 2002; Morrow et al., 2004; Swift & Hwang, 2013). In addition, trust emerged as a multidimensional concept, moving beyond a purely cognitive, rational view of trust (Deutsch, 1958; Rempel et al., 1985; Hardin, 1991; McAllister, 1995; Mayer et al., 1995). Analysing the data and literature on trust, it emerged that trust includes an emotional component (Larzelere & Huston, 1980; Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004).

With increasing levels of this emotional, affective trust, cognitive assessments lost their relevance, since an intuitive faith in the other person's benevolence and good intentions developed which led to an automatic positive attributional bias (Rempel et al., 1985; Wass, 1988; McAllister, 1997; Murray & Holmes, 1997; Dirks & Ferrin, 2001; Nooteboom, 2002; Hauswald & Hack, 2013). As already put forward by McAllister (1997) and Nooteboom (2002), high levels of emotionally-laden, affective trust lead to a socially acquired interpretation schema, which is also supported by the emergent framework. Actions of managing family members are automatically attributed as primarily based in benevolence and care by employees, even though financial benefits are acknowledged and self-serving motives exist simultaneously (Nooteboom, 2002). This shared reality of reciprocal care and

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benevolence leads to a culture of trust spreading through the organisation into which new employees are integrated (Nooteboom, 2002; Welter, 2012; Shi et al., 2015).

This section is structured along the aforementioned framework. First, a brief general conception of trust as a social relationship process is provided. Then, the development of cognitive and affective trust in dyadic organisational relationships is discussed. Emergent themes are integrated into the discussion to demonstrate how existing literature was integrated. Special attention is placed on the importance of affective trust in organisational relationships, since high levels of affective trust create emotional attachment between people. However, affective trust also has a moderating effect that is important for attributing motivations and intentions. Especially for this thesis, the moderating effect emerged to be of major importance since it led to a positive attributional bias (Rempel et al., 1985; Wass, 1988; Dirks & Ferrin, 2001). Acknowledging that actions and behaviours of managing family members had positive effects for both, employees and the family business, employees would still feel that benevolent and caring intentions were the main driver for actions and behaviours. This not only explains, where there is little evidence of the 'dark side' of family firms but also points to the potential dark side of affective trust which can potentially have negatives consequences for both managing family and nonfamily employees (McAllister, 1997; Nooteboom, 2002; Kautonen et al., 2010; Welter, 2012).

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7.2.1. Trust: a Social Relationship Perspective

In this thesis, trust emerged as a relationship outcome, dependent on social relationships processes. This reflects the view of Lewis and Weigert (1985), as well as Nooteboom (2002) who argue that trust is a psychological state that is inextricably embedded in social relationships and social interactions.

According to this view, trust is a developmental process in social relationships which evolves over time, is inherently dynamic and encompasses time dimensions that span over past, present and future (Lewis & Weigert, 1985; McAllister, 1995; King, 2002; Sun & Li, 2008; Nooteboom, 2002; Lewicki et al., 2006; Sundaramurthy & Kreiner, 2008; Sundaramurthy, 2008). It follows that the unit of analysis is at relationship and not individual level. This challenges the view held by some academics such as Rotter (1967), who argue that it is the individual level where trust should be measured. While early socialisation processes may impact the willingness to trust or to perceive others as trustworthy, evidence also suggests individuals differentiate the base and level of trust between people, relationships and contexts (Lewis & Weigert, 1985; McAllister, 1997; Lewicki et al., 1998; Nooteboom, 2002; Lewicki et al., 2006).

Data analysis of the case indicated that interpersonal trust in organisational relationships encompasses a cognitive component and an affective component (Lewis & Weigert, 1985; Rousseau et al., 1998), which seem to be interdependent and develop in a sequential fashion[40] (McAllister, 1995, 1997; Nooteboom, 2002; Morrow et al., 2004; Lewicki et al., 2006). The cognitive component involves a decisional process based on rational thinking

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40 This refers to relationships where no prior friendship existed before entering the business. These represent the majority of relationships.

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and intuition (Lewis & Weigert, 1985; Nooteboom, 2002; Morrow et al., 2004). While the rational assessment includes the evaluation of benefits, harms, subjective probabilities and experiences associated with trusting another person,[41] it also requires the trustor to be vulnerable to the actions of the trustee and take 'a leap of faith' (Lewis & Weigert, 1985; Mayer et al., 1995; Murray & Holmes, 1997; Nooteboom, 2002). This is based on the notion of radical uncertainty with regards to future intentions and actions of others (McAllister, 1997; Nooteboom, 2002). As positive trust experiences accumulate however, cognitive trust assessments become less prevalent, since affective trust emerges, which is more resilient and identification based (McAllister, 1995, 1997; Nooteboom, 2002; Welter, 2012) Affective trust is based on an emotional relationship bond existing between people. This characterised by a notion of mutual vulnerability, faith and beliefs about the benevolence and care of another person (Larzelere & Huston, 1980; Rempel et al., 1985; Lewis & Weigert, 1985; Morrow et al., 2004; McAllister, 1995; Peetz & Kammrath, 2011; Erdem & Atsan, 2015). Individuals engaged in a trusting relationship based on high level of affective trust tend to identity with the other person's needs and are able to engage in a mutually beneficial interaction, without expecting immediate quid-pro-quo (McAllister, 1995, 1997; Nooteboom, 2002).

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41 Trust, as argued by scholars like Nooteboom (2002) in the cognitive sense is not only limited to persons, it can also be placed in organisations, institutions and objects.

7.2.1.1. Cognitive Trust in the Organisational Relationships of Family Firms

This subsection reflects on literature dealing with the development of trust, especially within the context of organisational relationships of the family firm. Since trust is considered a relationship process, it involves at least two individuals, the trustor (the one who trusts) and the trustee (the one on whom trust is bestowed). The primary function of interpersonal trust lies in the facilitation of social interaction by forming expectations of future behaviours of other individuals (Lewis & Weigert, 1985). Trust is necessary when a desired outcome is dependent on the action and behaviours of others (Deutsch, 1958; Lewis & Weigert, 1985; Stokes & Blackburn, 2002; Buyukcan-Tetik et al., 2015).

In the context of a business organisation, the achievement of business goals requires joint action and cooperation (Deutsch, 1958; McAllister, 1995; Mayer et al., 1995; Stokes & Blackburn, 2002; Sheehan, 2014). The owner's financial success is dependent on employees working in a cooperative manner towards the achievement of business goals. It follows that the managing family is exposed in a vulnerable position where trust is necessary. The managing family assumes the role of the trustor, while employees are trustees who perform tasks on behalf of the family.[42] For the managing family, trusting employees involves forming expectations about employees' future behaviour and thus involves the assumption of vulnerability and uncertainty (Larzelere & Huston, 1980; Rempel et al., 1985; Lewis & Weigert, 1985). The development of cognitive trust involves a cognitive process in

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42 When a reciprocal trust relationship exists, managing family members are trustees and trustors at the same time. However, the managing family assumes a more vulnerable position in this relationship; since the employee is theoretically more flexible to leave the business should the managing family turn out not to be reliable.

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which the managing family tries to assess the dependability of employees in order to reduce the perceived risk and uncertainty inherent to trust (Driscoll, 1978; Lewis & Weigert, 1985; McAllister, 1995; Erdem & Atsan, 2015). The following illustration shows how cognitive trust in the family firm and in any organisational setting is provided by management and how it leads to a feeling of being trusted in employees and the reciprocation of trust.

Illustration 7.2: Cognitive trust in organisational relationships

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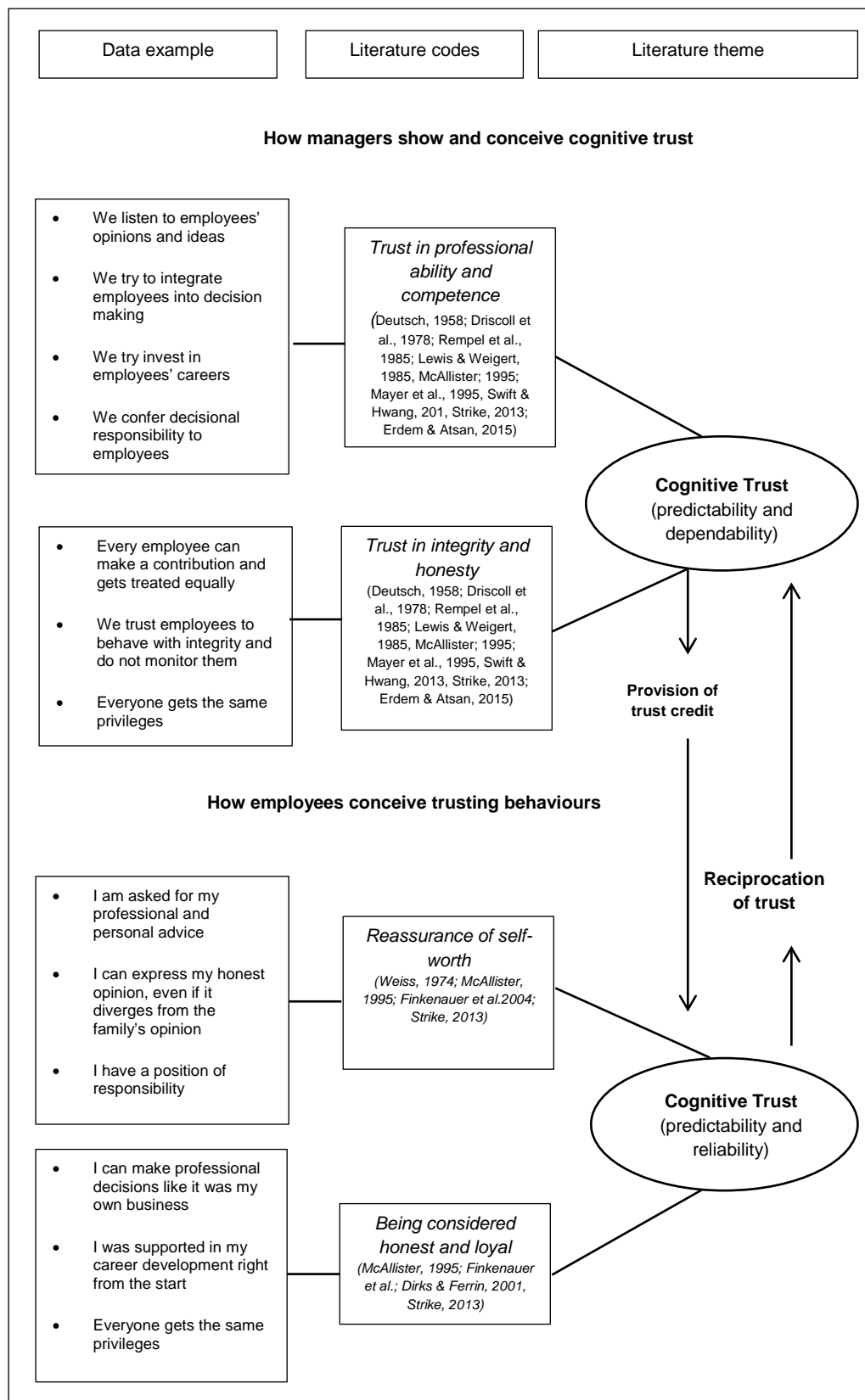
While predictability and dependability are drivers of cognitive trust in all relationships, in the family firm context predictability and reliability are related to trusting in the ability and competence, as well as the honesty and integrity of employees (Rousseau et al., 1998; Sundaramurthy, 2008; Strike, 2013; Erdem & Atsan, 2015). To perform in a reliable and predictable manner employees need to have relevant skills, knowledge and capacities that ensure consistency (Rempel et al., 1985; McAllister, 1995; Mayer et al., 1995; Swift & Hwang, 2013).

However, while ability is a necessary condition, it is not sufficient, since employees also need to be willing to behave in a desired manner; subjecting their interests to the interest of the business and dedicate their ability towards achieving business goals (McAllister, 1997; Nooteboom, 2002). Therefore, the managing family needs to rely on the honesty and integrity of employees (Mayer et al., 1995; Eddleston et al., 2010). Nooteboom (2002), for example distinguishes between competence trust (ability, knowledge, skills) and intentional trust (benevolence and dedication trust), which he treats as separate form of behavioural trust. However, it can be argued that they all form part of cognitive trust, since a trustor will try to assess the components necessary for interactional context with the trustee. Trust in the ability and integrity of employees is usually developed over time. Positive experiences with specific employees will lead to the development of high levels of cognitive trust, since the managing family assumes that employees will act in a predictable and reliable way in the future (Butler, John K, Jr & Cantrell, 1984; Lewis & Weigert, 1985; McAllister, 1995; Mayer et al., 1995).

Trust in the ability and competence of employees can be demonstrated in several ways, for example, by integrating employees into the decision making process (Driscoll, 1978; Sheehan, 2014), or refraining from controlling or monitoring behaviour (McAllister, 1995; Nooteboom, 2002). Employees interpreted the lack of excessive monitoring as a sign of being considered honest and trusted, thus they reciprocated the trust provided by trusting managing family members. Indeed, some evidence suggests that excessive monitoring of employees elicits distrust, which is reciprocated and reproduced in manager-employee relationships (Lewis & Weigert, 1985; Nooteboom, 2002; Lewicki et al., 2006). Similarly the investment into the career development of employees and integration of employees' ideas for improvement also showed trust in the capabilities of employees.

Finally, trust in honesty and integrity can be provided by equal treatment of employees (Butler, John K, Jr & Cantrell, 1984; Butler, John K, Jr, 1991; Barnett & Kellermanns, 2006). Rewards, privileges and punishments need to be consistent for all employees (Butler, John K, Jr & Cantrell, 1984). This is especially relevant in the context of family firms, where nepotism and altruism among family members may lead to preferential treatment of family members at the expense of nonfamily employees (Schulze et al., 2003; Barnett & Kellermanns, 2006). Again, refraining from controlling or monitoring behaviour also confers cognitive trust in the dependability and predictability of employees (McAllister, 1995; Morrow et al., 2004). In the case company, the managing family was intent on providing specific privileges to all employees, no matter how long or how close they worked with the managing family (Barnett & Kellermanns, 2006). With this the managing family tried to

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show that they believe in the integrity of all employees and provided a form of trust credit to new employees. Trust credit means that trust in the individual's honesty and integrity is provided without former interactional experience. The provision of trust with or without former interaction experience requires a leap of faith (Lewis & Weigert, 1985; Murray & Holmes, 1997; Morrow et al., 2004), although this leap is even bigger when there is no previous experience to draw from (Nooteboom, 2002). This is based on the fact that, no matter how much positive relationship experience has been accumulated on trustworthiness, there is always the potential for a breach of trust in the future (Lewis & Weigert, 1985).

There is however considerable debate as to whether trust can really exist without prior interactional experience. Some scholars argue that without any prior knowledge of a trustee, trust only exists on a calculative basis (Goel & Karri, 2006; Lewicki et al., 2006; Welter, 2012). Goel and Karri (2006) for example, suggest that over-trust, i.e. trust where there is no experiential basis, may be provided on a 'calculated-risk basis. Especially for entrepreneurs who sometimes have to make fast decision in order to seize an opportunity, over-rust is seen as an affordable loss. Nooteboom (2002) in contrast, argues that it is quite common and rational to over-trust. Arguing from a revolutionary psychology perspective, he notes that trust may rather be a default as opposed to an exception. In this sense, people tend to initially trust others, as long as no negative evidence emerges that would lead to the withdrawal of trust (Nooteboom, 2002). When there is no prior interactional experience however, initial trust may be provided on conditional basis, limited

to a narrow range of contexts and tolerance levels (McAllister, 1997; Lewicki et al., 1998; Nooteboom, 2002).

It seems to be the case, that both views have their merits. In the case, managing family members were quite aware that provision of trust credit at moderate levels incurred the risk of opportunistic behaviours and being taken advantage of. Managing family members however also felt, that the majority of their employees are deserving and worthy of trust (trust as a default): As such, they considered the few who would betray their trust a risk willing to take (affordable loss). The provision of cognitive trust by the managing family as a superior is, however, quite important to the development of trusting relationships between superior-subordinate and family-nonfamily members.

Trust as a relationship process depends on social interaction between people. In a dyadic relationship the demonstrated behaviour and attitudes will be interpreted by both actors and interpretations will be made as to whether the other person demonstrates trusting or distrusting behaviour (Lewis & Weigert, 1985; Rempel et al., 1985; Mayer et al., 1995; Murray & Holmes, 1997; Nooteboom, 2002). This is what Nooteboom terms the 'reciprocity' of trust (Nooteboom, 2002). In the organisational setting of the family firm, managing family members as owners and managers of the business are those in power, their provision of cognitive trust has a considerable impact on the development of interpersonal trust with nonfamily employees (Lewis & Weigert, 1985; McAllister, 1995). For employees, trust in their ability is an important feature of feeling trusted. It establishes a sense of self-worth, which

is considered one of the major provisions of professional relationships (Weiss, 1974; Finkenauer et al., 2004; Buyukcan-Tetik et al., 2015). For employees in the case company, it provided a sense of pride and meaning, a crucial feature to their motivation and identification (Driscoll, 1978; McAllister, 1995). Being asked for their honest opinion in business matters, for example, was quite important for nonfamily employees in the case company. It provided them with reassurance that their professional capabilities were acknowledged and that they were considered reliable (Rempel et al., 1985; McAllister, 1995; Strike, 2013; Erdem & Atsan, 2015). While trust in the abilities of employees is important for subordinates to develop cognitive trust in their superiors (Butler, John K, Jr, 1991; McAllister, 1995; Dirks & Ferrin, 2001) in the family firm setting, it seems even more important. In family firms the family is considered the dominant group, where familial status provides in-group membership (Schulze et al., 2003; Pearson et al., 2008; Naldi et al., 2015).

Trust in the professional competence of nonfamily employees provides these members with the security that their contribution is acknowledged, rewarded and that they are treated equally (Dirks & Ferrin, 2001; Barnett & Kellermanns, 2006; Strike, 2013). The equal treatment of family and nonfamily employees is particularly crucial to developing a sense of procedural justice and trust in managing family. However, integrating employees into the decision making process and valuing their honest feedback also leads to a feeling of 'quasi-belonging' to the family (Barnett & Kellermanns, 2006; Strike, 2013). Employees feel they are considered honest and loyal. This is important since trust is not likely to be developed

between parties if one party feels that the other person does not believe in their honesty and integrity (Lewis & Weigert, 1985; Nooteboom, 2002; Lewicki et al., 2006). As such, demonstrating trusting behaviour towards employees, regardless of whether it is in a family firm or nonfamily firm business context, is conducive to the development of cognitive trust. In the case company this became especially apparent in analysing interviews with employees who had more recently entered the business. The provision of 'trust credit' to new employees led to an accelerated reciprocation of cognitive trust (Lewis & Weigert, 1985; Nooteboom, 2002).

7.2.1.2.   Affective Trust in Organisational Relationships of Family Firms

In this subsection, the importance of affective trust in organisational relationships is discussed. In the past, affective trust has been rather considered a feature of close, intimate relationships (Larzelere & Huston, 1980; Rempel et al., 1985; Lewis & Weigert, 1985; Peetz & Kammrath, 2011). However, research also confirmed the importance of affective trust in organisational relationships (McAllister, 1995; Mayer et al., 1995; Dirks & Ferrin, 2001; Morrow et al., 2004). Since trust is embedded in social relationships, it also entails an emotional component, which has been referred to as affective trust (Lewis & Weigert, 1985; Morrow et al., 2004; Erdem & Atsan, 2015).

Affective trust is defined as an emotional bond that can be based on different emotions, such as mutual vulnerability, faith, love, benevolence or altruism. Affective trust is not primarily based on rationality. It rather entails a gut feeling or hunch, something that is based on intuition as opposed to reason (Rempel et al., 1985; McAllister, 1995; Morrow et al., 2004). It entails a general belief, or rather faith that each person involved in a relationship will be responsive to the needs of the other, and will demonstrate benevolence, altruism and genuine care (McAllister, 1995; Morrow et al., 2004; Erdem & Atsan, 2015). The following illustration (see next page please), shows how affective trust is developed in organisational relationships in family firm contexts.

Illustration 7.3: Affective trust in organisational relationships
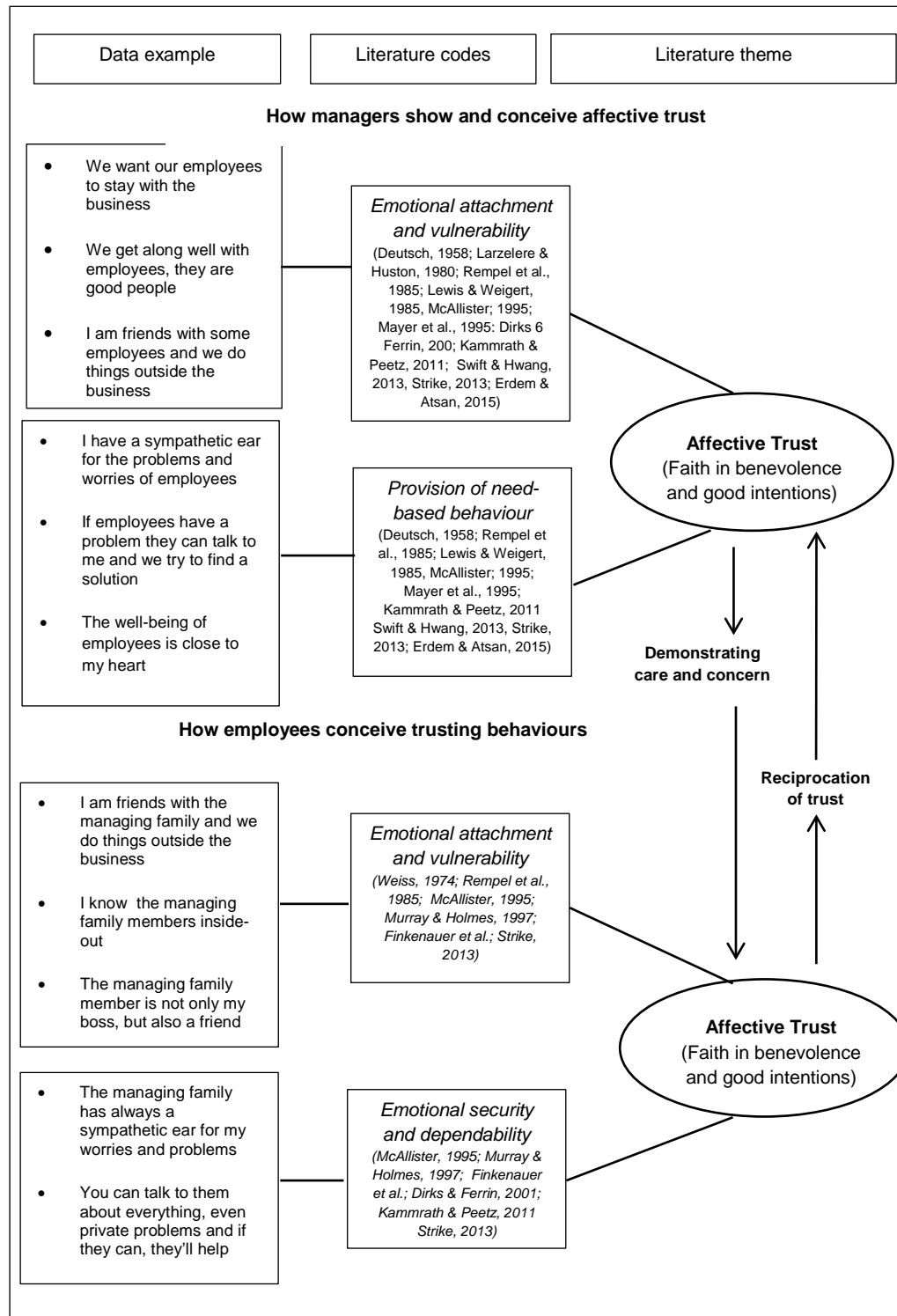
At the beginning of a relationship, affective trust has been described as a mutual feeling of sympathy (Morrow et al., 2004). As the relationship progresses, affective trust in organisational relationships is often described

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as an emotional attachment between superior-subordinate or colleagues (McAllister, 1995). People express feelings of attachment and social loss if one of the people involved in the relationship leaves the business (McAllister, 1995; Glaser & Strauss, 2008). In the case company this was especially apparent when family members and nonfamily employees described their relationships. Managing family members expressed a wish to have employees stay with the business (McAllister, 1995) and considered them as people with whom they get along well. Other employees were considered close friends (Strike, 2013; Erdem & Atsan, 2015) and family members would have private interaction with employees outside the business.

Similarly, employees would state that they could not imagine working elsewhere, that they knew managing family members inside out and considered them not only as their bosses but also as their friends (Strike, 2013; Erdem & Atsan, 2015). In the family firm context, it seems quite common that family members establish close friendship ties with a number of nonfamily employees (Strike, 2013; Goebel, 2014; Erdem & Atsan, 2015). They are often considered loyal companions and advocates of the family (Strike, 2013; Erdem & Atsan, 2015). These employees share relationships with high levels of affective trust, bordering on blind trust (Strike, 2013; Erdem & Atsan, 2015). Some employees were so close to the managing family[43] they considered themselves quasi-family (Strike, 2013). Managing family members would also express affective trust by demonstration of need-based behaviour (Rempel et al., 1985; McAllister, 1995; Peetz & Kammrath, 2011). Need-based monitoring (McAllister, 1995), refers to the idea that

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43 Some employees were invited to all private festivities such as birthdays, weddings, and baptisms.

superiors will look out for the emotional needs of employees, identifying with the problems and worries of employees and vice versa (McAllister, 1995). This was especially true in the case company. All family members universally expressed that they always had an open ear for employees' worries, that the well-being of their employees was close to their hearts and that they would try to help employees should they come to ask for help (Larzelere & Huston, 1980; Rempel et al., 1985; McAllister, 1995; Peetz & Kammrath, 2011). This was a fact acknowledged by employees who felt that the family was always approachable for help and advice. This was probably one of the themes mentioned by every respondent, no matter how long or close the relationship with managing family members was. Employees expressed a sense of emotional security, a confidence that no matter what problems they had, managing family members would listen and not judge them (Larzelere & Huston, 1980; Rempel et al., 1985). Employees felt genuinely cared for and high levels of affective trust clearly contribute to this feeling.

7.2.1.3.   Consequences of Affective Trust on the Feeling of Care and Interpretation of Stakeholder Engagement

In this subsection, the direct and indirect consequences of affective trust with regards to stakeholder engagement are discussed. In the analysis of the case, it emerged that those high levels of affective trust in managing family-nonfamily relationships contributed to social reciprocity. This can be primarily traced to direct and indirect effects (Wass, 1988; Dirks & Ferrin, 2001; Eddleston et al., 2010). Affective trust creates a reciprocal bond of care and affection for another person. Individuals who share high levels of affective

trust are more concerned for each other's psychological welfare. There seems to be a strong reciprocal relationship between trust and certain emotions such as care, affection and love (Larzelere & Huston, 1980) and in this sense, higher levels of affective trust in managing family-nonfamily relationships are associated with higher levels of affection and care (Larzelere & Huston, 1980). The possibility to self-disclose to managing family members also contributes to the development of affective trust (Finkenauer et al., 2004). High levels of affective trust between managing family members and nonfamily employees seemed to increase the feeling of being genuinely cared for in employees and also seemed to increase the personal responsibility expressed by managing family members to care for the well-being of employees (Rempel et al., 1985; McAllister, 1995; Finkenauer et al., 2004; Peetz & Kammrath, 2011).

At the same time, an increased feeling of being cared for also reinforced and strengthened the affective trust relationship. This is what researchers have called the feedback loop of trust (Mayer et al., 1995; Nooteboom, 2002; Lewicki et al., 2006). The relationships between affective trust, care and affection have been long since established in intimate, close and kinship ties (Larzelere & Huston, 1980; Rempel et al., 1985; Murray & Holmes, 1997; Finkenauer et al., 2004; Peetz & Kammrath, 2011), however, they have seldom been transferred to the organisational setting. Since organisational relationships are rather considered purpose-driven and less enduring than kinship ties or less intimate than love relationships, affective trust has not received major attention. In the family firm context, however, long-lasting relationships are often established between nonfamily and family employees

(Strike, 2013; Goebel, 2014; Erdem & Atsan, 2015), potentially affecting the relationship at a larger scale throughout the business. A more detailed discussion of this theme follows in a later section of this chapter.

High levels of affective trust, however, also have a moderating effect on the feeling of care (Dirks & Ferrin, 2001; Eddleston et al., 2010). This is based on a learning process of social cognition which impacts how individuals interpret behaviours directed at them (Wass, 1988; Wood & Bandura, 1989; Pettit et al., 1991; Baldwin, 1995; Nooteboom, 2002). Research on social learning has revealed that individuals and their interpretations are shaped by the environment of past and present social interaction (MacDonald & Parke, 1984; Brody & Shaffer, 1982; Rotenberg, 1995; Paley et al., 2000; Jacquet & Surra, 2001; King, 2002).

Starting with parent-child interactions (Brody & Shaffer, 1982; MacDonald & Parke, 1984; Rotenberg, 1995), and stretching over peer-interactions at different age levels (Pettit et al., 1991; Paley et al., 2000; Dirks & Ferrin, 2001), people try to assess the motivations of other individuals in their social interactions. Since most actions are not driven by one motive only (Rempel et al., 1985; Wass, 1988; Baldwin, 1995; Nooteboom, 2002; Lewicki et al., 2006), people will make judgements with respect to primary motives. As such, stakeholder engagement and actions directed at increasing stakeholder well-being are scrutinised with regard to whether they are normatively motivated (it's the right thing to do) or instrumentally motivated (it's the good thing to do). Research has long since established that

corporate citizenship behaviour and positive stakeholder engagement have long-term positive financial as well as reputational benefits (Banerjee, 2008; Byus et al., 2010; Muller & Kolk, 2010; Porter & Kramer, 2011; Mickiewicz et al., 2016). Therefore, normative and instrumental motivations are likely to operate alongside each other (Nooteboom, 2002; Byus et al., 2010; Mickiewicz et al., 2016). Especially in the context of family firms, stakeholder engagement is partially driven by the desire to retain business legitimacy and create a family legacy (Zellweger et al., 2011; Bingham et al., 2011; Cennamo et al., 2012; Hauswald & Hack, 2013). Research on motivational drivers of managing families in their internal stakeholder engagement confirms that families are motivated by instrumental and normative motives at the same time (Cennamo et al., 2012; Hauswald & Hack, 2013).

However, little knowledge exists on how employees as the recipients of internal stakeholder engagement activities form perceptions and interpretations of what motivates managing family members (Hauswald & Hack, 2013). The argument of perceived family influence and control in shaping the perceptions of benevolence seems of limited applicability to the small to medium-sized private family firm sector, since family involvement and control in these ventures is usually moderate to high (Astrachan et al., 2002). However, affective trust seems to play an important role, as the findings of this thesis reveal. High levels of affective trust led to a positive attributional bias (Rempel et al., 1985; McAllister, 1997; Dirks & Ferrin, 2001; Nooteboom, 2002; Kautonen et al., 2010). In this sense, employees would interpret actions directed at increasing employees' well-being as primarily driven by genuine care and benevolence (Rempel et al., 1985; Dirks & Ferrin,

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2001). Even though employees acknowledged the positive effects that stakeholder engagement activities had on business and financial performance (e.g. the health management system reduces the number of sick leave days), they considered them as a secondary motive and thus considered managing family members to be caring and benevolent as opposed to self-centred (Rempel et al., 1985; Dirks & Ferrin, 2001; Hauswald & Hack, 2013). Having established high levels of affective trust in previous social interactions that provides evidence for the care of managing family members, employees had learned that the managing family cared about their well-being (Dirks & Ferrin, 2001; Nooteboom, 2002; Hauswald & Hack, 2013; Cabrera-Suárez et al., 2015).

This interpretational schema was transferred to present interactions (Dirks & Ferrin, 2001; Nooteboom, 2002; Peetz & Kammrath, 2011; Hauswald & Hack, 2013). As Nooteboom argues using availability heuristics, individuals are more likely to attribute the cause of a present action to the most cognitively available cause (Nooteboom, 2002), which may explain why employees tend to interpret present actions of managing family members as primarily based on benevolence and care. Furthermore it suggests that affective trust has a salient, quite sustainable effect. Not only does affective trust serve as a moderator, an interpretational reference on which to interpret present and future behaviour (Dirks & Ferrin, 2001; Nooteboom, 2002), it also serves as a buffer against adverse behaviours. As demonstrated by Rempel and colleagues (1985), Murray and Holmes (1997) or Kammrath & Peetz (2012), high levels of affective trust lead to a quasi-conviction of another person's benevolence and good intentions. This positive attributional

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bias becomes an automatic cognitive process and adverse behaviours (e.g., not following through with a promise) are overlooked or attributed to being unintentionally caused (Wass, 1988; McAllister, 1997; Peetz & Kammrath, 2011; Kautonen et al., 2010). This widening of tolerance levels (parameters in which adverse behaviour does not lead to a reassessment of a person's trustworthiness), seems to be an important relational feature in close relationships, since eventually people will make mistakes (Murray & Holmes, 1997; Nooteboom, 2002; Peetz & Kammrath, 2011). However, in the family firm and all organisational contexts, this may be equally relevant. In the case company, for example, employees would attribute mood-swings of managing family members to high stress levels as opposed to unsocial behaviour. In this sense, affective trust has a positive effect on attributions of intent in that it leads to the emergence of a shared reality of care and benevolence.

7.2.1.4.   The Importance of Cognitive Trust in the Creation of Affective Trust

This subsection discusses the relationship between cognitive and affective trust. Evidence suggests that cognitive trust is a necessary condition to developing high levels of affective trust (Larzelere & Huston, 1980; Rempel et al., 1985; McAllister, 1995), since cognitive trust is conditionally offered on the assumption of another person's predictability and reliability. As positive cognitive trust experiences accumulate, the perceived risk of vulnerability decreases, thus leading to the development of affective trust (McAllister, 1995; Morrow et al., 2004).

Affective trust involves a high emotional investment and risk. Breaches of affective trust are often beyond repair, since the emotional pain and sense of betrayal is felt so acutely (Rempel et al., 1985; Lewis & Weigert, 1985; Kim et al., 2009). It seems self-evident that humans will try to avoid such painful experiences and only develop high levels of affective trust once the other person has proven to be deserving (Rempel et al., 1985; Peetz & Kammrath, 2011). Analysis of findings revealed that cognitive trust was of considerable importance to employees. Being considered able and honest (Finkenauer et al., 2004; Guilamo-Ramos et al., 2006), instilled employees with a sense of self-worth and pride (Weiss, 1974), that was conducive to developing emotional attachment with managing family members (McAllister, 1995). Similarly, cognitive trust also increased the emotional attachment of managing family members and thus their emotional motivation to care for the well-being of employees (Rempel et al., 1985; McAllister, 1995).

Another relationship between cognitive and affective trust emerged that has also been mentioned at least indirectly in the literature. Relationships between managing family and nonfamily employees that reported high levels of affective trust seemed to rely less on cognitive trust, or behavioural evidence (Rempel et al., 1985; McAllister, 1995; Murray & Holmes, 1997; Peetz & Kammrath, 2011). In this sense, cognitive components such as predictability or dependability seem to lose priority, as there is a general belief of the good and best intentions of each party. Therefore, affective trust is important as it simplifies the cognitive processes further and facilitates more personal and intimate interactions. Since there is general faith in the other person's care and good intentions, the importance of calculating or

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mentally reviewing positive experiences between managing family and nonfamily employees becomes less important. Inconsistent behaviours would rather be discounted or overlooked, producing a relationship more resistant to small breaches of trust (Gulati, 1995; Murray & Holmes, 1997; Dirks & Ferrin, 2001).

7.2.1.5.   The Dark Side of Trust: Potential Negative Consequences from High Levels of Affective Trust

This subsection discusses the dark side of trust and potential negative consequences, stemming from high levels of affective trust. The previous three subsections have explored the literature on affective trust and discussed the benefits of high levels of affective trust on the feeling of benevolence and care felt by employees in their managing family interactions and vice versa. However, high levels of affective trust, despite its benefits, can also have potential negative effects (McAllister, 1997; Zahra et al., 2006; Welter, 2012; Kautonen et al., 2010). First, trust can become a 'liability' rather than an asset (McAllister, 1997; Zahra et al., 2006; Welter, 2012; Shi et al., 2015). Second, people can fall into the trust trap.

While academics acknowledge the benefits of trust in organisational relationships, more recent discussions have called for a more nuanced and balanced view of trust (McAllister, 1997; Nooteboom, 2002; Zahra et al., 2006; Kautonen et al., 2010; Welter, 2012). The prevalent claim that more trust is always better, has been challenged, since many instances of white-collar crime have been facilitated by trust (McAllister, 1997). Some

researchers have argued that high levels of trust, especially affective trust may rather become a liability than an asset, since maintaining trust is costly and can lead to inertia and group-think (Welter, 2012; Shi et al., 2015). High levels of affective trust are characterised by a close emotional bond and high levels of identification. To maintain these, investments of time have to be made, either in form of interaction frequency and intimacy, or in form of communication of motives of actions (McAllister, 1997; Nooteboom, 2002; Kautonen et al., 2010; Welter, 2012). Additionally, the investments needed to repair damaged affective trust between individuals are tremendous (Nooteboom, 2002; Kim et al., 2009; Kramer & Lewicki, 2010). This may become especially relevant to the case company, which heavily relies on its 'trust culture'. If trust was to breakdown between managing family and first level network employees, it is likely to have a poisonous effect, since not only trust, but also distrust would be reproduced to lower levels (Bandura, 1977; Nooteboom, 2002).

Furthermore trust can become a liability in the sense that it leads to inertia or over-cautious behaviour. Changes in the economic environment of the case company (e.g. increased competition, economic downturn, etc.), may require the family to take actions that could be interpreted as harsh. This however, may be necessary to ensure future survival of the business. High levels of affective trust could lead the managing family to shy away from necessary actions for fear of being considered cold-hearted (Nooteboom, 2002; Welter, 2012). If actions are taken, time would have to be invested in explaining and communicating motives to employees so as to not damage the trust relationship (McAllister, 1997; Nooteboom, 2002; Zahra et al., 2006). In a

recent incident where an employee had betrayed the trust relationship, managing family members expressed concern whether terminating the working relationship with the employee would be considered harsh. While they personally felt the damage was beyond repair, they also did not want to be seen as cruel or unforgiving.

Another pitfall of high levels of affective trust is that it may trap people in their cognitive attributional schema. As Wass already suggested, children learn their interpretational schemas, i.e. the motives they attribute to other children's' behaviour (Wass, 1988). The same however, also applies to adults and their trust relationships. McAllister (1997), Nooteboom (2002) as well as Kautonen et al. (2010), have argued that high levels of affective trust can lead to 'blind' trust in the sense that benevolent and caring motives are automatically attributed to another person's behaviour, ignoring other possible interpretations.

At the beginning of the relationship when cognitive trust is developed, people constantly adapt their trustworthiness assessment to reflect incoming interactional experiences (McAllister, 1997; Nooteboom, 2002). As the relationships develops and affective levels of trust increase however, trustworthiness may become a conviction that is not called into question and decoupled form factual experience (McAllister, 1997; Nooteboom, 2002; Kautonen et al., 2010). As Nooteboom (2002) argued, people tend to ascribe the most available (i.e. the most vivid and emotionally laden) cause to another person's actions and find it hard to move away from a previously

established baseline anchor. This seems to apply to Wurst Stahlbau where employees automatically attributed benevolence and care to managing family members' actions, when other, self-serving interpretations, were also possible. These however were discounted or rather seen as a secondary motive. McAllister (1997) has argued that with high levels of affective trust, interpretations that would contradict the affective trust relationship are rejected, reconstructed or refuted, since an acknowledgement would create cognitive dissonance (Murray & Holmes, 1997; Nooteboom, 2002). In consequence the trustor would have to acknowledge that the trustee is not as virtuous and benevolent as thought and ultimately admit that the pervious trustworthiness assessment was faulty (McAllister, 1997; Murray & Holmes, 1997; Nooteboom, 2002).

Not only did employees discount self-serving motives, they also attributed negative behaviours (e.g. mood swings), to unintentional side-effects, such as high levels of stress, instead of a sign of little care. While this may be an accurate assessment, it nonetheless shows that high levels of affective trust makes people prone to being trapped in their positive attributional biases, which potentially exposes them to opportunistic behaviour and betrayal (McAllister, 1997; Nooteboom, 2002; Kautonen et al., 2010). This applies to both managing family and nonfamily employees and the recent incident of betrayal that the family experienced seems to indicate that it may be valuable to scrutinise the prevalent interpretational schema, so as to be aware of potential negative impacts (McAllister, 1997; Nooteboom, 2002; Zahra et al., 2006; Kautonen et al., 2010; Welter, 2012).

7.3. Social Learning and Social Cognition

In this section, the importance of social learning in relationships will be discussed. Analysis of data in this project revealed that trust in relationships involves a process of social learning (Bandura, 1977; Wass, 1988). This emerged with little knowledge of the idea of social learning. A review of literature on learning processes revealed that social learning or social cognition is a suitable theoretical framework that explains learning as a cognitive process of observation, interpretation, reproduction and feedback. Social cognitive theory explains the observations made in this research. In the following subsections, the idea of social learning in relationships and social learning of trust will be reflected by integrating findings of this thesis with existing literature. First, social learning and social cognitive theory are reviewed and discussed to the extent that they facilitate the reproduction and thus diffusion of trust to lower hierarchical levels of the business.

7.3.1. Social Learning: Diffusion and Reproduction of Trusting Ties

Following the concept of social learning and social cognition, it is suggested that nonfamily employees reproduce trusting relationships shared with managing family members among colleagues. The notion that trust may involve a process of social learning and reproduction (Bandura, 1977; Brody & Shaffer, 1982; Jacquet & Surra, 2001; King, 2002) first emerged in the analysis of data on collegial ties. Nonfamily employees who shared a close relationship with managing family described collegial relationships in very similar, if not in equal terms. Employees expressed similar levels of cognitive

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and affective trust for colleagues. A review of literature on learning theory was initiated, which led to the discovery of social learning and social cognitive theory (Bandura, 1977, 1989). Further reading of literature on relationship learning led to the realisation that social learning and social cognitive theory have also influenced theories on learning processes in social relationships. The next illustration (see next page), integrates data examples with literature codes and themes. Then, a more detailed discussion of the social learning process is provided which argues for the importance of 'behavioural' and 'verbal modelling'.

Illustration 7.4: Reproduction of trust in collegial relationships
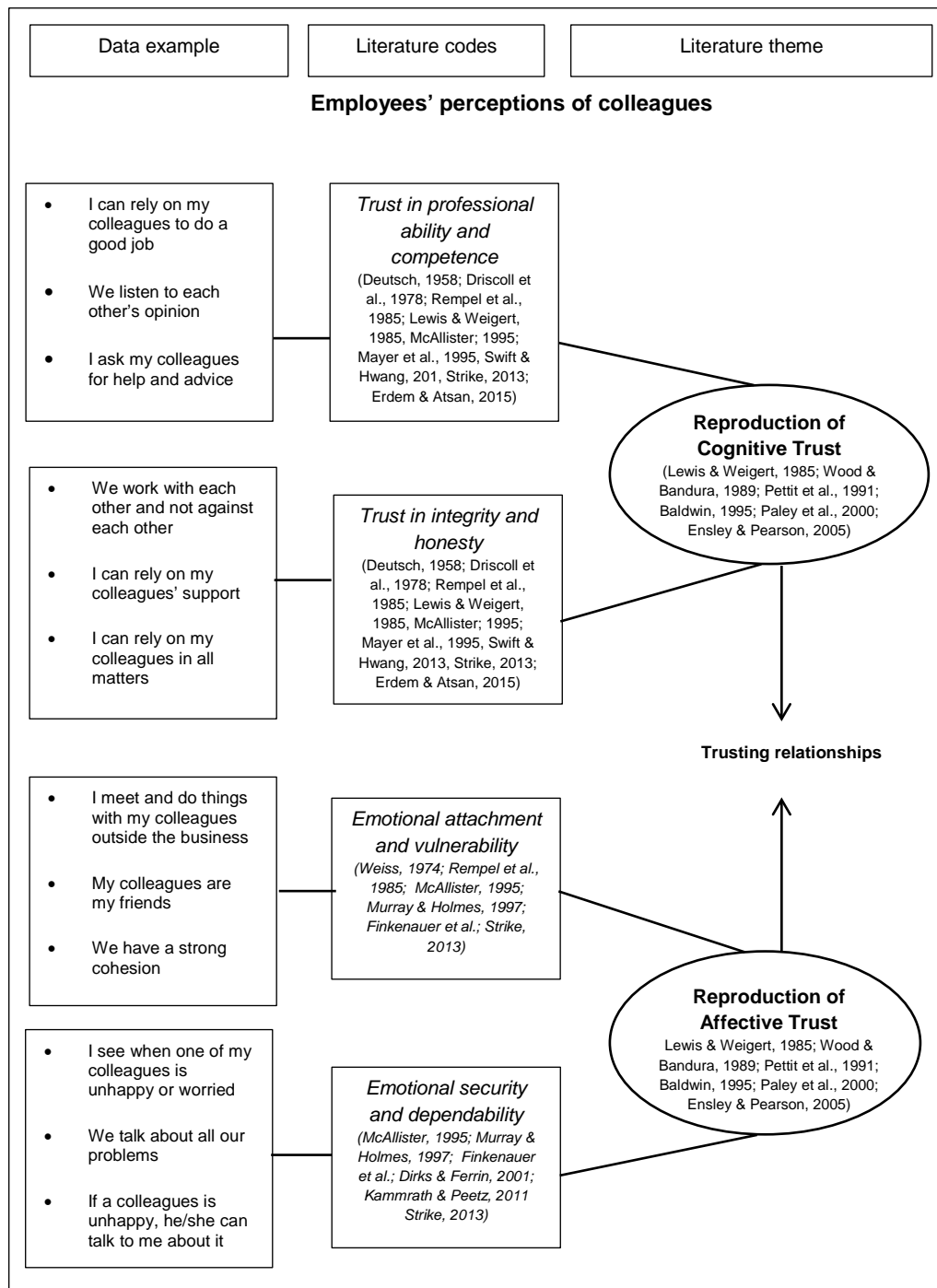
Analysis of data provided by nonfamily employees on collegial relationships shows that respondents mention the same themes used to describe relationships with managing family members. Employees expressed trust in the ability of their colleagues (Rempel et al., 1985; McAllister, 1995; Swift & Hwang, 2013), asserting they can rely on colleagues to do a good job and

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ask colleagues for help and advice on work-related matters. In particular, young colleagues mentioned that more experienced colleagues were always approachable if they needed help with specific tasks. Similarly, employees expressed high levels of trust in the honesty and integrity of their close colleagues. There was a general feeling that people worked alongside each other and would not try to distinguish themselves at the expense of other colleagues[44]. Employees as such did not consider "asking colleagues for help", as a sign of weakness or defeat (McAllister, 1995; Swift & Hwang, 2013).

Employees also reported that they had developed emotional attachment and close relationships to colleagues. They would meet with colleagues outside the business to pursue hobbies or to barbecue. Similar to managing family relationships, some employees called colleagues their friends (McAllister, 1995) and would confess that they talk with colleagues about personal as well as work-related matters[45]. However, an even more interesting finding was that employees with frequent managing family interaction seemed to be equally caring and sensitive to their colleagues' needs, demonstrating need-based behaviour (Rempel et al., 1985; McAllister, 1995; Peetz & Kammrath, 2011). In child development literature, the notion that parents, siblings and peers influence the behaviours of children and young adolescents is quite well researched. Parents shape social interaction capabilities from the toddler years (Brody & Shaffer, 1982; MacDonald & Parke, 1984; Cohn et al., 1991), extending to adolescence (Paley et al., 2000; Guilamo-Ramos et al., 2006)

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44 This feeling was expressed for the majority of colleagues, even if respondents admitted there were colleagues with whom they got along better.
45 The extent to which private interaction existed varied between employees and seemed to be dependent on whether employees lived in the same community. However, all respondents acknowledged that they had at least sporadic private interaction (e.g. birthday parties, etc.).

and adulthood (Jacquet & Surra, 2001; King, 2002; Sun & Li, 2008). Parents influence the moral socialisation of children (Brody & Shaffer, 1982) and trust (Rotenberg, 1995). As such, it can be concluded that individuals learn social relationship processes from social interaction experiences (Bandura, 1977, 1989; King, 2002). In the organisational landscape it has been argued that top management influences social dynamics (Ensley & Pearson, 2005). In the family firm context, the managing family has quite a patriarchal role. This does not refer to the management style, but rather to dominant role of the managing family (Ensley & Pearson, 2005). As long-term owners and managers, managing families are quite influential in shaping the social environment (Le Breton-Miller & Miller, 2006; Cabrera-Suárez et al., 2015). Social behaviour of managing family members are likely to shape the perceptions of what is considered accepted, right behaviour and what behaviours are rejected (Atwater, 1988; Dirks & Ferrin, 2001; Ferrin & Dirks, 2003; Ensley & Pearson, 2005; Hauswald & Hack, 2013).

Managing family members are in this sense what Bandura calls 'models', since their behaviour serves as an observational model for nonfamily employees on how to interact with each other in a manner that ensures social integration (Weiss, 1974; Buyukcan-Tetik et al., 2015). This was also acknowledged by employees, who felt that certain aspects of managing family members' behaviour (e.g. trusting behaviour, honesty, fair treatment) served as an example to them. However, the influence of managing family members on employees' behaviour also seems to be a quite subtle process. Many employees expressed that certain behaviours (e.g. helping colleagues, listening to each other) were just how "we do things here". Especially for

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long-term nonfamily employees, certain behaviours were so internalised (Bandura, 1977; MacDonald & Parke, 1984; Bandura, 1989) that it seemed 'normal to them'.

7.3.2. Social learning: The importance of verbal and behavioural modelling in the creation of trusted weak ties

In this subsection the importance of various forms of modelling behaviour will be discussed. Heightened attention is given to how nonfamily employees with frequent and close managing family interaction shape the perceptions of nonfamily employees with little or sporadic managing family interaction.

The importance of 'bridging ties' has been already explored in network theory (Granovetter, 1973; Levin & Cross, 2004; Hennig et al., 2012; Borgatti et al., 2013). Bridging contacts are those individuals in a network who connect otherwise isolated components of a network (Granovetter, 1973; Levin & Cross, 2004; Borgatti et al., 2013). As such, these individuals control the amount and accuracy that passes between the networks or people they connect. In the context of the family firm, those employees with frequent and close managing family interactions have a bridging function to lower levels of the business, where interaction frequency and intensity to managing family members is limited. Analysis revealed that these employees are quite influential in shaping how the managing family is perceived. The nonfamily employees with frequent and close interaction with managing family

members have also a modelling function (Bandura, 1977; Rotenberg, 1995; Paley et al., 2000). Through 'live modelling' (Bandura, 1977, 1989) or 'behavioural modelling' employees at lower levels observe and interpret colleagues' behaviour towards them. Knowing that some colleagues share a strong connection with managing family members, employees feel that the way these colleagues behave towards them is representative of managing family members' behaviour (Bandura, 1977, 1989). Thus, being treated in a caring and benevolent manner from colleagues who have worked alongside managing family members for a long time, employees assumed that this is based on caring and benevolent treatment by managing family members. While this is again a quite subtle form of social learning, other more direct forms exist.

Employees with frequent and close managing family interaction also made use of 'verbal modelling' (Bandura, 1977; MacDonald & Parke, 1984; Hauswald & Hack, 2013), either via direct instruction (Wood & Bandura, 1989) or symbolic instruction (Bandura, 1989). Direct instructions consisted of advising employees to talk to family members about their problems, while symbolic instruction consisted of retelling anecdotes in which managing family members had demonstrated caring and benevolent behaviour. In particular, these verbal forms of modelling had a considerable impact on shaping employees' perceptions of managing family members as caring and benevolent. Employees who had recently entered the business and who only had sporadic personal interaction with managing family members would express similarly high levels of cognitive and affective trust compared to long-term employees with close managing family interaction. For those employees

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with sporadic or limited managing family interaction, managing family members are considered weak ties (Granovetter, 1973). Their interaction is mostly limited to short conversations, when passing each other in the corridor, and sometimes even to email contact. As such, not only the frequency but also the intensity, i.e. the intimacy of interaction is limited, at least to an extent that would make the development of trust with high affective levels improbable (Marsden & Campell, 1984; McAllister, 1995; Morrow et al., 2004; Swift & Hwang, 2013). In consequence, the amount of affective trust in managing family members these employees expressed was rather surprising. In this sense, managing family members were 'weak trusted ties' of nonfamily employees. Levin & Cross (Levin & Cross, 2004) reported similar findings in their study of knowledge transfer, where they concluded that weak ties with whom a trust relationship existed were particularly valuable in the transfer of novel, non-redundant knowledge.

This thesis, however, provides insight on how trusted weak ties are developed, which Levin & Cross (Levin & Cross, 2004) did not mention. In addition, this thesis gives evidence on how bridging contacts are influential in the reproduction of trust (Bandura, 1977, 1989; Wood & Bandura, 1989; Ensley & Pearson, 2005), since without the reproduction of positive trust experiences of employees with frequent managing family interaction, nonfamily employees with only limited interaction could not have developed such high levels of trust with managing family members (Strike, 2013; Hauswald & Hack, 2013). Furthermore, a comparison with network data revealed that this effect seemed to be strongest for employees with limited managing family interaction, who nonetheless share close ties with more

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than one employee who worked closely with managing family members. It seemed that modelling and positive reinforcement effects were stronger, since they stemmed from more than one contact in the network (Bandura, 1977, 1989). This is also supported by research, which shows the more people are exposed to consistent behaviour i.e. consistent modelling, the better and faster the social learning process and in this case the socialisation of trust (Wass, 1988; Baldwin, 1995; Hatak & Roessl, 2015).

7.4. Summary

This literature review demonstrates how existing literature was integrated into emergent theory. Emergent theory called for an integration of literature on different themes such as trust, social learning and cognition as well as from multi-disciplinary research. The integration of concepts from social and general psychology, sociology and management research led to the development of a data-driven framework that provides interesting insights on social processes and their dynamics. Three concepts emerged of major importance which seem central to the developed theoretical framework. First, the provision of 'trust credit' in business relationship seems to be conducive to the development of trust. Second, affective trust has a powerful moderating role in creating a positive attribution bias, which contributes to a positive perception of motivational intentions as caring and benevolent. Third, social learning and social cognitive theory also provide useful concepts to explain social relationship processes. As such, social relationships are as much a product of social learning as are any other task.

Chapter 6 and chapter 7 provided a presentation and discussion of the developed theory. In chapter 6, a thorough analysis of data was provided, explaining the subsequent development of the theoretical framework. A discussion of the emergent themes was provided at each developmental stage of the framework. Chapter 7 presented a reflection and discussion of existing literature, especially with regards to how existing literature integrates with the developed theory. The next chapter provides the final conclusion of this thesis.

8. Conclusion

8.1. Introduction

The final chapter starts with reviewing the research aims and explaining the framework as the main contribution of this thesis. The next section discusses the theoretical, practical and methodological contributions. Section 8.4 summarises the most important limitations and section 8.5 identifies areas for future research.

The framework emerging from this work addresses all three research aims and is the main contribution. This thesis had three research aims:

I. Explore why a shared understanding and perception of caring and being cared for is created between managing family members and non-family members and along what dimensions this is established;

II. Explore the structural and emotional dimensions of relationships among organisational members such as managing family and employees as well as among employees;

III. Explore how diffusion from upper to lower levels is achieved.

First, the framework below illustrates how social reciprocity, which consists of an emotional and instrumental component, is created. The process is initiated by the development of reciprocal trusting relationships between managing family and close nonfamily employees (see 1 in Framework 8.1 below). This reciprocal trust is based on cognitive and affective levels of trust. While cognitive trust seems necessary to create affective trust, it is the latter that explains the emergence of social reciprocity on emotional and instrumental levels (number 2 in the framework). Social learning, and the

internalisation and reproduction of trusting ties in collegial relationships (see number 3), explain the diffusion of trust and social reciprocity to lower levels of the organisation, leading to the creation of trusted weak ties (number 4).

The framework developed gradually, as explained in chapter 6. A comparison of themes mentioned by the brothers and employees revealed that social reciprocity had an emotional component. This consisted of a general emotional obligation to care for employees which employees interpreted as genuine and heartfelt care for their mental and physical well-being. Furthermore, specific actions were interpreted as being rooted in genuine care, albeit economic benefits also accrued to the company. This was termed instrumental social reciprocity. Analysis of data indicated that trusting relationships between managing family members and nonfamily employees built on cognitive and especially affective trust led to social reciprocity, both impacting and shaping the motivations, attitudes and perception of family and nonfamily members.

Trust network reproduction through social learning and upper network stability as a process catalyst emerged in later stages of the analysis. Talking to nonfamily employees at different hierarchical levels of the organisation, it emerged that employees with frequent and close interaction with the managing family internalised and reproduced trusting relationships in their collegial ties. Furthermore, they passed on their positive interpretational schemas to employees who had little direct interaction with the brothers. This also explains the emergence of trusted weak ties and the diffusion of social reciprocity to lower hierarchical levels of the organisation.

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<u>Framework 8.1: Creating Social Reciprocity: The role of trust and trust network reproduction through social learning</u>

Emotional Social Reciprocity

Instrumental Social Reciprocity

Social Reciprocity (2)

Managing family

Builds

Affective trust →

Cognitive trust →

Trusting relationships (1)

Reciprocate

First level organisational social network

Trusted Weak Ties (4)

Build

Affective trust →

Cognitive trust →

Trusting relationships (3)

Reciprocate

Second level organisational social network

Trust network reproduction through social learning

Upper network stability functions as process catalyst

8.2. Contribution to Knowledge

This section discusses the contribution of the thesis to knowledge. Contributions can be divided into theoretical and methodological contributions. The framework as the main contribution has already been discussed before and will not be mentioned here.

8.2.1. Theoretical Contributions

One of the contributions of the developed framework is the provision of an understanding of the inner social dynamics of stakeholder engagement in a family firm context. By integrating the perspectives of nonfamily employees at

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different hierarchical positions, this contributes to an in-depth understanding of the inner social dynamics of family firms, which a quite original contribution to family firm literature (Strike, 2013). As such, this thesis helps to gain a more complete understanding of social dynamics within organisations.

Furthermore, the framework contributes to business theory by demonstrating the importance of trust, especially of affective trust, in family firm and other organisational settings (McAllister, 1995; Morrow et al., 2004; Swift & Hwang, 2013). While affective trust has been discussed in business research to some extent, it has received limited attention in family firm research (Erdem & Atsan, 2015). This framework demonstrates the complex role that trust, especially affective, plays in interpersonal relationships within organisations, especially its potential as a moderator (Dirks & Ferrin, 2001; Eddleston et al., 2010; Strike, 2013; Hauswald & Hack, 2013).

Another important contribution of the framework lies, in its potential for aiding the generation of meta theory. Trust network reproduction and upper network stability can be identified as causal mechanisms that lead to the successful establishment and diffusion of social reciprocity and have potential for generating meta theory. High levels of trust, especially affective trust in managing family/nonfamily relationships positively shape the interpretation of motivational intentions, leading to high levels of social reciprocity. These interpretational schemas are internalised and reproduced in collegial relationships, leading to the diffusion of social reciprocity. This process of trust network reproduction however, seems to depend on the ability of managing family members to build high-trust relationships: If trust is low, or

mistrust exists, then low trust or mistrust is reproduced leading to low levels of social reciprocity. Additionally, upper network stability seems to serve as a process catalyst increasing the speed and efficiency of trust network reproduction. Relying on a stable network of long-term relationships with first level network members, managing family members and nonfamily employees are better able to reproduce trusting patterns in new relationships, leading to a speedy and efficient integration of new employees into the trust culture. If upper network stability is low however, diffusion may suffer since trust between managing family and their close ties has to be newly developed instead. As such it may take longer to internalise and reproduce trust to lower levels of the organisation.

Lastly, this thesis advances understanding of stakeholder engagement as part of the stakeholder management process. As the framework illustrates, emotions and social cognitive processes form an important part of interpretational dynamics of stakeholder engagement processes. Successful stakeholder engagement, as shown here, is quite dependent on a positive attributional process based on benevolent and normative intentions (Cennamo et al., 2012; Hauswald & Hack, 2013).

8.2.2. Practical Contributions

This thesis also provides practical contributions to managing families and family firm managers. Those who aim to create social reciprocity need to direct their effort at creating and maintaining high level trusting long-term

relationships. It is not only what is done but also how actions are interpreted by employees that matters. While certain contextual factors in the case firm such as the strong local attachment, the personal histories of the brothers and the family seem to have facilitated the emergence of trusting relationships, the brothers have consciously invested in maintaining and enhancing them. Trust, as this thesis shows can, at least to a certain extent, be learned. However, trust is inherently dynamic. It needs to be maintained by continual investment (McAllister, 1997; Nooteboom, 2002; Kramer & Lewicki, 2010).

8.2.3.   Methodological Contributions

This thesis also makes important methodological contributions to the area of management and family firm research. Applying a grounded theory approach, this thesis contributes to methodological knowledge in business and management science (Glaser & Strauss, 2008; Bryant & Charmaz, 2011b). While an accepted research methodology in sociology research, grounded theory yet remains a 'niche' methodology in family firm research (Strike, 2013). This thesis demonstrates the value of grounded theory to the development of theory on complex social phenomena (Corbin & Strauss, 2008; Blackburn & Kovalainen, 2009). Research areas dealing with complex sociological phenomena in management science can benefit from a grounded theory method. Second, applying an embedded case study design also contributes to methodological knowledge (Gao et al., 2012). This thesis adds to this demonstrates that case study designs, such as the embedded

case study, can produce unique and novel insights into understanding social processes in family as well as nonfamily firms, by introducing multiple perspectives, necessary to develop a more complete understanding of social phenomena in family firms and other organisations (Woodside & Wilson, 2003; Blackburn & Kovalainen, 2009; Yin, 2009; Easton, 2010).

8.3. Limitations

While this framework provides potentially valuable theory on a larger scale, inherent limitations exist and need to be considered. First, an embedded case study design, while useful for generating in-depth understanding, has its limitations. Selecting a single family firm produces highly context-dependent findings (Easton, 2010), whose generalisability is limited (Sayer, 1992). Although suggestions have been made as to how the framework can be valuable at a meta-theoretical level, further research needs to test its applicability and transferability to other family and nonfamily firm contexts.

Second, grounded theory and the snowball sampling approach may have impacted framework and theory development. Since a close relationship was a considered an important theoretical condition on which respondents were sampled, no data was gathered from isolated employees (if they existed). As such, overestimation of trust levels may have occurred due to the sampling of close ties, which per se would have higher levels of interpersonal trust with managing family members (Coleman, 1988; Levin & Cross, 2004; Cabrera-Suárez et al., 2015). Furthermore, a close tie approach may have led to

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sampling bias and little variance in answers may stem from the sampling approach itself. However, by sampling employees with limited interaction frequency and intensity to managing family members, it is hoped that this limitations have been mitigated and play no major role. Similarly, a bottom-up instead of a top-down sampling approach may have provided different insights. However, it would have been difficult to sample theoretically relevant cases at a grassroots level for an organisational outsider such as the researcher.

Third, while this thesis investigated the social dynamics between family and nonfamily employees, the social dynamics between family members have not been integrated. Research, however, suggests that intra-family dynamics are likely to impact the social dynamics between family and nonfamily employees (Barnett & Kellermanns, 2006; Eddleston & Kellermanns, 2007; Cabrera-Suárez et al., 2015; Naldi et al., 2015). This, however, may be an interesting opportunity for an extension of the developed framework in future research projects.

Lastly, since speaking only with 17 respondents, this research did not investigate the limits to network reproduction. Speaking only with first, second one third level network members, no extensive data is provided on the perceptions of employees at a grassroots' level. While all 12 first level network members have been included, at the second and third level, sampling choices had to be made and the 5 respondents were selected on theoretical grounds. It could have been expected that the more 'distance'

there is between an employee and the managing family, the more trust network reproduction may come to its limits, since 'trust information' has to be passed through various nodes (Levin & Cross, 2004; Borgatti et al., 2013).

8.4. Future Research

There are a number of very intriguing directions for future research in family firm and organisational research. First, the developed theoretical framework needs to be extended to other family firm and nonfamily firm contexts to test its transferability. Network reproduction and upper network stability are valuable themes that may be transferred to other research contexts. This would also allow a more detailed research of the contextual factors that function as antecedents.

Within the area of family firm research, future research could extend the developed framework to include the relationship dynamics between family members and the effect that social learning in predecessor-successor generation relationships has on aspects such as the ability to form trusting relationships. Future research may look at whether trusting and nurturing parental relationships influence the ability of family firm leaders to build relationships based on affective trust in the business domain. As such, supporting Eddleston and colleagues' (Eddleston et al., 2010) argument, trust needs to receive more attention in family firm research as it may provide one of the most powerful concepts explaining differentiation between family as well as family and nonfamily firms (Strike, 2013; Erdem & Atsan, 2015).

In the area of trust research, future research may investigate the social learning of trust in organisational settings. A very interesting theme for future research in management and trust research is the provision of trust credit in superior-subordinate relationships. The findings of this thesis indicate that the provision of trust credit by managers to employees facilitates the reciprocation and development of interpersonal trust. Future research may also extend the concept of trust credit to other business relationships. Future research may also investigate the importance of social learning and the reproduction of relationships in other contexts of the organisational domain. Possible areas for research may be the acculturation process within organisations and the role relationship learning has in this process.

Of special interest may be the development of trusted weak ties, which combine the strengths of both close and weak ties. Similarly, institutional factors (e.g. size, ownership structure, etc.) that impact social learning and reproduction may be investigated. Of special interest may be whether there are national cultural differences. For example, are collectivist cultures better at social learning and the reproduction of relationships? Within this context, future research may investigate the importance of upper network stability as an institutional factor influencing network reproduction and network learning.

8.5. Implications

While contributions to theoretical knowledge and prospects for future research have been discussed, the implications for practitioners need to be

mentioned. Consultants and managers, but especially family firm managers, are most likely to benefit from this research. This research directs attention to the key contributory factors that lead to the creation of social reciprocity. Managers and family firm managers aiming to create a positive perception of benevolence and care may want to direct attention to creating and maintaining trusting ties with employees based on high levels of affective trust (Hauswald & Hack, 2013; Erdem & Atsan, 2015). The managing family members in the case company, for example, benefited from this research in realising that empathy, emotional attachment and care were contributory to the retention and integration of employees and the creation of a positive identity. While they had recently suffered a breach of affective trust in a singular case, the findings of this research reassured them to keep investing in the emotional relationships with employees, since the benefits were greater than the potential harm stemming from one negative experience.

8.6. Conclusion

The developed theoretical framework explains why social reciprocity is created between managing and nonfamily members and how this feeling diffused within the business. As such, this research provides interesting insight on the internal stakeholder engagement process in a family firm context (Hauswald & Hack, 2013; Erdem & Atsan, 2015; Cabrera-Suárez et al., 2015). However, the developed framework also provides potential for meta-theory since trust network reproduction and network stability may be causal mechanisms transferable to a wider range of organisational research.

Drawing on existing theories of social learning, social cognition and trust, this research makes, however, original contributions to the domain of family firm research. The importance of trust, especially affective trust and its moderating effects has not yet received increased attention in family firm research.

Another contribution to family firm literature also lies in the methodological approach and the integration of voices of nonfamily employees. Focussing on the managing family as the dominant group has led to the development of theories that lack an in-depth understanding of social dynamics and social mechanisms (Blackburn & Kovalainen, 2009) between family and nonfamily employees. In addition, grounded theory provides a valuable tool, especially in the domain of family firm research, which is governed by multiple complexities stemming from the family and the business system. Lastly, this thesis also contributes to the understanding of social cognitive processes in relationships, which may be of value to business and organisational research literature.

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10. Appendices

10.1. Interview schedules and timetables

10.1.1. Schedule of guided interview with semi-structured parts

No.	Phase 1: Managing Family Members	Date	dur/min*	no. Memo
1	Brother 1 (Test interview)	28.02.2014	40	15
2	Brother 2	04.03.2014	25	16
3	Brother 3	07.05.2014	20	10
	Phase 2: First Level Network Members			
1	Employee test interview**	08.07.2014	30	15
2	First level close organisational and trust tie	14.07.2014	20	10
3	First level close organisational tie	16.07.2014	20	12
4	First level close organisational and trust tie	16.07.2014	25	12
5	First level close organisational and trust tie	16.07.2014	30	15
6	First level close organisational and trust tie	16.07.2014	20	16
7	First level close organisational and trust tie	18.07.2014	20	14
8	First level trust tie	18.07.2014	20	15
9	First level trust tie	16.01.2015	25	14
10	First level close organisational and trust tie	21.01.2015	20	12
11	First level close organisational and trust tie	23.01.2015	25	15
	Phase 3: Second Level Network Members			
12	Second level trust tie	27.01.2015	25	15
13	Second level organisational tie	28.01.2015	25	12
14	Second level close organisational and trust tie	02.02.2015	35	16
	recorded time in minutes/total number of memos		425	234
	* duration time was rounded up to closest 5 minute interval			
	** tie was later identified as third level close organisational tie			

10.1.2.   Schedule of feedback Discussions

No.	After Phase 1 and Phase 3: Managing Family Members	Date	Dur./min
1	Managing family member 1 (non-recorded)	08.07.2014	40
1	Managing family member 1 (non-recorded)	11.03.2015	25
	After Phase 2: First Level Network Members		
1	Employee test interview*	22.01.2015	15
2	First level close organisational and trust tie	22.01.2015	35
4	First level close organisational and trust tie	22.01.2015	25
8	First level trust tie	22.01.1900	20
6	First level close organisational and trust tie	10.02.2015	15
	After Phase 3: Second Level Network Members		
11	Second level organisational tie	06.02.2015	20
12	Second level close organisational and trust tie	06.02.2015	20
	recoreded time in minutes		150

10.2.   Interview questions (excerpt)

Not every question was discussed with each managing family member or employee. Sometimes, questions had been answered before or additional questions were asked in some interviews, when an interesting theme was mentioned. The question sheets used with managing family members and nonfamily employees was rather used as guidance.

10.2.1.   Guided Interviews with managing family members

<u>Introductory question</u>

Tell me your (his)story in the business.

<u>Social community engagement</u>

You are engaged in a number of community projects, in which of these are you actively involved?

Which one of these is closest to your heart?

You, all your brothers and your father are actively engaged with the voluntary fire fighters, Can you tell me more about it?

<u>Internal stakeholder engagement and the promotion of employee well-being</u>

Please finish the sentence: "The wellbeing of our employees…"

What are you doing for your employees?

Which of those things you just mentioned, do you think sets you apart from other businesses?

Do you feel that your employees recognise how much you're doing for their well-being? Is it important to you that they do?

<u>Social relationship with employees</u>

Do you think that you, as a family business, have a more personal relationship with your employees as compared with those that other managers have?

What are the main reasons for this?

<u>Self-perception and family perception</u>

Imagine you were to retire. On your last day, one of your employees would hold a honorary speech. What would you like him/her to say about you as a business leader?

The first five words that come to your mind when you hear "Wurst Family"

Your name stands for a successful business in the community of Bersenbrück. Do you feel that people separate your actions/behaviour as a business leader from those as a "private person"?

What are the positive or negative aspects that come along with this?

Your family has a long tradition of actively engaging in social and community projects in Bersenbrück. Do you think that this leads to higher moral expectations at the business as well?

Imagine you could start-up the business again today; would you integrate your family name into the business name again? Why?

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10.2.2. Guided Interviews with employees

<u>Introductory question</u>

Please tell me your story in the business!

<u>Social community engagement</u>

The Wurst family is actively engaged in a number of community or social projects. Do you know any of these voluntary engagements?

Is there any social engagement for which the family has a reputation or where the family is particularly strongly engaged?

Are you yourself engaged in any community or social projects?

Does the managing family encourage social and community engagements of their employees?

<u>Promotion of employee well-being and perceptions of managing family</u>

What does the managing family do to promote the well-being of their employees?

How does the managing family try to show their appreciation of their employees?

<u>Social relationship with managing family members and colleagues</u>

Another employee once said, "In this place, we know the worries of everyone working here" would you agree with that?

Do you feel that in this business there is a stronger relationship between people and between management, and if so where do you think that comes from?

Whom do you personally know of the Wurst family? Please tell me how long you have known these people and describe your relationship!

Whom of the three brothers do you know best?

Imagine I would not know NAME OF AFOREMENTIONED BROTHER and you'd have to give me a description of his personality, so that I would recognise him, how would you describe NAME OF AFOREMENTIONED BROTHER?

Have you already been working in the business when the first generation still was stronger involved in the business, or do you know the first generation personally?

Are there any virtues that NAME OF AFOREMENTIOED BROTHER has inherited from his parents in leading the business?

Perception of managing family and firm

What comes to you mind when you think about the Wurst family?

Imagine a good friend of yours had applied for a position with this company. What would you tell him/her if you were asked to describe the company?

Background questions

How long are you working with the business?

What is your current position?

Are there any relatives of family members of yours who also work in the business?

10.2.3. Social network questions (managing family members and employees)

Hierarchical network

Name the five persons you interact most frequently within the business and indicate whether this person is a colleague, subordinate, boss?

      1.

      2.

      3.

      4.

      5.

Name any of these persons you have contact with outside the business?

<u>Emotional network</u>

Imagine you were to make a climb the Matterhorn. Name 5 people you would ask to accompany you if you were limited to people within the business

2.

3.

4.

5.

Why did you choose these people?

Now on your hiking trip you need to be roped down. Who are the two people that secure you?

1.

2.

Why did you select these two people?

10.2.4. Questions in feedback interviews and discussions (expert)

Feedback discussions were quite unstructured. After the preliminary findings had been presented, rather a discussion evolved around the themes mentioned.

Do you feel that managing family members serve as a leading example of how to treat each other?

Is there anything in the brother's behaviour that you pass on to your colleagues?

Do you feel that your colleagues' behaviour towards you is any indication of how they are treated by managing family members?

10.2.5.   Tick-box questionnaire (managing family members)

Simply tick the appropriate box	Yes	No
I knew some of our employees even before they started working in the business		
Some of the people that work for us, I have known since my childhood or teenage years		
I have contact with some employees outside the business		
I have private contact with employees through volunteering		
I have private contact with employees through recreational activities		
I have private contact with employees through community work		
I have private contact with employees through my children		
I have private contact with employees through friendships		
I grew up in the community of Bersenbrück		
I live nearby the community of Bersenbrück		
I live within the community of Bersenbrück		
We try to source for employees within the community of Bersenbrück and nearby		
Our business and family owes a lot to the community of Bersenbrück		
Creating a better future for our community is important to me and my family		
I have been engaged in voluntary work before I was a business leader		
I would like to be considered approachable by my employees for their problems and worries		
We provide a life-long job guarantee to all our employees.		
In some cases more than just one member of a family is employed with us		
A child of any employee would get an apprenticeship with us, if asked		
Our family is considered being "down-to-earth"		
I fell feel I will be judged as a person by how I behave in the business context		
I feel that business reputation and family reputation are interdependent		
I feel that an important part of who I am would be missing if the business was to be discontinued		
I was raised, knowing that I would be leading my parents' business one day		
The first generation is still involved in the business		
I think that through our business we're upholding and passing on a family legacy		
I want to pass on the business to the next generation of the family		
I feel proud knowing that the name Wurst stands for a highly successful business		
Our family values have infuence our business values		

10.2.6.   Tick-box questionnaire (employees)

Simply tick the appropriate box	Yes	No
i knew the 'Wurst' family before I started working in the business		
I know one or more of the brothers since I/they have been children/teenager		
I have private contact with managing family members outside the business		
Due to my social engagement I have private contact with one or more of the brothers/family		
Due to my hobbies, I have private contact with one or more of the brothers/family		
Due to my community engagement I have private contact with one or more of the brothers/family		
My children go to the same schools/sports clubs as due children of managing family members		
I am friends with one or more of the managing family members		
I grew up in Bersenbrück		
I live in Bersenbrück		
Many of y colleagues are from Bersenbrück or close by		
The community of Bersenbrück many reasons to be grateful to the Wurst family and business		
The managing family does a lot for the future and development of the community		
The managing family is socially very engaged in the local community		
The 'Wurst' name stands for a successful and prominent business of the community		
The brothers always have a sympathetic ear for the problems and worries of their employees		
The brothers show interest for the opinions of employees, independent of the hierarchical position		
In this business, employees are more than just a 'number' they count as individuals		
The well-being of employees is a matter close to the brothers' hears		
In this business, you have a job for a life time		
In this business, there is often more than one employee from the same family working here		
The brothers show their employees their appreciation		
If one of my children(friends would ask me, I would recommend them to work in this business		
The Wurst family is considered as being 'down-to-earth'		
I think that the behaviour of the brothers inside the business say a lot about their general personality		
If the business ceased to exist, I think a huge part of what makes this community would be missing		
The first generation still retains some form of involvement in the business		
I am proud to be part of such a successful, medium-sized business		
I think that the family values of the Wurst family influences how the business works and things are done around here		

10.3. Interview transcripts (excerpts)

Interview transcripts are translated from German. A few excerpts from various interviews and feedback discussions is provided below.

10.3.1. Interview transcript (brother 3, 07.05.2014)

Interviewer: How do you try to show your appreciation to employees?

Interviewee: Well, with praise and ad motion…and yes, also praising them, so they know they are taken seriously. Also, when they have ideas for improvement or whatever, that you take them seriously and you reflect on what they say and not just…"You'd better just step aside and…"

Interviewer: Sure…

Interviewee: …[do] not just push aside [what they say], but also reflect on it [maybe]..."it's a good thing² and that should be given as a feedback "That's was a good idea', so the employees gets feedback, the he hears from it…

Interviewer: Okay, you have something like 'employee breakfasts' every other week or so…Are these employees from grassroots level?

Interviewee: Not always. It's often a complete mix. Our HR department selects the employees who get invited. It's a mix, at some point everyone has been invited and okay, there may be some [employees] who don't want to take part, but thus far, we have never had an

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employee being there a second time, yet…but with 200 people it takes a while until [everyone has been invited]. We also drive to the construction sites to the assemblymen and we pack a picnic basket…and that's usually quite a nice event. You also get to know a lot of things, that usually get filtered otherwise, I mean from grassroots to us…

Interviewer: Well that's something your brother already said, that sometimes there is the feeling that not all information gets passed on, or passed on in the way it was said…so maybe the employees [who participate in breakfasts] realise that someone's looking after…

Interviewee: …that what they say, gets recognised, or about what they [talk]…most times, I write it down and then we put it into action. Often it's only small things, like facilitating standing in the production facility or whatever…like [putting] rubber mats next to the machines where people stand for a long time…it helps, it's a relief [to them}

Interviewer: Sure, well, die you think that your employees recognise your engagement for the well-being, that they appreciate it?

Interviewee: Well. Yes I think so.

Interviewer: Is it important to you that they do?

Interviewee: Yes, I think it is.

Interviewer: Okay, do you think that as a family firm, you have a different or more personal relationship to your employees than managers have in a normal [nonfamily] business?

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Interviewee: Well, I do think that we have quite a relaxed atmosphere here. We [the brothers] and our employees, we know each other. We are on first name basis with most of our employees, I'd say with 80% I am on first name basis. They know us sine we were little; we kind of grew up with them.

Interviewer: Okay, so that's a question more answered. We're quite quick here…Now imagine, you were to retire in a few years' time and…

Interviewee: that's still far along

Interviewer: I know, but that's not bad…and one of your employees, you can now chose one mentally, would hold your honorary speech and it goes like " We thank [brother's name] and so forth and forth" What would you like to hear or how would you like to be remembered?"

Interviewee: Well, since I am not about to retire, I haven't really thought about this and I really can't say a lot to this…There's no need for having a huge farewell or honorary speech for me. I find it quite silly…

Interviewer: Fai enough. What kind of virtues do you think you have been taught by your parents? Are there any virtues of values you have that you want to pass on to the next generation, provided you could?

Interviewee: We definitely have been taught to be punctual. Honesty, that's also a thing that [we have been taught] and want to pass on to the kids.

10.3.2. *Interview transcript of a guided interview with a nonfamily employee (Employee 4, first level close organisational and trust tie, 16.07.2014)*

Interviewer: Are you socially engaged in the community?

Interviewee: No.

Interviewer: Okay. Do you think that the family supports the social engagement [of employees]? I meant that you'd get the opportunity to do that?

Interviewee: Well, yes, I think it's really important to them [that employees are socially engaged]. That's why there are a few more employees who are also engaged in the voluntary fire forces. I think they feel it's very important, and I think they support it. For example, the other employees, if there's a fire run, they are gone in a blink of an eye; they drop everything. I think it would not be like this, if the boss was not socially engaged as well…

Interviewer: What does the managing family do to promote your well-being?

Interviewee: Well, they do [a lot], that's for sure…and the climate here is really great. I mean, okay that's also based on the other employees and colleagues with whom you interact a lot, but there are also a lot of things…It's not always about the money, but rather this balanced scorecard thing…like the health management that they do, like supporting us to go the gym, or quit-smoking classes, once a year a summer party, Christmas party, well those things, I don't know which term to summarise it with, but they really do a lot which strengthens the social cohesion here…But then, we really do a lot of things together outside the business..

Interviewer: Outside the business…An employee once said to me "Here with us, everyone know the problems and worries of one another", to describe the climate among colleagues. Would you agree with that?

Interviewee: Yes.

Interviewer: Ehm, you have already mentioned this a bit…Do you believe that there's a stronger social cohesion here in the business between people) Say, if you'd compare it to other businesses? And if so, why is that so?

Interviewee: Well, like I said, the climate or social cohesion is, I think there…but why that is so? I think it may have again to do with the fact that you do a lot, from the business, I mean the colleagues, we amongst each other, we organise a lot of private things together, like inviting each other to our birthday parties or we go on a walk together during lunch break, or we barbecue together. These are things we do independently from the business together. But then also the family offers a lot of things, like we are having a Christmas and summer party each year, like our summer party next week, for example…and on those occasions, you get to know people quite differently as opposed to facing each other from opposite desks in the office. That's also strengthens the cohesion somehow…

Interviewer: Ok. Whom of the 'Wurst' family do you know personally?

Interviewee: What's that supposed to mean [laughs], like if I have private or personal interaction? I mean, I know all of them, but…

Interviewer: Yes, that's…

Interviewee: Well, I'd say I have the best connection with [brother 1] somehow, [brother 1 and brother 3], with those for example, I am invited to their birthday parties, and I think that's not something you

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have on other businesses, that you get invited to your boss' birthday [laughs]

Interviewer: Ok.

Interviewee: and, also we are on first name basis, not only amongst colleagues but also with the brothers, that's just a different way as opposed to being formal…that's why and also because I have relatives working here, it's somehow even more different….

Interviewer: that's of course another topic, but the questions are usually the same. There are also people, who don't have the specific circumstances you have, so that's why maybe some of the questions seem self-evident to you [laughs]. How long do you know them? And how would you describe your relationship with him? How long do you know brother 1 and 3?

Interviewee: I know them actually…well when did I? For the first time really after high school and since then…Well you always knew them kind of, I mean, by their face and from my parents and other relatives [laughs]

Interviewer: I already have been told about the kinship ties here [laughs]

Interviewee: Well [the person], just was in here before me…

Interviewer: Well, I didn't want to say that [laughs]

Interviewee: No, that's okay, I just saw it myself…and then we are here like…

Interviewer: You talk about it…

Interviewee: Well, again that's the collegial thing here…

Interviewer: Well, it's okay if you talk about it among yourselves; it's just not that I could say something…like I just spoke with your relative that would not be…

Interviewee: But I think here it would not be like we would keep that as a secret, like we just had an interview…

Interviewer: Well, it's nothing to be ashamed of...but it's just the thing that I have to promise some kind of anonymity…if you go and say [to a colleague] well how did you find the questions went and I did this…if you talk about it later, that's fine, but it should not be revealed from me, that's important. Not like afterwards…

Interviewee: Sure, like he or she said [laughs], I get it…

Interviewer: Like the best interview quotes on power point…? Okay, whom of the three brothers do you know best, you just have answered that with brother 1 and I think you'll stay with that answer, right?

Interviewee: Yes.

Interviewer: Okay, imagine brother 1 would retire in a few years' time and you were to hold the honorary speech. What would you say about brother 1 or what needs to be in that speech?

Interviewee: Oh, my good…

Interviewer: I really hoped that you as a female would find that question easier [laughs] as do the males…

Interviewee: No, especially if…"Imaging you have hold the honorary speech" well…

Interviewer: No, you can…

Interviewee: well, that's something

Interviewer: Okay, you could write the speech without ever holding it. It's not like you'd have to stand in front of the whole crowd…maybe a letter, or something you'd tell him face to face…I don't know how to phrase the question in a better way…Well, let's try a different route…Brother 1 already

had retied and someone new comes into the business and this person would ask you to describe brother 1, what would you say?

Interviewee: Well, first you have to find the right words, you know? [laughs]

Interviewer: No problem, the next interviews is not until 11.00?

Interviewee: [laughs] Well, as a boss, he's great, he just know how to, well how to be a boss, but it's not like he's only a boss, but also a friend and colleagues somehow, you could really say that…and that's why working here is always fun…because you know that the one 'above you who's always bitching about…and like you just said before…it's not only that you can go to your colleagues and talk about your problems and worries, but also [to him] up the hierarchical ladder…He's game for anything and always part of (things] like when there's a birthday party or…I think he'd be the last to say "No, I don't want to have any private or personal contact outside the business, I want my space² and also the social and community engagement and such things, he's doing a lot and they do a lot…really. I mean you really feel that it's important, that the employees are happy or whatever you want to call it…but also outside the business and the health management system and those things, it's really important [to them]..Well…

Interviewer: Well, it wasn't that hard a question after all [laughs]

Interviewee: [laughs] well, there's probably 10.000 things more that come to my mind afterwards…

Interviewer: That's what the verbatim transcript is for. If you want to add or delete things…this question is never easy for anyone, no matter with whom I talk. But I really ask everyone this question, also I would ask the person

[brother] the same question, what they would like to hear being said about them, that's also always a tricky question…I still have it incorporated but who knows, I might change it later...since it always seems to be awkward and especially when talking to the older generation…

Interviewee: well, yes and I really find it hard to put it into words, it's just somehow…

Interviewer: That's true. Maybe it's just the spontaneous thing about it…finding the right words. Probably if I gave a sheet of paper to people and told them to write a speech and would give people a week for this it would probably be a great thing…

Interviewee: If you really had time to think it through…

Interviewer: Well, it's oaky…

10.3.3. Feedback discussion with a nonfamily employee (Employees 6, first level close organisational and trust tie, 10.02.2015)

Interviewer: Well, I usually do it like this…I explain the framework I have developed so far. These are things mentioned in all interviews, not just yours and we discuss this then.

Interviewee: Ok.

Interviewer: For me, one main thing is to explain how the family creates a shared perception of care with employees. For me, that's not only that everyone knows what the family is doing to promote employee well-being,

but how it is perceived. How does it affect them emotionally? What I perceived was that employees not only know what is being done but also feel that it comes from the heart and not only because it has advantages for the business. Sure it has advantages for the business, but for the employees it is more the feeling of being genuinely cared for…

Interviewee: Well, of course the company benefits from this, but primarily, things are done for the sake of the employees-

Interviewer: It's not a shame if it has positive side effects, just like…

Interviewee: But that's because of the personal attachment. When you know everybody personally and insofar, it's correct what you just said…

Interviewer: Yes, especially since there seems to be a personal interest.[…} often it's small things that give employees the feeling that there's a personal interest for them [….]

Interviewee: That's true. Especially with those working here for a long time, there's a strong attachment…with the more recent ones, well you don't know them so long…

Interviewer: Fair thing however, I have the feeling, since there are so many people who work here for such a long time, I think that there's a socialisation process of those employees entering the business and that process is quite quick…So there are employees who are just here for let's say three years who also say "I can go to the brothers with all my problems" and that's the same thing people say who have been here for forty years

Interviewee: Yes.

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Interviewer: And I think…

Interviewee: We are one big family

Interviewer: Exactly. This feeling that everyone cares for the other…and also that the family cares about its employees, that's also a feeling that those, who work here for a long time transfer…

Interviewee: That's the "We-feeling", we have here…

Interviewer: Yes and I think that "We-feeling" helps integrating them quickly. That's one of those things I recognised quickly talking to people, or when they talked about their experiences…I have the feeling that the family is able to establish a trusting relationship quite quickly, be it on competence or interpersonal level…and that in some situations, they just give you 'trust credit…'

Interviewee: They [employees] can come with all [their problems] also personal or private problems and then, if it's somehow possible they will be supported.

Interviewer: Exactly and that's what they [employees] realise and I think the confidence that they can go [to the brothers] and know they will be supported also impacts how they feel [emotionally]

Interviewee: Yes, and if you have a private or personal problem, with the kids or whatever or our female employees who need a day off because the kid is sick or something, then we'll find a possibility that it works

Interviewer: Well and the thing is, if you see that people support you in the little things and try to help you […]

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Interviewee: Yes

Interviewer: If I as an employee realise that I am being supported in my work then that's leads to trust that is also being transferred to others situations…

Interviewee: That's why we have the health management system. To show people that they are helped, when they have a problem. That they are supported, or if they have financial problems, that they get a loan from the family, or something…

Interviewer: such things are also things that employees who work here for a long time transfer to new employees. Sometimes, if you have a problem you talk to your colleagues and someone may say "Just go and talk to them [the brothers], you can do that"

Interviewee: Everyone gets somehow the feeling that he/she can always come [and talk to the family], the door is open

Interviewer: That's true and the door is literally always open…

Interviewee: Yes, yes [laughs]

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10.4. Coding examples

10.4.1. Coding examples: Managing family members

"When employees give their ideas to improve things, you should take them seriously ^{try to integrate employees} *professional appreciation cognitive trust and not just ignore their ideas […] in some cases, they make sense* ^{employees have good ideas} *professional ability cognitive trust and then you should give positive feedback* ^{show appreciation} *professional appreciation cognitive trust and tell them it was a good idea* ^{trust in ability} *cognitive trust, so they know you actually listen to them* ^{listen to employees} *appreciation cognitive trust"* **Brother 3**

"[…] the disadvantage of that whole story is, that when you give a lot of freedom ^{trust means taking a risk} *a leap of faith cognitive trust to people or a lot of possibilities to max-out, you will always have some who will exploit you* ^{exploitation of trust} *more than you would want to…of course that disappoints me personally* ^{withdrawal of trust credit} *loss of integrity and honesty loss of cognitive trust however, I am of the opinion that I can't punish the ninety-five percent* ^{the majority is trustworthy} *behavioural honesty and integrity cognitive trust [employees who behave with integrity] just because of the five percent silly ones"* **Brother 1**

"[…] and if someone comes up to me and says "you know, I got this or that problem" then we'll find a solution ^{helping employees} *demonstrating care affective trust for the problem. You could say that's one of my strengths that you can come to me anytime* ^{always available} *emotional attentiveness affective trust you want and talk about your problems* ^{you can confide in me}*".* **Brother 1**

"[It's important for employees to know that we attain to things they mention *every employee is important* instrumental need-based monitoring *instrumental social reciprocity to us…I* write them down *instrumental need based monitoring* most times and then we try to put them into action *employee's problems are my problems* emotional need based monitoring emotional social reciprocity. *Often, it's* only small things *individual needs matter instrumental need based monitoring*, [for example] facilitating standing in the facility [welding production], like putting rubber mats for people who work standing for long times, that helps; it's a relief to them *physical needs of employees instrumental need-based behaviour instrumental social reciprocity …"* **Brother 3**

"Well, I think that we have quite a relaxed atmosphere here, I mean amongst us, with employees…we know each other […] with most of the employees, at least 80% I am on first names basis *structural network stability*. *They know us since* we were little *long-term trust relationship* emotional network stability upper network stability; *we kind of* grew up with them *long-term trust relationship* emotional network stability upper network stability"
Brother 3

10.4.2.   Coding examples: Nonfamily employees

"I can go to them, anytime *always available* there is something I need to talk about" *and* "whenever there is a project; they come and ask for my opinion *my opinion is valued* reassurance of self-worth cognitive trust *and* my word counts *my expertise is acknowledged* self-importance cognitive trust" **Employee 3**

"*I am happy* to have transgressed from an apprentice to being perceived a person with professional competence *trust in my competence reassurance of self-worth cognitive trust* […]…that I am asked for *my opinion because it matters my ability is acknowledged self-importance cognitive trust* and that I can *honestly speak honest opinion matter trust in integrity cognitive trust* my mind, even if *I don't agree voicing critical opinion trust in integrity cognitive trust* with the managing family] in all cases. **Employee 1**

"It is *generally never problematic equal treatment of all employees provision of trust credit cognitive trust* [to fulfil social engagement duties]. For example when I have a football game and I say "I have to leave earlier today", I have *never had troubles or anything" my word is trusted belief in honesty cognitive trust*. **Employee 8**

"[I know them] all… really personal. I am also really *good friends more than a boss emotional attachment affective trust* with [one brother]. We were buddies in school, *friends since childhood long-standing friends close relationship affective trust* […], we're chums *close friends close relationship affective trust*.[…] Somehow, I have often felt *like the fourth son Quasi-family emotional attachment affective trust*." **Employee 9**

"You know, I can talk to them [managing family]. Where can I do that in a corporation? If I got a problem, *I can always approach them always available approachability affective trust* even if *it's a private matter total trust in confidentiality emotional security affective trust*…when people [other employees] were indebted and didn't know how get out if it, they [managing family] *helped them totally reliable dependability affective trust*" **Employee 3**

"Well-being? They really look after me benevolence and affection *emotional security and affection emotional social reciprocity, so I won't get sick again […] that I don't work so many extra hours, they specifically did this for me* mattering as a person *emotional self-importance emotional social reciprocity and said 'you should work less' and such. And if there is something, if I have a doctor's appointment they go like 'why don't you take the day off, so you can properly drive there without rush' and if there is something, even just a little thing* benevolence and affection *they ask 'is everything okay, did something happen* care and empathy *emotional security emotional social reciprocity?' That's the, most important thing".* **Employee 3**

"[…] and for me, as a mother, I also have the possibility to work from home individual self- importance *benevolent intentions instrumental social reciprocity and that, I find quite nice and convenient* individual self- importance *. I can log on from my home computer and if it's really that I can't [come to the office]…I can work from home* individual self- importance *benevolent intentions. Thus, they really do a lot so that people stay involved* they really care about me *intrinsic motivation instrumental social reciprocity"* **Employee 5**

"I have selected [employee's name] as my successor reliability in competence *professional appreciation cognitive trust. [The employee] was trained here and therefore I said that this is the best person to support me."* **Employee 3**

"What would I tell her [my friend]? I would say that we are a friendly and nice bunch, who likes working together as a team *cooperation among colleagues integrity and reliability cognitive trust* ; with each other and not against each other *supportive and non-competitive behavioural integrity cognitive trust* …and that we are game for anything."

Employee 5

"Like I said, the atmosphere or social cohesion is stronger *stronger social cohesion emotional attachment affective trust* [compared to other businesses], why that is so is? I think it has to do with the fact that we do a lot of things together in our free time *private interaction close relationships affective trust* and that the managing family provides possibilities to do that, and we [colleagues] organise a lot of things together like we invite each other to birthdays *private interaction close relationships affective trust* , we have our lunch break together or do barbecues together."* **Employee 4**

"[…] But, generally there are also other aspects [that count], for example the nice and friendly manner in which we treat each other. You know, there are colleagues of which I can honestly say "they are my friends". *colleagues as friends emotional attachment and close relationship affective trust* Just a little while ago, it was my birthday and I probably invited ten colleagues to my party, because basically, I think of them as friends* *colleagues as friends emotional attachment and close relationship affective trust* »* **Employee 8**

"Yes. By and large, I'd say we really know each other quite well. Everyone knows when someone has a bad day. Intuitive feeling for colleagues' mood *emotional attentiveness affective trust You just know and say "let's get a coffee and talk about it" or you ask "Hey, what's up?"* provision of need-based behaviour *care and concern affective trust That's how it works here."* **Employee 5**

"When I started working here, I was treated quite nicely and respectfully managing family as a role mode *behavioural modeling reproduction of affective trust [by managing family members] and now, that I am responsible for the apprentices, it's also very important to me* trying to behave the same *that especially the new apprentices, who are now at the same age as I was then, are treated nicely* reproduction of learned behaviour *behavioural reproduction affective trust reproduction. That they are not shouted at, that everything is explained to them, so that they lose their anxiety form being in this new situation. [In this way], they can concentrate on their training without having extra stress put on them* trying to attain to psychological well-being *behavioural reproduction affective trust reproduction, that's totally unnecessary. Just talk to them, talk, talk, talk and give them the feeling "While this may just be your first year, you're still as valuable as someone who is already trained* show trust in their ability *reproduction of trusting behaviour cognitive trust reproduction and experienced". Build up their confidence* behavioural *reproduction cognitive trust reproduction ..."* **Employee 1**

"Well I'd say in my opinion I think that the managing family sets the example *role model function. How they behave themselves towards lower level employees, down the hierarchical ladder is an appeal to other people* behavioural *reproduction {on how to behave]...and it affects how I approach work* influence on my

behaviour *. For example, if I have been given appreciation and praise yesterday, I will probably come to work even more motivated today. And maybe that's a feeling I transfer to my colleagues. I can image that happening. […] I have learned, not only from the company here, but also from my education that you usually get much further when you try to solve issues in a diplomatic manner. But of course how those around you live it* *behavioural reproduction* *, sets the atmosphere and that's what people transfer to each other* *behavioural reproduction* *."*

Employee 8

"...you can generally say that you know what's going on [with your colleagues]. You pass each other in the corridor and you just see, whether the other person is happy or sad *demonstrating emotional attentiveness like managing family* *in general, that's just the way it is around here, you ask the person what's going on* *reproducing caring behaviour* *affective trust reproduction* *…like what's the matter and if you can help them with something* *helping colleagues* *behavioural reproduction* *affective trust reproduction* *…"* **Employee 8**

"I already have learned things *managing family serves as model* *behavioural modeling* *{form managing family members]. I would try to be as caring and as just as them* *behavioural reproduction of caring behaviour* *affective trust reproduction* *…that's important, to be just to everyone if you can be…[…] and yes, I think their behaviour [of listening to employees] is contagious in a sense* *behavioural modeling and reproduction* *"*

Employee 12

"Yes, I already have done this various time. In issues where I don't have competence; I do say "why don't you go one of them ^{verbal instruction reproduction of affective trust perception} *[family members] and [I know] that they're looked after well by them* ^{reproduction of affective trust perception} *[managing family members]* **Employee 12**

"Yes, when you talk to colleagues ^{influence of colleagues}*, they tell you to go and talk to them* ^{verbal instruction reproduction of affective trust perception} *[managing family] about everything. Also if you have a private or personal problem you can go to them and talk about it, so yes, you can trust them.* ^{Trusted weak tie} **Employee 14**

[…] If you had a problem I would tell you to go to them ^{reproduction of verbal instruction reproduction of affective trust perception} *[managing family] and talk about it. They have a solution for everything* ^{trusted weak tie}*"* **Employee 14**

"Well most of the contact is with the boys [managing family members], logically, as I know them longest. I used to have them on my lap ^{long-term trust relationship emotional network stability upper network stability}*, literally, […] used to carry them around"* **Employee 6**

"Most of the people I work with have been in the business for a long time. ^{perception of long-term relationships emotional network stability} *I mean the last time they had an apprentice in my position was more than 10 years ago* ^{starting and staying structural network stability upper network stability}*…this shows that there's no continual*

coming and going ^{perception of long-term relationships} *emotional network stability* *network stability* *for*

people." **Employee 13**

"Yes, I worked in another business before, that's right, but I wouldn't want to

change anymore ^{desire to stay with the business} *emotional network stability* *, because here it's*

just really a nice way people work together; it's fun. Working together with my

colleagues is great and the atmosphere is really better; it's stronger here

[social cohesion], I would think. But maybe that's because of our work parties

and such things, because they all know how to have a good time." **Employee**

14

"Well, the people here a very open and integrate you very quickly ^{fast}

^{integration} *emotional network stability* *upper network stability* *, so you feel comfortable* ^{feeling}

^{welcomed} *emotional network stability* *upper network stability* *You're not somehow…you're*

always supported and if you need help or support…as such; I am really very

grateful […] and I would never want to work anywhere else ^{desire to stay with the}

^{business} *emotional network stability* *"* **Employee 13**

No, I say my opinion ^{honest opinion} *reassurance of self-worth* *cognitive trust* *and it does not*

necessarily have to comply with the majority's ^{critical opinion} *reassurance of self-*

worth *cognitive trust* *[opinion], and don't have to be afraid* ^{absence of fear} *behavioural integrity*

cognitive trust *that someone tells me "Shut up, we don't want to hear this", but*

they listen to it ^{listening to my opinion} *reassurance of self-worth* *cognitive trust* *. It's not that I am*

always right. I can be mistaken and it that's the case, that's the case then…I

don't have to worry ^{predictability of family's behaviour} *behavioural integrity* *cognitive trust* *, that*

somehow they don't want to hear it ^{listening to my opinion} *reassurance of self-worth* *cognitive*

^{trust} *[what I say], but I always have the feeling if I got something….*

Well also, that no offence is taken *predictability of family's behaviour behavioural*

integrity cognitive trust ...

10.4.3.   Developed framework with code count

The numbers in brackets indicate the number of times an item was coded as the code. Some open codes were merged at a later stage, since overlaps existed. For, example, the open code "The managing family always has a sympathetic ear for my problems and worries" was merged with "I can always go to the managing family and talk about my problems'

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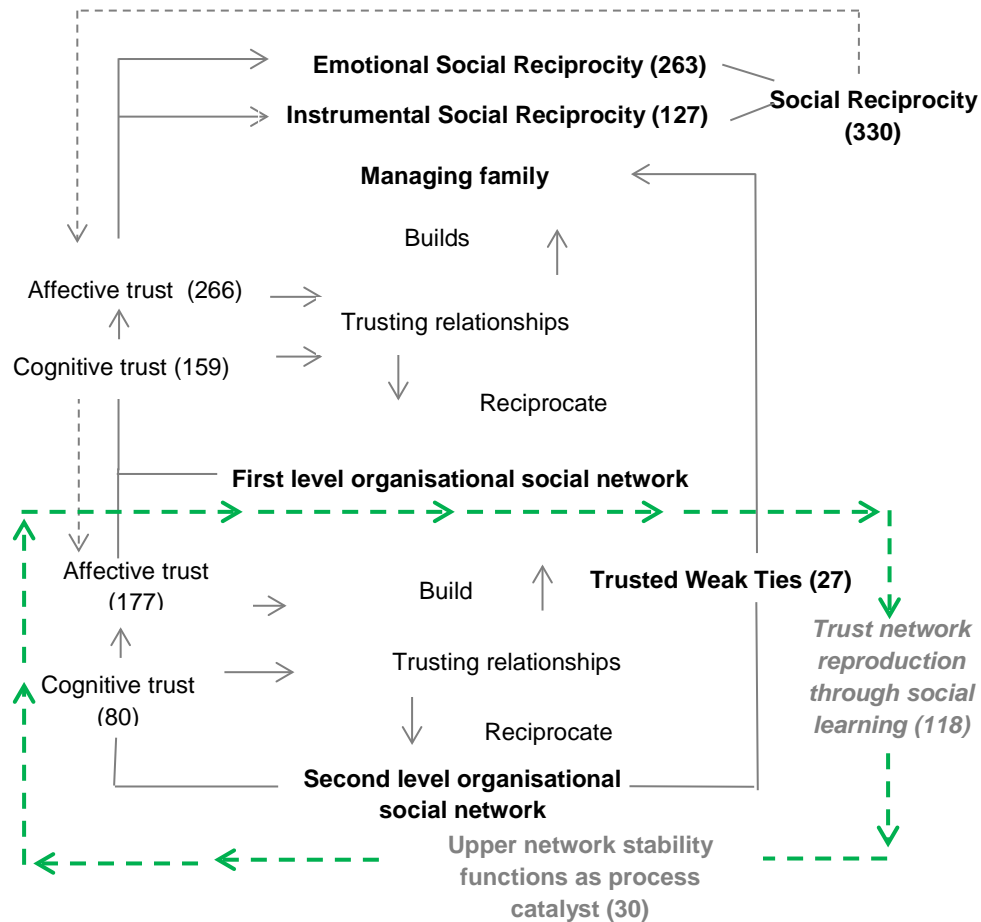
10.5. Secondary data used for theoretical coding and contextualisation

10.5.1. Organisational Structure Diagram

```
                        ┌─────────────────┐
                        │ Executive Board │
                        └─────────────────┘

┌──────────────────┐  ┌──────────────┐  ┌──────────────────┐  ┌──────────────────────────┐
│ Executive Director│  │ Authorised   │  │ Executive Director│  │ Excutive Director        │
│ Markets and       │  │ Officer      │  │ Finane and        │  │ Administation + Real Estate│
│ Technology        │  │              │  │ Accounting        │  │ Head of Procurement      │
│ C. Wurst          │  │              │  │ T. Wurst          │  │ M. Wurst                 │
└──────────────────┘  └──────────────┘  └──────────────────┘  └──────────────────────────┘

                ┌────────────────────┐  ┌──────────────────┐
                │ Quality Management │  │ Business Process │
                │ Head of QM         │  │ Manager          │
                └────────────────────┘  └──────────────────┘

┌──────────┐ ┌──────────┐ ┌──────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
│ Head of  │ │ Head of  │ │ Head of  │ │ Procurm. Main│ │ Consutruction│ │ Head of      │ │ Head of      │
│ Calculations│Technical │ │ Production│ │ Parts Deputy │ │ Manager      │ │ Finance and  │ │ Project      │
│          │ │ Office   │ │          │ │ Head of      │ │              │ │ Accounting   │ │ Construction │
│          │ │          │ │          │ │ Production   │ │              │ │              │ │              │
└──────────┘ └──────────┘ └──────────┘ └──────────────┘ └──────────────┘ └──────────────┘ └──────────────┘
   Staff       Staff      Staff  Staff     Staff            Staff            Staff            Staff
```

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10.5.2. Article on nursery for employees'

Kinderbetreuung durch Bersenbrücker Firmen

Vereinbarkeit von Familie und Beruf, Demographischer Wandel, Zufriedenheit von Mitarbeitern und Mitarbeiterinnen – nicht nur Schlagworte für die Rudolf Wiegmann Unternehmensgruppe, Wurst- Stahlbau und Kunststofftechnik Borgmann.

Die drei Bersenbrücker Firmen engagierten sich mit Unterstützung der Samtgemeinde Bersenbrück im Bereich der betrieblichen Kinderbetreuung. Um sich Rat und Tipps einzuholen wurden zahlreiche Gespräche und Besichtigungen durchgeführt. Dabei wurde auch das „Kuckucksnest" in Gehrde besucht, wo zahlreiche Eindrücke gewonnen werden konnten. Die Geschäftsführer Andreas Wiegmann und Thomas Wurst kamen ein weiteres Mal nach Gehrde, um sich im Namen von Wiemgann-Wurst-Borgmann mit einem Gutschein für die Unterstützung zu bedanken.

Da die Betreuung der Kinder nicht nur in Gehrde stattfinden und auch Mitarbeitern aus anderen Orten zu Gute kommen soll haben sich Wiegmann, Wurst und Borgmann entschieden, die individuelle Kinderbetreuung am Wohnort zu fördern.

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10.5.3. Press article on social engagement of the managing family with the voluntary fire forces

Thomas de Maizière verleiht Auszeichnung "Ehrenamt im Bevölkerungsschutz"

Bundesinnenminister Dr. Thomas de Maizière verlieh am 5. Dezember - dem internationalen Tag des Ehrenamts - im Roten Rathaus in Berlin erstmalig den Förderpreis des Bundesministeriums des Innern "Ehrenamt im Bevölkerungsschutz". Die Auszeichnung, die in den Kategorien "Nachwuchsarbeit", "Innovative Konzepte zur Mitgliederwerbung" und "Vorbildliches Arbeitgeberverhalten" vergeben wurde, würdigt das Engagement der Ehrenamtlichen im Bevölkerungsschutz ebenso wie das der Arbeitgeber, die das bürgerschaftliche Engagement ihrer Beschäftigten unterstützen

Ausgezeichnet in Firma und Freizeit
Wurst Stahlbau bekommt Preis zur Förderung des Ehrenamts

BERSENBRÜCK. Selbst aktiv sind sie als Zugführer, stellvertretender Gerätewart und Ortsbrandmeister. Ihr Vater war lange Jahre Kreisbrandmeister. Kein Wunder also, dass auch in ihrem Betrieb das Ehrenamt eine wesentliche Rolle spielt. Für die Aktivitäten wurde das Bersenbrücker Unternehmen Wurst Stahlbau nun mit einem Förderpreis des Bundesinnenministeriums ausgezeichnet.

Am 5. Dezember werden Friedmut Wurst und seine Söhne Christian, Michael und Thomas nach Berlin fahren. Dort findet die Preisverleihung durch den Innenminister statt. "Preis zur Förderung des Ehrenamts im Bevölkerungsschutz", lautet der Wettbewerb, den das Bundesamt für Bevölkerungsschutz und Katastrophenhilfe für das Ministerium organisiert hatte.

Es sind verschiedene Punkte, die das Engagement des Unternehmens verdeutlichen – darunter der persönliche Einsatz der Inhaber. Friedmut Wurst hatte sich 1966 selbstständig gemacht, ein Jahr später trat er in die Freiwillige Feuerwehr Bersenbrück ein. Ein Schritt, den seine Söhne mit jeweils 16 Jahren ebenfalls machten. "Wenn der Melder geht, kann es vorkommen, dass wir für einen Einsatz alle eine Sitzung verlassen", sagt Thomas Wurst.

Ehrenamtliches Engagement ist aber auch ein Aspekt, den das Unternehmen bei Einstellungen berücksichtigt. Das muss nicht unbedingt Feuerwehr, Rettungsdienst oder Technisches Hilfswerk sein. Auch die Arbeit in Kolpingfamilie oder Sportvereinen wird registriert. Wurst Stahlbau unterstützt die Feuerwehr zudem über den Förderverein. Darüber hinaus hat das Unternehmen nicht einmal bei der Gemeinde die eigentlich mögliche Kostenanmeldung für Feuerwehreinsätze ihrer Mitarbeiter während der Arbeitszeit geltend gemacht. Die Unterstützung von Feuerwehren durch Arbeitgeber ist ohnehin ein Anliegen der Familie. So appelliert Christian Wurst an andere Unternehmen, dass deren Mitarbeiter bei Bedarf an Einsätzen teilnehmen können. "Wir haben auf Landkreisebene immer darauf hingewiesen, dass Firmen selber in die Lage kommen können und die Feuerwehr brauchen", ergänzt sein Vater.

Kritisch sehen die Preisträger die Rolle der Politik: "Die Arbeit der Feuerwehr wird oft nicht genügend gewürdigt", sagt Christian Wurst. Pro Jahr hat die Feuerwehr bis zu 200 Einsätze. Zusammen mit Übungsdiensten und weiteren Aktivitäten sind im vergangenen Jahr 18 000 Stunden für die Freiwillige Feuerwehr Bersenbrück zusammengekommen.

"Das ist die Arbeit von elf Hauptamtlichen", rechnet Thomas Wurst vor. Unternehmen und -Familie sind aber noch in anderen Bereichen ehrenamtlich tätig. Friedmut Wurst ist auch Präsident des Landesverbands Metall Niedersachsen-Bremen und seit mehr als 30 Jahren Obermeister der Metallinnung Osnabrück. Auch Ehefrau Hildegard ist aktiv. Sie war vor Jahren Mitbegründerin der Bersenbrücker Tafel.

Den „Preis zur Förderung des Ehrenamts im Bevölkerungsschutz" bekommen im Dezember Friedmut (von links), Christian, Thomas und Michael Wurst vom Bundesinnenminister. Foto: Egmont Seiler

Gesunde Mitarbeiter sorgen für eine bessere Bilanz

Ein betriebliches Gesundheitsmanagement kann sich für Unternehmen auszahlen. Doch Banken bewerten diesen Faktor im Ratingprozess bislang zu wenig by Anke Brillen

Published 09.05.2010

Morgens um sieben in Bersenbrück: Ein Bus parkt auf dem Betriebsgelände der Wurst Stahlbau GmbH, mit der einladen- den Aufschrift: „Eine Stunde für Deine Gesundhit." Angeheuert wurde das Fitness-Mobil von dem Unternehmen selbst, genauer gesagt dem Steuerkreis Gesundheit. Das Angebot: Während der Arbeits- zeit können alle Mitarbeiter einen Gesundheitscheck machen lassen. Die Untersuchung kostet weder Geld noch Wartezeit.

Der Arzt auf Rädern ist nur eine von vielen Präventivmaßnahmen, die das mittelständische Unternehmen seiner Belegschaft anbietet. Ernährungskurse und Rückenschule stehen ebenso auf dem Plan wie die Grippeschutzimpfungen mit Pieks-Prämie. Begonnen hatte alles mit einem AOK-Programm zur Raucher-Entwöhnung. Das war im Jahr 2005. Heute ist das betriebliche Gesundheitsmanagement mit dem AOK Institut für Gesundheitsconsulting ein wichtiger Wettbewerbsfaktor für die Stahlbaufirma.

„Wir haben schnell erkannt, dass wir das Unternehmen damit fit für die Zukunft machen können", sagt Geschäftsführer Thomas Wurst. Wie fit, das zeigt sich in der betrieblichen Statistik: Der Krankenstand ist gesunken, die Zahl der Arbeitsunfälle ist zurückgegangen. Das spart 50 000 Euro pro Jahr. Wichtiger als Geld ist aber: Es gibt kaum mehr Fluktuation beim Personalbestand. Dementsprechend bleibt Know-How im Unternehmen, der Aufwand für die Einarbeitung neuer Kräfte ist gering. Den Kosten für die Gesundheitsmaßnahmen von 40 000 Euro pro Jahr stehen Einsparungen von rund 170 000 Euro im gleichen Zeitraum gegenüber.

Das Rechenbeispiel zeigt: Mittelständische Unternehmen können durch betriebliches Gesundheitsmanagement ihre Kennzahlen verbessern. Der ROI (Return On Investment) für betriebliche Gesundheitsförderung wird in internationalen Studien mit dem Verhältnis 1:3 beziffert. Unternehmer Wurst kommt sogar auf einen ROI von 1:4,25. Nur auf das Kreditrating durch seine Hausbank hat das betriebswirtschaftliche Gesundheitsmanagement bisher kaum Auswirkungen, denn es wird weder abgefragt noch bewertet.

Banken bewerten nur indirekt Präventionsmaßnahmen

Die Initiative Gesundheit und Arbeit – eine Kooperation von Kassen- verbänden – wollte von Banken wissen, ob betriebswirtschaftliches Gesundheitsmanagement die Kreditwürdigkeit von Unternehmen verbessert. Befragt wurden Sparkasse, Dresdner Bank, Commerzbank und M.M. Warburg. Ergebnis: Eine valide Datenbasis, um für betriebliches Gesundheitsmanagement ein eigenes Ratingkriterium zu bilden, fehlt bisher. „Betriebliches Gesundheitsmanagement wirkt sich nicht direkt auf die Bonitätsbewertung aus", bestätigt Unternehmer Thomas Wurst. „Banken bewerten das höchstens indirekt als Pluspunkt." Und das, obwohl die Belegschaften immer älter werden. Einen Lichtblick gibt es allerdings: In vielen Ratingfragebögen wird im qualitativen Teil nach der so genannten Zukunftsfähigkeit des Unternehmens gefragt. Firmen, die einen neuen Kredit benötigen, sind daher laut Initiative Gesundheit gut beraten, sich über ein betriebliches Gesundheitsmanagement zu informieren und die Effekte auf ihr Geschäftsergebnis zu dokumentieren.

10.5.5.   Excerpt from the employee questionnaire

Overview of Strain Factors

AOK - Die Gesundheitskasse für Niedersachsen

Belastungsfaktoren im Überblick
Wurst Stahlbau gesamt (Grafik II)

	Little Noticeable	Noticeable	Strongly Noticeable	Extremely Noticeable
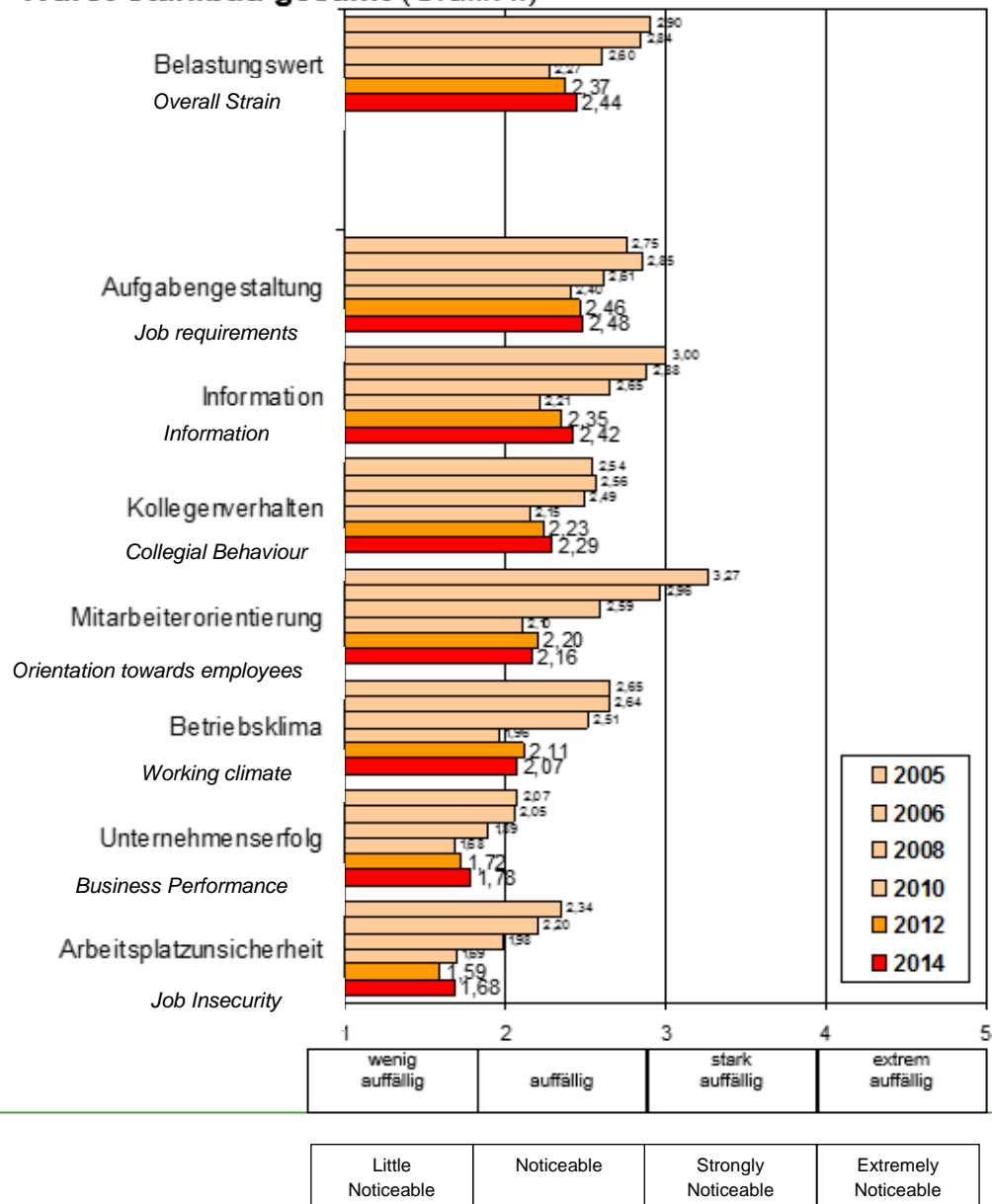
Explanation: The overall strain factor consists of all the 7 individual items. All items are considered to cause stress or strain on employees. A low value indicates that the item causes little strain or stress for employees. For example a job insecurity strain factor of 1.68 indicates that job insecurity causes little strain or stress for employees and that they feel their employment position is quite safe.

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10.6. Conference papers

10.6.1. EIASM 9th Workshop on family firm management research 2013, Helsinki, Finland

Social Capital and Family Business: Past, Present and Future – A Literature Review

Introduction

The purpose of this paper is twofold. First, it aims to establish an understanding of past and present research concerning social capital in family business research. Second, it identifies future directions for conceptualising and researching social capital within family firms. As such, the paper makes two contributions. While providing insights on existing research and theories dealing with the role of social capital within family business, it also identifies current research gaps and future directions for research of social capital in family business.

In many of today's developed economies such as the United States or Germany, family firms make up a significant part of businesses, by providing a substantial proportion of the GDP, tax revenues and workforce in these economies (Aldrich and Cliff, 2003; Anderson, *et al.*, 2005; Astrachan and Shaker, 2003; Dyer, 2003; Gómez-Mejía, *et al.*, 2007; Haunschild, *et al.*, 2007). One third of the world's largest, publicly traded businesses in the richest economies can be considered family businesses (La Porta, *et al.*, 1999). Academics, occupied with family business research are interested to explain what makes family firms succeed or fail. Why and how do some family firms achieve sustainable competitive advantages and considerably better performance results than nonfamily firms? Why is an "outdated" form of business structure, as Berle and Means once concluded (La Porta, *et al.*, 1999) , still so successful, considering that not all business decisions seem to be directed a profit maximisation. More recently, social capital in family firms has been of interest to family business research in order to find possible explanations for the sustainable competitive advantages of these businesses (Dyer, 2006).

What makes social capital such an intriguing research area within family firms is that two social systems, family and business, interact, coexist and overlap. Both social systems build, maintain and reinforce social relationships not necessarily in a distinct, but sometimes along contradicting patterns. Family relationships are usually characterised by strong, cohesive ties, laden with values, norms and obligations (Coleman, 1988; Ensley and Pearson, 2005; Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008). In contrast, relationships in the organisational setting are said to be professionalised and contract-based; defined by hierarchy and position (Rousseau, *et al.*, 1998; Sundaramurthy, 2008). Trust is calculative or knowledge based, but in the organisational setting, it seldom reaches the personal levels of trust that family members have established (Rousseau, *et al.*, 1998). Researchers, applying a dual systems perspective, have theorised if social capital in family firms is inherently different compared to nonfamily firms and how this affects the family and business sphere respectively (Arregle, *et al.*, 2007; Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008; Sorenson, *et al.*, 2009; Zahra, 2010).

The first part of this paper will introduce the major theoretical frameworks on family business theory and social capital theory. The second part will review past research especially on family business in conjunction with social capital theory. This includes general theory on social capital in family business as well as first theorising and empirical studies. The third part will have a closer look at the present extent of family business and social capital research and identify current research gaps. The paper concludes that future research needs to integrate not only the financial benefits of social capital, but also the reputational, or socio-emotional benefits of social capital (Cennamo, *et al.*, 2012; Zellweger, *et al.*, 2011) to family firms. Not only will this help to establish a more coherent understanding for academics and explanation for yet unexplained phenomena, but also develop theories and solutions for family business that consider the complexity and impact of family relationships in the business setting.

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Theoretical Frameworks

Two major theoretical frameworks play a vital role in this paper, namely the resource-based-view of the family firm and social capital. First, the theoretical framework in the family business context will be explained, followed by a brief description of the social capital framework. In the family business context a dual-open system perspective (Chrisman*, et al.*, 2005; Habbershon and Williams, 1999) will be applied (Danes*, et al.*, 2009), arguing that family firms can derive unique resource through the overlap and interaction between the family and the business system (Habbershon and Williams, 1999; Pearson*, et al.*, 2008). Social capital, for the purpose of this paper is defined as the social network of relationships, possessed by an individual or group (Nahapiet and Ghoshal, 1998).

2.1 Family Firms

In family business research two major theoretical frameworks namely, agency theory and the resource-based-view (RBV) have been applied to explain and investigate differentials between family and nonfamily firms. Both concepts have slightly different opinions on what defines a business as a family business. As agency theory does not play a major role in the social capital theory of family businesses, it will not be further elaborated here. The RBV however, has had an impact not only on family business theory, but also on social capital theory in family businesses. Following the RBV introduced by Barney, sustainable competitive advantages can be attained when a business has a resource that is "valuable, rare, non-imitable and non-substitutable" (Carney, 2005; Chrisman*, et al.*, 2010; Chrisman*, et al.*, 2008; Habbershon and Williams, 1999). Transferring this idea to family firms means that some family firms need to have a unique resource that is hard to imitate or substitute by nonfamily firms. A unique resource to family firms which is definitely unattainable to nonfamily firms is "the family" as a resource base for human capital, financial capital, social capital (Carney, 2005; Danes*, et al.*, 2009; Hoffman*, et al.*, 2006; Pearson*, et al.*, 2008) and cultural capital (Denison*, et al.*, 2004) based on high emotional connectedness of family members (Danes*, et al.*, 2009; Rousseau*, et al.*, 1998; Stafford*, et al.*, 1999; Sundaramurthy, 2008).

Applying a RBV however, requires a brief review of systems theory. This is important, as the system approach determines if family business research has a legitimate position in business research or not. Additionally, social capital theory in family business research is based on a number of underlying assumptions of how family and business systems are related with one another. When it comes to family firms, two main paradigms can be distinguished (Stafford*, et al.*, 1999). A dual system perspective assumes that the business and family are both separate systems. These two systems can be either closed or open. A closed systems perspective postulates that no connection exists between the business as an economic system and the family as an emotional system, while an open system allows for overlap and interconnections (Habbershon and Williams, 1999; Stafford*, et al.*, 1999). If a dual-closed system paradigm is applied, family business research has no merit, as family firms would not exist as a distinct entity. The dual-open systems perspective postulates that the family and business system, though independent systems by themselves, interact and overlap in family business. The degree of overlap may vary from case to case, thus having different implications for the business. A single system paradigm recognises that both the family and the business are "inextricably intertwined" (Chrisman*, et al.*, 2003; Olson*, et al.*, 2003) whose sustainability both is influenced and depends on each other. Following a RBV view however, requires to either adopt an open dual systems or single systems paradigm. Habbershon argued that the competitive advantage of family firms is attributable to their distinct Familiness, i.e. resources that stem from the overlap and interconnections of the family and the business system (Habbershon and Williams, 1999; Hoffman*, et al.*, 2006; Pearson*, et al.*, 2008). The concept of familiness has been used to conceptualise different phenomena in family firms, including social capital. With respect to system theory it postulates a dual-open system paradigm.

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2.2 Social Capital

Before reviewing social capital theory in family business research, it may be worthwhile considering the concept of social capital itself and its impact on business research. This will enhance understanding of the importance and role of social capital theory in family business research. First, there will be a brief discussion of general social capital theory. The following section then deals with social capital theory in business research.

2.2.1 Social Capital – General Theories

Social capital as a network theory and structural concept deals with social relationships. At the core of this network concept is the "[…] network of relationships, possessed by an individual or social unit […]"(Nahapiet and Ghoshal, 1998). In laymen terms, social capital is concerned with studying with whom and how frequently individuals have social contact with other individuals and how this affects the nature of the relationship. Nahapiet and Ghoshal defined social capital as a three dimensional concept consisting of the structural, relational and cognitive dimension of social capital (Nahapiet and Ghoshal, 1998). The structural dimension consists of network ties and thus deals with the properties of networks. The relational dimension includes trust, norms, obligations and identification and as such describes the characteristics that can be derived from different network structures. The cognitive dimension consists of shared language and vision (Nahapiet and Ghoshal, 1998), which explains how groups achieve a common sense of belonging.

The structure of a social relationship network is the starting point for any conceptual framework and academic research. The structural configuration of a social network will inevitably impact the relational and cognitive dimension of social capital (Lin*, et al.*, 2008). Social networks are characterised by network ties, i.e. relational connections between individuals. As such these ties can either be strong or weak, dense or loose, closed or open (Coleman, 1988; Granovetter, 1973; Lin*, et al.*, 2008). While strong ties are usually considered to create dense and closed networks, weak ties encourage loose and open networks (Coleman, 1988; Granovetter, 1973). Strong ties are associated with more frequent, personal contact and require time and effort to establish and maintain (Granovetter, 1973; Nahapiet and Ghoshal, 1998). Weak ties are associated with more sporadic and superficial contact and benefits arising from weak ties are related to network diversity and size (Granovetter, 1973). Individuals with large networks of weak ties may function as "bridging contacts". They represent a node over which information flows of otherwise unrelated individuals can occur and thus have effective control over the amount and quality of information provided (Granovetter, 1973). Thus, at macro level, weak ties seem to provide more benefit as opposed to strong ties (Granovetter, 1985; Granovetter, 1973; Lin*, et al.*, 2008). Coleman in contrast, provided some evidence on how strong network ties provide social capital benefits at micro level (Coleman, 1988). In social settings, where personal trust, idea congruence and cohesion are important, strong ties facilitate common social action and consensus, as they create agreement on norms, obligations and sanctions (Coleman, 1988). While the structural dimension is often the starting point for research, there is interaction between the three dimensions and the relationship is far from being unilateral (Nahapiet and Ghoshal, 1998).

2.2.2 Social Capital in Business Research

Considering that the concept of social capital has been developed in social sciences to research social action in communities, transferring the concept to business and organisational research has led to a number of questions. First, does social capital provide benefits to the individuals or only to groups? Second, what kind of benefits can be attained by social capital by businesses as well as individuals in the business? Last, can social networks built in one context be transferred, or appropriated to other contexts?

While some academics have claimed that social capital is so strongly embedded in relationships that individuals alone cannot reap benefits, most scholars now agree that social capital can be a collective as well as an individual asset (Lin*, et al.*, 2008). This is also supported by academic research (Coleman, 1988; Granovetter, 1985; Granovetter, 1973).

Network closure provides a means by which individuals can extract personal benefits form social relationships which are otherwise embedded. Network closure is highest when everyone in a given network is connected with each other (Lin*, et al.*, 2008). As such, closure should lead to similar perception of norms and obligations.

In business research, of major importance is establishing what kind of benefits can be attained by social capital and how does the affect the bottom line. While research has found evidence that social capital can lead to performance advantages, by enhanced knowledge sharing or social goodwill, there are also non-financial benefits associated with social capital (Lin*, et al.*, 2008). Reputational benefits, or as more recently termed "socioemotional" benefits are related to a feeling of identity and pride in belonging to a social group,, for example a business (Lin*, et al.*, 2008). While these are hardly quantifiable, they nevertheless influence social action.

Lastly, the debate over whether social networks can be used in multiple contexts has received considerable attention. Appropriability, refers to the idea that relationships built for one purpose (e.g. friendship among colleagues), can easily be used for another purpose (e.g. being recommended by this colleague for promotion) (Adler and Kwon, 2002; Nahapiet and Ghoshal, 1998). Evidence positively supports the idea of appropriability and the concept has had a major impact on concepts and theories on social capital theory in family business research.

Having established common ground on concepts and theories in both research fields, the following section discusses past developments of social capital theory in family business research.

Social Capital and Family Business Theory

Since the early- mid 2000s, social capital and network theory have found their way into modern theory of family business research. What makes social capital such an intriguing research area within family firms, is that two social systems, the family and business, interact, coexist and overlap. On one hand, there is the family system, considered as an social system based on mutual affection and altruism (Gomez-Mejia*, et al.*, 2001; Gómez-Mejía*, et al.*, 2007; Schulze*, et al.*, 2003), on the other hand the business system, considered as a social system governed by professionalism and rationalism. In both social systems relationships are built, maintained and reinforced not only in a distinct, but sometimes along contradicting patterns. Family relationships are usually characterised by strong, cohesive ties, laden with values, norms and obligations (Coleman, 1988; Ensley and Pearson, 2005; Hoffman*, et al.*, 2006; Pearson*, et al.*, 2008). In contrast, relationships in the organisational setting are said to be professionalised and contract-based; defined by hierarchy and position (Rousseau*, et al.*, 1998; Sundaramurthy, 2008), Trust is calculative or knowledge based, but in the organisational setting. it seldom reaches the personal levels of trust that family members have established (Rousseau*, et al.*, 1998). Researchers, applying a network perspective were intrigued to establish if the family social system and the organisational social system in family firms interact and how this affects the business and the family respectively.

3.1   Social Capital and Family Business Theory – A Review of Past Research

Social capital in family business research was first mentioned peripherally around the beginning of the new millennium and explorative research and conceptualisation started around the mid-2000s. Until the end of the decade, research aimed at validating and testing existing frameworks and refining them. The focus was placed on establishing theory on how social capital in family firms is unique as to explain performance advantages and differentials in a number of areas where social capital has been found to have a positive effect. More recently, the debate has shifted from solely integrating the financial performance goals to include the nonfinancial objectives of family firms. Social capital may also have a major explanatory power as to why family firms tend to include nonfinancial goals in their business agenda. While such goals are mostly rejected for nonfamily businesses, they are of special

interest in family business because they may in fact explain why some family firms succeed and others strive.

The following structure will be applied in organising prior research. The first section aims to introduce and discuss theories on how social capital is distinct in family firms and how this leads to sustained competitive advantage. The second section discusses empirical findings on how social capital is distributed differently among family firms and how family firms use social capital to their advantage.

3.1.1 A Review of Past Research – Theories and Frameworks

Theory on social capital in family business has been advanced for example by Hoffman et al. as well as Pearson et al. Both aimed at explaining the nature of social capital in family business based on the existence of family relationships. Thus, a focal point was to develop theory on how social capital is distinct in family firms and how this may be related to superior business performance. First, both theories will be explained, highlighting commonalities and differences and secondly, weaknesses will be discussed.

In order gain understanding of how social capital in family firms can produce sustained competitive advantage a closer look needs to be given to the distinct feature of family social capital and to its potential appropriability to the organisation. The family could be considered to be the nucleus of any social structure and relationship. It is the first social collective a human is born into and the way relationships are built and maintained within the family will influence has relationships outside the family are built and maintained (Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008). A distinct feature of family social capital is that it consists of "blood ties", i.e. an unbreakable genetic connection that usually creates a deep emotional connection which other social relationships seldom achieve. This is partly due to the fact that the human socialisation process starts within the family and furthermore, that the time span of family relationships is rather long-term as opposed to other relationships (Coleman, 1988; Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008).

A brief review of theory and research establishes some common ground, for both researchers Hoffman et al. as well as Pearson et al., made the family relationship network, that is to say family social capital, the focal point of their theories. Hoffman, as well as Pearson argued for the uniqueness of family relationships based on their structural dimension. Family relationships are per se stronger, denser, more enduring and emotionally intensive as family members have a shared history (Ensley and Pearson, 2005; Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008). Strong and dense ties directly impact the relational dimension as they create shared values, norms and obligations which build the ground for emotional attachment and inter-personal trust to arise (Arregle, *et al.*, 2007; Coleman, 1988; Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008). Due to the strength and long-term perspective of family relationships, family values and traditions create a set of norms, obligations and expectation within the family that help to create a high sense of duty, care and trust among members (Hoffman, *et al.*, 2006; Pearson, *et al.*, 2008). Interpersonal trust, as a form of identification-based trust (Sundaramurthy, 2008) is created by shared history, goals and values among family members and implies the belief that family member's actions intend not to inflict harm on other family members (Coleman, 1988). This family or family social capital helps family members to interact more efficiently with each other in several ways. As such, it impacts the cognitive dimension by shared identification, goals and values which helps family members to act as one entity and exchange information more freely and privately (Hoffman, *et al.*, 2006). Additionally, it establishes as sense of altruism among family members to care for each other without expecting any immediate repayment in exchange (Schulze, *et al.*, 2003). Altogether, this helps to predict other family members' behaviour with more certainty (Sundaramurthy, 2008), whether it comes to rewards or sanctions. Certainty to predict another person's actions and behaviours is a crucial basis for interpersonal trust (Coleman, 1988; Sundaramurthy, 2008). It is this level of interpersonal trust between family members and in the early stages of family ventures that help these businesses to strive and grow amidst adverse conditions (Anderson, *et al.*, 2005; Danes, *et al.*, 2009; Sundaramurthy, 2008).

Having established the unique characteristics of family social capital, the question remains, how `family social capital can lead to competitive advantages. While Hoffman argued for family capital, as a special form of social capital in family firm that is rooted in the distinct

feature of family relationships (Hoffman, *et al.*, 2006), Pearson aimed at integrating social capital with the familiness construct (Pearson, *et al.*, 2008).

According to Hoffman, competitive advantage arises to family businesses through a high level of family capital, i.e. strong family ties in the business. The stronger and more enduring family ties are, the higher the level of family capital in the business and the resource of sustained capital advantages. As family relationships are so embedded within the family business, there is no need to explain a possible transfer, as it implies a single system paradigm. By focussing on family relationships only, Hoffman's concept ignores the dynamics of organisational relationships and the relationships within the organisation. While his theory is able to explain why family capital can be a source of competitive advantage, as every family has unique relationships and thus unique family capital, it does not help to create a holistic concept. The relationship between family capital and firm performance seems to be linear, thus the higher the family capital the better business performance (Hoffman, *et al.*, 2006). This indirectly implies that the higher the level of family involvement and power in the business the better for business performance. This however, is only the case if family goals are congruent with business goals. In cases where family goals conflict with business goals possible negative impacts of high levels of family capital may lead to nepotism, a false sense of altruism that creates mistrust between family and nonfamily employees (Ensley and Pearson, 2005; Schulze, *et al.*, 2003) However, research has provided evidence that strong family ties among family members may lead to family isolation. Only if family employees are able to equally establish strong ties with family and nonfamily members in the organisation will family social capital create unique organisational social capital and thus competitive advantage (Arregle, *et al.*, 2007; Ensley and Pearson, 2005; Pearson, *et al.*, 2008). Furthermore, research has shown that the relationship between family social and organisational social capital is complex and not homogenously distributed among family firms.

While Hoffman et al. limited their theoretical concept to the family relationships only, Pearson et al. theorised how characteristics of family relationships may be transferred to organisational relationships by applying the familiness construct. The construct of familiness has been used frequently to argue for the sustained competitive advantage of certain family firms over nonfamily firms (Chua, *et al.*, 2004; Dyer, 2006; Habbershon and Williams, 1999; Hoffman, *et al.*, 2006; Le Breton-Miller and Miller, 2006; Pearson, *et al.*, 2008), arguing that competitive advantage stems from unique resources available to family firms due to the overlap of family and business system (Habbershon and Williams, 1999). Applying Nahapiet and Ghoshal's definition of social capital to the familiness construct, family capital could be defined as, "[…] the actual and potential resources embedded within and available through the network of family relationships" (Nahapiet and Ghoshal, 1998; Pearson, *et al.*, 2008) The main argument of Pearson is that the overlap of the family and business system may lead to spill-over effects of family social capital to the organisation. Arguing that social capital in family firms is deeply embedded in the family relationships, make it a tacit resources hard to imitate and thus fulfils the criteria consistent with the RBV (Pearson, *et al.*, 2008) Pearson as opposed to Hoffman, postulates a dual-open system paradigm arguing that family members appropriate a distinct feature of family social capital to the business sphere which creates unique organisational social capital (Pearson, *et al.*, 2008). By including the concept of familiness, Pearson provides a theory that can explain the differences of social capital in family firms as well as potential advantages and disadvantages linked to different levels of social capital in family firms. Although Pearson et al. give no direct answer on how different levels of familiness may impact the relationship between family and organisational social capital it builds a solid basis for academic research that combines family business theory with social capital theory. Both theories have their respective merits, although they apply a different family business theory.

3.1.2   A Review of Past Research – Empirical Research

This section turns to empirical studies on how social capital is distributed differently amongst family firms and how it is employed by family firms.
The idea that social capital within family firms is different from that of nonfamily firms and as such contributes to family firms' superior performance, has been brought up even before

conceptualisation occurred for example by Le -Miller and Miller, Dyer, or Sorensen (Dyer, 2006; Le Breton-Miller and Miller, 2006, 2009; Sorenson, *et al.*, 2009). The concept of Hoffman on family capital has been expanded and tested by Danes et al. According to their view, family capital consists not only of social capital, but also of specific human and financial capita available only to family firms (Danes, *et al.*, 2009). Results showed that social capital is an explanatory factor of the variance of actual financial performance as well as perceived performance of the firm (Danes, *et al.*, 2009). Stability, interaction, interdependence and closure shape the structural dimension of family relationships (Danes, *et al.*, 2009; Nahapiet and Ghoshal, 1998) which builds the ground for the relational strength that goes along with family ties based on affective relationships (Coleman, 1988; Danes, *et al.*, 2009). Danes et al. argued that social capital among family members is based on a tacit and implicit set of family values and norms that create expectations of behavioural obligations on which members can impose sanctions (Coleman, 1988; Pearson, *et al.*, 2008). As such social capital is a reliable and predictable resource for family firms (Danes, *et al.*, 2009).

Following Pearson et al's theory that social capital is a "familiness resource", Ensley and Pearson aimed to test, whether cohesion, conflict and consensus in family firms were different compared to nonfamily firms as well as distinct between parental and familial led family firms. By applying a strong ties perspective they presumed that cohesion, potency and consensus of familial top management teams (TMTs), was to be greatest when compared to familial TMTs and nonfamily TMTs. Their results confirmed the expected outcomes of a strong tie approach to family social capital. Parental led top management teams, i.e. where parents and children create a new family venture, cohesion, potency and consensus was greatest. There was less relationship conflict and less idea conflict. This is in accordance with theory of strong, cohesive network ties which suggests a higher level of abidance by rules and norms and less questioning of the status quo (Coleman, 1988; Granovetter, 1985; Granovetter, 1973). However, surprisingly familial led TMTs scored lower on cohesion, conflict, potency and consensus not only compared to parental but also to nonfamily TMTs. This would suggest that benefits of strong family relationships primarily accrue to nuclear families as opposed to extended families businesses where siblings or even more distant family relatives such as cousins create a business venture together. However, this needs to be further tested. Ensley and Pearson's results are strongly biased as their study only focussed on new ventures (business life below 5 years). Rather, than to suggest that familial led family business will always have lower levels of cohesion, potency and consensus, it may be deduced that in order for family social capital benefits to spill-over to the organisational social capital, a strong and tightly knit family circle is needed at the beginning of the business venture. Parents, due to their power and legacy within the family, create the values, norms and traditions of the family and thus of a new business (Arregle, *et al.*, 2007). However, when two sets of family values, norms and traditions clash, as they are expected to among cousins, who come from a different nuclear family, conflict and rivalry may lead to a dilution of the unique features of family social capital (Ensley and Pearson, 2005).

Looking at how family firms employ their social capital seems to imply that family firms consider social capital as a valuable resource (Zahra, 2010). They actively use their family social capital to achieve advantages within the company but also with external stakeholders such as customers or suppliers.

Mapping family ownership and level of organisational social capital against one another, Zahra tried to test whether family firms better use their organisational social capital in engaging with new ventures to attain necessary skills and information for adaptation in a changing business environment. Results show that family firms regularly use their organisational social capital to get access to new ventures to access new ideas crucial for business adaptation. They also seemed better able to utilise their organisational social capital compared with nonfamily counterparts (Zahra, 2010). Apart from that, family firms use their social networks not only as means by which the firm attains performance advantages but also from which they draw moral support and advice (Birley, *et al.*, 1991; Lester and Cannella, 2006). These networks may be built of professional (Birley, *et al.*, 1991; Lester and Cannella, 2006) as well as personal relationships (Birley, *et al.*, 1991). According to Lester and Canella, family firms use interlocking directorates among a network of family businesses to attain moral support and advice from other family firms (Lester and Cannella, 2006) as well as to avoid conflict. On an individual level, at the early stages of new family business ventures, family members as well as friends not directly related in the business are sought for moral advice (Birley, *et al.*, 1991).

Past research thus has mainly tried to establish how and if social capital in family firms is different and if this helps to explain performance advantages of family firms. However, there are still gaps in current research. First of all, the relationship of family involvement and social capital has not been explained satisfactorily. How much family involvement in the business is needed for family social capital to be transferred to the business, has not yet been explained coherently. Additionally, while focussing on positive performance effects, negative performance effects related to too high levels of family social capital in the business have not received equal attention. Strong family ties in the business will have positive as well as negative effects and it will be important for successful family business to acknowledge and manage these.

3.2   Social Capital and Family Business Theory – Present Research

More recently, research in family business theory has started to acknowledge non-financial family goals as relevant to the family businesses. Noting that family firms often pursue objectives that are not directly linked to profit maximisation (Chrisman, *et al.*, 2008; Gómez-Mejía, *et al.*, 2007; Le Breton-Miller and Miller, 2006), but rather to gaols that serve the controlling family, two question repeatedly came up. First, what kind of non-financial benefits arise to the family, and second, how can theory explain such behaviour. Gómez-Mejia et al. noted that family firms are willing to assume certain business risks that may potentially endanger the business, if it helps to preserve their family authority in the business. As such, when offered to enter a cooperative, resulting in less business risk, but also in loss of family control, most family business declined and consciously chose the riskier path (Gómez-Mejía, *et al.*, 2007). Also, they seem to be willing to forgo higher performance results and thus private financial benefits in order to retain family control (Gómez-Mejía, *et al.*, 2007). The term socioemotional wealth was coined to refer to all "[…] nonfinancial aspects of the firm that meet the family affective needs […]" (Gómez-Mejía, *et al.*, 2007). Socioemotional wealth may arise in form of high levels of social capital in the family that stems from the desire to perpetuate family values and family legacy. Family members have a shared identification and intimacy that is reflected by strong network ties. As such the family derives personal and group value by positive identification of the business with the family (Gómez-Mejía, *et al.*, 2007). The identification of the family itself is said to be linked with the business in such a way that the business is seen to be part of the family. This may explain why family firms may have goals that go beyond the financial perspective of providing income to the family (Chrisman, *et al.*, 2008; Le Breton-Miller and Miller, 2006; Pearson, *et al.*, 2008). Socioemotional objectives have also been used recently to explain why family firms have a more proactive way of dealing with their stakeholders (Cennamo, *et al.*, 2012). Socioemotional benefits could be classified as instrumental, i.e. related to preserving family control and the family dynasty or normative, i.e. related to binding social ties among family members, and stakeholders, who from part of the extended family (Cennamo, *et al.*, 2012). As such, socioemotional benefits could further be related to the social capital of the family alone, (instrumental benefits) or also to the organisational social capital (normative). Finally the degree of the need for positive identification loop of the family with the business will determine the degree to which the socioemotional wealth matters to the family and the business (Cennamo, *et al.*, 2012; Gómez-Mejía, *et al.*, 2007; Zellweger, *et al.*, 2011).
Present research has just started to consider nonfinancial goals of family firms and is beginning to conceptualise these into existing family business theory. Social capital seems to indicate a promising concept in building a solid theory of socioemotional wealth and stakeholder management in family firms. In order to get a more substantial theory of family firms and the unique role social capital may have in these entities; nonfinancial goals need to be further considered in family business research.

3.2 Social Capital and Family Business Theory – Prospect of Future Research

Although social capital has been on the research agenda of family business research for most of the past decade, it still offers huge potential for future research. While social capital has gained more acceptance in management research, it still often has the stigma of being an "exotic" area in mainstream business research. In family business theory it offers an

exciting prospect of studying the dynamics of two social systems, the family and the business which usually do not interact. As such, future research should aim to get a better understanding of how these dynamics work. This includes a more profound study of how the level and aspects of family involvement in the business impact the social capital of the family and the business alike. This leads to a number of possible research questions. Is there a threshold of minimal family involvement in the business needed in order for family social capital to play a relevant role in the business? Is a transfer of the structure of family relationships to the organisation needed to create positive social capital effects for the business? What are the possible negative effects of too much family social capital and how can these be mitigated? Future research also needs to consider the role of social capital in explaining nonfinancial objectives of family firms. Many of the explanations given seem to indicate a strong link to social capital and its structural, relational and cognitive dimension. Social capital may have the potential link to explain the socioemotional objective of family firms not only per se, but also in regard to the stakeholder management of family firms.

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A preliminary version of the theoretical model was presented at the EIASM 11th Workshop on Family Firm Management Research. The paper was among the "Most three honourable mentioned papers" of all presented papers.

Creating Social Reciprocity-The Role of Trust Network Reproduction and Social Learning

Evidence from a Medium Sized Family Frim

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Creating Social Reciprocity-The Role of Trust Network Reproduction and Social Learning-Evidence from a Medium Sized Family Frim

Abstract

This paper introduces a framework for understanding how managing family members create a shared understanding of caring and being cared for with their employees, called 'Social Reciporicty through relationship dynamics. Applying and embedded a case study approach, using grounded theory it emerged that the managing family built trusting relationships with employees, based on cognitive and affective trust. These relationships were learned and reproduced among employees leading to trust network reproduction based on a social learning process. Through trust network reproduction, the managing family established trusting weak ties which increased diffusion of social reciprocity to lower levels in the organisation. Upper network stability served as a process catalyst in socialising new members and integrating them into the organisational trust network. Trust network reproduction and upper network stability were identified as valuable concepts to creating a meta-theoretical framework.

1. Introduction

The purpose of this paper is to introduce a framework for understanding how managing family members build and maintain emotional social ties with employees and how these lead to social reciprocity between managing family members and employees. Social relationships in the context of family businesses have been of particular interest in family business research (Aldrich & Cliff, 2003). The concept of social capital has also attracted more attention in family business research, especially when applying a resource based view of family firms (Habbershon & Williams, 1999; Hoffman et al., 2006; Chrisman et al., 2012; Pearson et al., 2008; Danes et al., 2009). Theories have been developed, arguing that unique potential for competitive advantage stems from the internal familial ties (Steier, 2001; Sundaramurthy, 2008), which have spill over effects to the organisational sphere (Steier, 2001; Zahra, 2010). While family relationships have received increased attention, family-non-family relationship dynamics have received less. In this sense, research seems to have rather neglected a whole group of organisational members, namely non-family members.

While researchers have theorised that family firms are able to build strong and enduring social ties with employees, when put to test, results have indicated that this is not the case for all family firms (Ensley & Pearson, 2005; Eddleston & Kellermanns, 2007; Anderson & Reeb, 2004; Minichilli et al., 2010). While some family firms reap the benefits of strong, coherent organisational ties, others underperform, when compared to nonfamily counterparts (Ensley & Pearson, 2005; Eddleston & Kellermanns, 2007; Anderson & Reeb, 2004; Minichilli et al., 2010). While some attempts have been made to ground differentials in the family ties (Kellermanns & Eddleston, 2004), clarity on the relationship processes that lead to positive outcomes is still largely missing. Family firm research is still, then, in need of a meta-theory that explains the differences between family and nonfamily firms, and between family firms.

This research aims to close current gaps in understanding by applying an embedded case study approach, studying the micro-dynamics of managing family and non-family social relationships and their potential effect in creating a shared understating of caring and being felt cared for. With this aim in mind the following broad research areas have been defined:

I.   Explore how a shared understanding and perception of caring and being cared for is created between managing family members and non-family members and along what dimensions this is established

II. Explore the structural and emotional dimensions of relationships among organisational members such as managing family and employees as well as among employees.

III. Explore how from upper to lower level is achieved.

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This paper contributes to existing research in several ways. First, it provides insight on the process of building, maintaining and reproducing trust relationships successfully. Analysing data form different resources, the network analysis, as well as the interviews it becomes apparent that the managing family is able to build, maintain and reproduce trust relationships with employees. Second, it emphasises the importance of network learning. While social networks have been of major interest in explaining how knowledge and information can be transferred successfully within organisations (Burt, 2000; Levin & Cross, 2004; Adler & Kwon, 2002), little focus has been given on how relationship building can also be considered a learning process itself. This research clearly demonstrates that networks are learned and reproduced within the business and that a successful network reproduction leads to accelerated socialisation and integration of new members within the organisations. Furthermore, this research demonstrates how affective trust is an important ingredient to emotional social reciprocity. Whether management, in this case the managing family, is seen to be acting socially responsible towards its employees is dependent on whether the managing family/management can develop trusting relationships. It therefore extends understanding of why certain managing families are seen to be acting benevolent and socially responsible, while others are perceived to be acting selfishly. Lastly this research demonstrates the importance of affective trust and upper network stability, which are considered critical factors in providing potential for meta-theory.

The paper is structured as follows, first, a brief overview of relevant literature will be provided and gaps will be identified. This is followed by a description of the research methods which includes an overview of philosophical considerations, and the overall research design is explained. A brief discussion of sampling method is given, justifying the multiple- snowball sampling approach that was a applied. A more detailed description of data collection, data handling and analysis will summarise this section. The next section presents research findings which are then extended to the next section where analysis and discussion of findings is provided. After a thorough discussion, contributions to existing research and the potential for a meta-theoretical concept are discussed. In the following section, limitations and areas for further research are delineated and the paper ends with a brief conclusion.

2. Literature Review

This section provides a brief overview of relevant literature on family firms, social relationships, trust and organisational learning. Focus will be placed on social relationships in a family firm context and trust, as trust emerged as a theme of major importance in this research.

Family Firms

This section discusses two major topics in family frim research. First it, a brief overview of the definitional disputes will be given. This is followed by a brief discussion of the two competing systems approaches; the dual and the single system approach. Both topics are relevant as they may explain why the development of meta theoretical concepts in family firm research is hard to attain. It will be argued that a dual open system approach is best suited for the creation of meta theory and that a rather inclusive definitional approach is considered most appropriate.

Family firms have attracted researchers' attention for more than thirty years, but only in the past fifteen years has family firm research found its way into mainstream management literature (Sharma, 2004, 2004; Casillas & Acedo, 2007; Chrisman et al., 2010). This may be due to the fact that in many of the developed economies, family firms still play a major role in contributing to welfare and prosperity (Astrachan & Shaker, 2003; Haunschild et al., 2007; La Porta et al., 1999). Definitional disputes over what constitutes a family firm have not been resolved (Litz, 1995) and therefore research has moved to a definitional continuum of family firms (Astrachan et al., 2002) . Astrachan & Shanker's "family universe bull's eye" provides an example of the range of definitional concepts from broad to narrow definitions (Astrachan & Shaker, 2003). Whether a broad or narrow definition is applied will depend to a great extent of the contextual factors under which such frim are studied. Instead of determining whether a business is or is not a family business, it seems more appropriate to ask how

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much family is the business. This definitional approach not only incorporates the heterogeneity of these businesses best but also integrates well with the dual open system paradigm inherent to most family business research. This approach argues that within the family firm context, two usually separate systems, the family and the business interact and overlap (Chua et al., 2004; Denison et al., 2004; Habbershon & Williams, 1999) . While overlap of these systems will vary among such businesses and even within the context of one such business (Chrisman et al., 2005), family firm theory attributes many advantages as well as disadvantages inherent to these businesses to this system's overlap (Chrisman et al., 2005; Minichilli et al., 2010; Eddleston & Kellermanns, 2007). The dual open systems approach also accounts for the system dynamics that are likely to arise as the business grows, matures and multiple generations enter and leave the business (Sundaramurthy, 2008; Sonfield & Lussier, 2004). It is therefore considered to be most appropriate for creation of meta theory, as it allows for heterogeneity of family firms while still implying a differentiation from family and non-family firms. As this research applies an embedded cast study approach in an SME environment, Litz's definitional concept, as well as the F-PEC scale was used to guide case selection. Along the structural dimension, a family owned firm was selected, where ownership was shared by managing family members of the first and second generation (Litz, 1995)(Astrachan, Klein, & Smyrnios, 2002). Along the attitudinal dimension, a firm was selected that already had undergone a first transition from founding generation to second generation and where there was a strong desire to transfer the business to the next generation. In this sense the family influence is considered quite high, In the case study, the degree of family influence was quite high, which is usually the case in an SME context. The case can thus be seen representative along the dimension of family influence.

Social relationships in the context of family firms

This section provides an overview of research into the social relationships in family firms. Social relationships in family firms are considered more complex. Form a dual open system paradigm this is caused by the simultaneous and interacting dynamics caused by social relationships inherent to the family and the business system.

Applying a dual open system-approach, Habbershon et al. argued that valuable and sustainable resources inherent to the systems' overlap may accrue to family firms, explaining why some of these out-compete non-family firms (Habbershon & Williams, 1999; Pearson et al., 2008). This concept has been used and extended to include within family relationships and their effect on organisational relationships (Pearson et al., 2008). Researchers have argued that substantial benefit arises from the intimacy and closeness of family relationships (Hoffman et al., 2006; Sorenson et al., 2009) which lead to much more efficient interaction among family members which are transferred to the business sphere (Pearson et al., 2008; Habbershon & Williams, 1999)). However, there are two sides to the debate. While positive effects stem from trust, value and norm congruency (Eddleston & Kellermanns, 2007; Hoffman et al., 2006; Pearson et al., 2008)(Hoffman et al., 2006; Pearson et al., 2008; Eddleston & Kellermanns, 2007), negative effects related to inter-generational conflict, sibling rivalry can lead to the deterioration of the family as well as the whole business (Eddleston & Kellermanns, 2007; Ensley & Pearson, 2005). Sorenson for example argued that collaborative approach to managing conflict among family members have positive effects for both family and business while competitive behaviours lead to negative outcomes (Sorenson, 1999). Eddleston & Kellermanns came to a similar conclusion. A participative strategy in family relationships had positive effect on the firm performance and was positively influenced by altruistic behaviour of family members. Relationship conflict between family members however had considerable negative effects (Eddleston & Kellermanns, 2007). This indicates that relationships among family members influence social relationships on the organisational level. However, while relationships between family members have been a point of increased research effort, the relationships between managing family members and employees have yet to receive more attention, especially the relationship dynamics. While theorists have argued from a socio-emotional wealth (Cennamo et al., 2012) and agency perspective (Pearson et al., 2008) , which produced valuable insights, theorising itself, has mostly been detached from practical context. As such when theories have been put to the test, conflicting results have been found (Ensley & Pearson, 2005). Especially little meta-theory has been developed. Theories either focussed on developing theory that deals with differences among family firms (Kellermanns & Eddleston, 2004; Eddleston & Kellermanns, 2007; Sorenson et al., 2009) or theory that explains differences between family and non-

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family (Cennamo et al., 2012; Zellweger et al., 2011). Arguably, theorising should also attempt explaining both differences among family firms, and differences between family and non-family firms (Chrisman et al., 2012). Additionally, theory on social relationships in family firm contexts and its effect on issues such as employee wellbeing or social behaviour towards employees should incorporate the perspective of non-family members. For example, Cennamo et al. give multiple reasons for why family firms care more about their stakeholders (Cennamo et al., 2012), but explaining why does not provide information on how and it they are successfully transmitting these to non-family organisational members. This research starts to address these weaknesses by looking into the relationship dynamics between managing family members and employees and how these impact the organisational relationships as well. It also looks at what leads to the creation of shared feeling of caring and being cared for and how relational dynamics influence these perceptions.

Trust

This section discusses the concepts of trust in general and its conceptualisation in an organisational as well as family firm context. It provides a overview of existing commonalities and points of divergence.

The concept of trust has received heightened attention in business research, especially since its conceptualisation by Lewis & Weigert as a sociological concept (Lewis & Weigert, 1985) (McAllister,Ç . Trust is a multi-dimensional construct, hard to define and easily confounded (Gulati, 1995; Levin & Cross, 2004; Lewis & Weigert, 1985; Mayer et al., 1995; McAllister, 1995; Morrow et al., 2004; Rousseau et al., 1998; Sundaramurthy, 2008) (Gulati, 1995; Levin & Cross, 2004; Lewis & Weigert, 1985; Mayer et al., 1995; Morrow et al., 2004; McAllister, 1995) . Mayer et al. for example argued that research often confounded antecedents to and outcomes of trust with trust itself and argued for more precision (Mayer et al., 1995; Morrow et al., 2004). However, it seems that these distinctions hardly matter in a practical context, as trust is a dynamic process and boundaries between antecedents, trust and its outcomes are rather blurred.

 As a psychological concept trust has been studied under the assumption of being something that resides within a person (Lewis & Weigert, 1985; Mayer et al., 1995). Mayer et al also argued that there are individuals with higher and lower trust propensity, suggesting that the propensity to trust is a static state within an individual (Mayer et al., 1995). This however seems not be compatible with the sociological conceptions of trust, which assumes that trust is inherent in social relationships and requires a process of social interactions (Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004). Trust is the ground on which social interactions take place as it helps reducing uncertainty about other individuals' behaviours (Levin & Cross, 2004; Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004). Looking at the trust literature a few common themes emerge. First, trust is context dependent and dynamic (Levin & Cross, 2004; Lewis & Weigert, 1985; Sundaramurthy, 2008). Trust has a temporal dimension that extends from past, present to future (Lewis & Weigert, 1985; Mayer et al., 1995; McAllister, 1995; Morrow et al., 2004). Trust involves a rational reasoning processes as well as an emotional, intuitive leap of faith (Levin & Cross, 2004; Lewis & Weigert, 1985; Mayer et al., 1995; McAllister, 1995; Morrow et al., 2004; Rousseau et al., 1998; Sundaramurthy, 2008).

Researchers agree, that the decision to trust involves a cognitive process where one individuals forms assumptions or expectations of future behaviour of other individuals (Lewis & Weigert, 1985; Mayer et al., 1995). The cognitive decision to trust another person is based on evidence of past behaviour and rational reasoning (Levin & Cross, 2004; Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004). Trust thus involves a component of rational reasoning and a component of intuition or gut feeling, or felling of emotional closeness (Levin & Cross, 2004; Lewis & Weigert, 1985; McAllister, 1995; Morrow et al., 2004). In this relation, trust always involves the willingness to assume risk or the willingness to be vulnerable (Levin & Cross, 2004; Mayer et al., 1995; Morrow et al., 2004; Rousseau et al., 1998). These two components of trust have often been referred to as cognitive and affective dimensions of trust. Lewis & Weigert as well as Morrow et al. argue that trust always involves both, the emotional and rational component, even if the level of each component may vary within different context or relationship settings and both, cognitive and affective trust are interrelated (Lewis & Weigert, 1985; Morrow et al., 2004). In an organisational setting interpersonal trust is based on cognitive and affective levels of trust (Mayer et al., 1995; McAllister, 1995; Morrow et al., 2004). While both dimensions of trust

are valuable, cognitive trust is the ground on which affective trust can grow and prosper (McAllister, 1995). In the organisational context trust has been found to be positively related to co-operation, knowledge sharing, organisational learning and alliance management (Gulati, 1995; Levin & Cross, 2004; McAllister, 1995; Morrow et al., 2004). This seems quite logical a trust facilitates interpersonal interaction. Affective trust enhances sharing of interpersonal knowledge and cognitive trust fosters an organisational learning environment. It also enhances the learning process within an organisation.

In the context of family firms the role of trust has been discussed from the perspective of family relationships (Sundaramurthy, 2008; Arregle et al., 2007). Due to the long-term perspective and unconditional love inherent to family relationships (Hoffman et al., 2006; Sorenson et al., 2009; Pearson et al., 2008; Arregle et al., 2007), both cognitive but especially affective trust levels are said to be higher and more sustainable as in other relationships (Hoffman et al., 2006; Sundaramurthy, 2008; Zahra, 2010) Development of high levels of interpersonal trust requires a long-term perspective that many other relationships lack (Arregle et al., 2007). Family relationships have an enduring emotional bond and level of intimacy that is hard to reproduce in other relationships (Hoffman et al., 2006; Pearson et al., 2008; Sundaramurthy, 2008). The German saying "Blood is thicker than water", captures this component in family relationships well. Due to high levels of interpersonal trust, managing family members interact more efficiently than other management teams (Hoffman et al., 2006). However, the high level of emotional or affective trust also brings a high level of emotional vulnerability. Even if the probability that trust between family members is shattered beyond repair is very low, if it happens the effects are likely to be devastating, not only to the family but also to the business (Lewis & Weigert, 1985; Sundaramurthy, 2008). Lewis & Weigert point out, that where high levels of emotional investments are made; a violation of the trust contract produces a strong feeling of personal betrayal and disappointment (Lewis & Weigert, 1985). In the family firm context, a major question is how the level of trust the managing family has in other family members can be sustained (Sundaramurthy, 2008). As the firm grows and also the nuclear family is extended to include spouses, children cousins, grand-children, trust relationships once strong are likely to deteriorate (Sundaramurthy, 2008). Sundaramurthy proposes a cyclical model to sustain trust between family members from early to later stages in the business. One critical factor to sustain trust, is too introduce higher levels of communication, especially between generations so older generations do not have the feeling of being shunned out the business (Sundaramurthy, 2008). While sustaining trust within family relationships, the understanding of how trust among family members is transferred to the organisational level, especially within family-non-family relationships has received much less attention, This is probably due to the fact that it requires an in-depth approach, of going deep into the social relationships of an organisation. Achieving this is not easy, as it requires to co-operation of the managing family. Not many businesses may be willing to 'open their doors' for researchers to study the micro-relationships managing family members have with their employees from perspectives of managing family and non-family organisational members. Nonetheless, it seems to offer a possibility to enhance current understanding of the trust dynamics in family firms.

3. Methods

This section explains and discusses the applied research methods used, starting with an explanation of research philosophy. A description of research design, sampling method, and the data collection process follows. This section concludes with a detailed description of the data handling and analysis procedures.

Philosophical, epistemological and general research methods

This research applies a pragmatist critical realist philosophy (Sayer, 1992); therefore arguing for context dependency of scientific knowledge (Bhaskar, 1978; Easton, 2010; Oliver, 2012; Danes et al., 2009; Sayer, 1992). In accordance with this perspective a grounded theory embedded case study approach was considered most appropriate (Gao et al., 2012; Woodside & Wilson, 2003; Hennig et al., 2012; Yin, 2009, 1981), for two major reasons, First critical realists argue that knowledge is context dependent and valuable theory can only be

developed within a real-life context (Johnson & Duberley, 2000). This dimension is also inherent to grounded theory which applies an abductive approach to theory building and argues for theory to be emergent and data driven. Second, the constant comparison of emergent themes requires a critical self-reflection and acceptance of the researcher's fallibility (Easton, 2010; Oliver, 2012; Sayer, 1992).

Research Design

The major device for data collection was semi-structured interviews. Feedback interviews were made at a later stage to support axial and selective coding (Gao et al., 2012; Strauss & Corbin, 1997; Strauss & Corbin, 1998) , insuring that emerging themes and relationships were an appropriate interpretation.

Case study research fits not only well with both, research philosophy (Easton, 2010) and methodology (Gao et al., 2012) but also with the nature of this research. Social relationships are context dependent and complex by nature. Understanding these in detail requires an approach that allows "getting close" to research subjects (Gao et al., 2012), which is not possible in questionnaire methods. In addition this research aimed to integrate the employees' perspective on social behaviour by managing family members, therefore a single case incorporating multiple caselets (Gerring, 2004; Yin, 2009)was considered the best option . The case was selected for two major reasons: First, the case was considered to be revelatory (Yin, 2009, 1981) in the sense that it provides an example for a family business where employees seem to feel valued and cared. This is shown by the low fluctuation rate, as well as the managing family's recognition of being an exemplary employer. Managing family member acknowledged that even though employees were paid better than other companies within the industry sector, other industry sectors competing for the same pool of employees offer higher wages. This indicates that there is something beyond financial remuneration explaining the low fluctuation rate. Second, the case incorporated features that had caused major discussion within family firm research (Litz, 1995; Astrachan et al., 2002; Astrachan & Shaker, 2003; Litz, 1995). The case consists of a medium sized family business in the metal working industries, a sector where many family firms operate in Germany. It was founded around fifty years ago by the founding generation and had already undergone a successful generational transition. This point is of importance as generational transition has caused major definitional rift in family firm research (Holland & Oliver, 1992). Some researchers argue that unless a firm has not been transferred successfully it is not a family firm as such (Holland & Oliver, 1992). Moreover, any effects attributed to family firms need to be sustainable over generational boundaries (Barney, 1991; Chrisman et al., 2012; Habbershon & Williams, 1999). If there is substantial difference in how family firms build their organisational relationships, it should be at least potentially transferrable.

Sampling method

Postulating that managing family members are central to the process of building and maintaining the organisational social ties a snowball sampling methods was applied. Snowball sampling is an appropriate sampling method for social network research, especially in the organisational context, where central nodes of the network can be easily identified (Borgatti et al., 2013; Hennig et al., 2012). Data was collected on site over a year, using an iterative process of data collection analysis and critical evaluation (Gao et al., 2012; Glaser & Strauss, 2008). Data collection was spread over three phases, following the sampling method in a logical manner[46]. Phase one started with interviewing managing family members. In order to determine the next interview subjects, managing family members were asked to name five members within the organisation with whom the interacted most in the business (Lin et al., 2008). These contacts were labelled 'first level close organisational ties' and could include family and non-family members. Family members were then asked to name five people in the business with whom they would climb the "Matterhorn" and two people of the group of give, that would secure them during climbs These contacts were labelled 'first level trust ties'. In order to validate if the network questions actually measured trust ties managing family members were asked to explain why they had chosen these

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46 A summary interview tables is provided in appendices Ia and Ib.

people. Answers were similar to the scales used to measure cognitive and affective trust and thus the question was considered appropriate for measuring trust (McAllister, 1995; Levin & Cross, 2004). First level network members were approached for an interview, initiating phase two of data collection. Interview questions were structured around the same themes as with managing family members using equal or similar wording. This was thought to make sure that the same things and themes were looked into and data was collected on the same topics. For an example, while managing family members were asked *"What do you do to promote the wellbeing of your employees?"* employees were asked *"what does the managing family do to promote your wellbeing?"*[47]All new close organisational ties, i.e. ties not mentioned already by managing family members, were labelled second level close organisational ties, while all new emerging trust ties were labelled second level trust ties. Together, they formed the second level organisational network[48]. It needs to be made clear, that only those members that had not been mentioned by the managing family but only by first level network members were labelled "second level network members". Again second level network members were approached for an interview, starting the last phase of the data collection process.

Collection, handling and analysis procedures of data

Each interview was collected personally by the first author and an audio recording device was used. After each interview a short interview memo was written right after the interview that included my subjective perception of the interviewee situation. Interviews were transcribed verbatim by the first author and transcripts were checked for external validity by a research assistant (Shenon, 2004). After the verbatim transcript had been validated, they were sent to interviewees for approval. Only one interviewee made use of this opportunity by adding information (Woodside & Wilson, 2003). Transcripts were scanned in a more detailed manner and the interview memos that included the immediate perception of the interviews were extended. Perceptions whether certain questions seemed to be hard to answer were noted and these questions were scrutinised in future interviews in order to find out if the question needed to be adapted. These short memos also included critical reflection of interviewer behaviour and its potential effects on interviewees (Denzin & Lincoln, 2011). This helped to establish successful and less successful interview behaviours.

After interview memos had been finished, interviews were analysed in detail. Each logical interview section was coded openly (Glaser & Strauss, 2008; Urquhart, 2001) and analytical memos were written after a section had been coded preliminary (Urquhart, 2001). Codes were developed, written down and compared (Gao et al., 2012; Strauss & Corbin, 1998). As new codes emerged, they were compared to existing codes and similar codes were grouped under emergent categories (Strauss & Corbin, 1998), however, categorisation of themes occurred at a much later stage of the analysis (Glaser & Strauss, 2008). While certain themes emerged quite early, explanations and relationships among themes required a thorough analysis of a number of interviews. This was especially due to the fact that theoretically expected relationships between the level of care perceived by employees and the structural dimension of social relationships between employees did not emerge in the data. Emergent relationships were integrated into a preliminary framework, which was then discussed with a selection of interviewees who had already spoken with the first author. These feedback interviews were made in order to ensure that the interpretation and analysis of the answers provided a 'realistic' understanding of the feelings and perceptions of interviewees (Strauss & Corbin, 1998; Urquhart, 2001). The framework presented in section 5 emerged gradually, step by step and was subsequently adapted and validated.

4. Findings

In order to create a better understanding, the major findings will be presented first, while an explanation of how these findings were developed and how they relate to current

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47 A more extensive catalogue of question asked is provided in appendices IIa ans IId.

48 also sometimes referred to as second level network members.

understanding will be given later. The findings are presented according to how relationships emerged and led to the successive development of the framework. It is not the order of emergent themes but rather how emergent themes seem to be interrelated. Answers between first, second and third level network members have not been distinguished in the presentation of findings, as they were the same among employees. The first Table summarises findings on managing family-employee relationships. They are presented first as, the snowball sampling started with the managing family. Being at the centre of the organisational network, the managing family members influence and shape the structural and relational dimension of the organisational network. The perception of employees of their relationships with managing family is presented in Table 2. This is important to demonstrate how employees reciprocated the trust provided by managing family members. The third Table represents perceptions of managing family members as well as employees on what the managing family does to promote their well-being. The congruency of themes mentioned indicates that employees know and realise what is being done to promote their well-being. Table 4 reports on the emotional dimension of promoting employee well-being that emerged in interviews. It is an interesting finding that was not expected to emerge to this extent, but did nevertheless. Table 5 on to summarise findings on employee-employee relationships, which demonstrate a high degree of similarity reported in Table1 and 2. It follows that relationship between employees and managing family as well as those among colleagues share similarities. Table 6 summarises the perceptions of employees on the importance of managing family member's behaviour in influencing their behaviour. This theme emerged at a much later stage of the analytical process when a preliminary framework had already developed. The findings in Table 6 emerged in feedback interviews. Table 7 reports findings on the stability of relationships within the organisation. Stability in relationships, was a theme mentioned across participants, however its explanatory value emerged at a later stage in the data collection process. It emerged as being relevant after interviewing employees with less than 3 years in the business providing similar answers related to tables as Tables 2-6 demonstrate.

Table 1: Managing family members about relationships with employees

Cognitive trust
1. Employees opinions and ideas should be listened to
2. I try to integrate employees in decision making
3. I value honest and critical opinions from employees
4. I can trust my employees to behave with integrity
5. I rely on the employees I work with to be loyal and honest
Affective trust
6. The well-being and happiness of employees is close to my heart
7. I always have a sympathetic ear for the problems and worries of employees
8. If an employee needs my help, I try to do what I can
9. I get along well with employees, they are good people
10. I am friends with employees/s and have private contact with employee/s
11. I want our employees to stay with the business

Table 2: Employees on relationship to managing family members

Cognitive trust
1. The managing family member/s has/have a very high level of competence
2. The managing family member/s listen/s to and ask for my opinion
3. I can honestly say my opinion, even if I don't agree with the managing family member/s
4. I like working with the managing family member/s
5. The managing family supported and invested in my carrer development right from the start
6. I have a position with lots of responsibility
Affective trust
7. The managing family member/s always have a sympathetic ear for the problems and worries of employees
8. You can always talk to the managing family about any problems I have
9. The managing family members have helped and will help employees, if they can
10. I have private contact to the managing family member/s and know the managing family member/s very well
11. The managing family member/s is not only my boss but also a friend and colleague
12. I have a trusting relationship with the managing family

Table 3: Managing family and employees on the promotion of well-being

Managing family perspective - what we do
1. We do a lot for the well-being of employees, more than other businesses do
2. We provide a lot of things to employees, that help them to stay healthy
3. We try to create a work environment that is safe for our employees
4. Every little thing that helps to make work easier for employees is done
5. We try to create a nice atmosphere in the business, where people behave collegially and respectfully
6. We pay employees more than other business in the industry and try to let them participate in our success
7. We invest in our employees career and create perspectives for them
9. We offer a high job security to employees
Employee perspective -what does the family do
10. The managing family does more things for our well-being than other businesses
11. The managing family offers lots of things we can do to stay healthy and fit
12. My work environment is nice and has lots of amenities
13. The managing family creates a nice working atmosphere and possibilities for employees to develop
14. The managing family does things that are important to me personally
15. The managing support me in my career development financially
16. The managing family provides opportunities to develop and a career perspective
17. The managing family helps employees who are in financial distress
18. My job is secure and paid well

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Table 4: Shared feeling of care and being cared for: managing family and employee

Managing family perspective
1. I personally care for the well-being of our employees
2. It's important to me that employees stay healthy and can support their families
3. I try show my appreciation to employees
4. I try to get in contact with employees who I normally would not get to see a lot
5. I have a responsibility to care for our employees' well-being
6. I try to have an sympathetic ear for the worries of my employees
7. If there is a problem that an employee wants to talk about my door is open to them
Employee perspective
8. I feel cared for by the managing family
9. The managing family shows interest for my happiness and well-being
10. It's not only about the profit but also about the people
11. The managing family will not leave me alone with my problems and help me if they can
12. The managing family is benevolent and affectionate
13. The managing family tries to attain to matters that are important to me
14. I feel lucky, that I can talk to the managing family about all my problems

Table5: Employees on relationships with colleagues

Cognitive trust
1. We work with each other and not against each other
2. I am not afraid to a ask colleagues for help
3. I am not in a competition with my colleagues
4. We listen to each other
5. I can rely on my colleagues to do a good job
6. We don't take advantage of each other
Affective trust
7. I know I can rely on my colleagues in all matters
8. I have a very good trust relationship with my colleague/s
9. I know when a colleague needs help or is unhappy
10. My colleagues are my friends and we do things together outside the business
11. I talk to my colleagues about all my problems, even private problems
12. I like working with my colleagues and would not want to work anywhere else
13. We know each other's worries and have a strong social cohesion in the business
14. We help each other out and support each other

Table 6: Perceived Influence on managing family's behaviour on employee's behaviour

First Level Organisational Network
1. I think the managing family serves a leading example in how to treat each other
2. I try to be as approachable for my colleagues as the managing family is for me
3. How the managing family behaves towards employees influences the overall atmosphere
4. If colleagues need help, I advise them to go and talk to the managing family
Second Level Organisational Network and Third Level Organisational Network
4. How colleagues treat each other is a good indicator of how they are treated by the managing family
5. How the managing family behaves towards employees influences the overall atmosphere
6. Colleagues have told me that you can always talk to the managing family about your problems

Table 7: Upper network stability: managing family, first, second and third level employees

Managing Family Members on first level network members
1. I am on first name basis with most employees
2. I know a lot of employees since my childhood
3. I have been friends with employees before they started to work in the business
4. We have a very kow fluctuation rate
First Level Organisational Network
5. I know the managing family members since they were children
6. I have never worked in another business
7. I started working here and stayed in the business
8. I don't want to work anywhere else but here
9. I worked unter the first and now work under the second generation
10. I felt welcomed right from the start
Second Level Organisational Network and Third Level Organisational Network
11. Many employees have worked here and know the family for a very long time
12. People who start working here, usually stay with the business
13. I don't want to work anywhere else but here
14. I felt welcomed right from the start

5.   Analysis and discussion

In this section an interpretation and discussion of the findings is provided. First, I will explain how themes emerged and were further developed and integrated into a theoretical framework. A successive elaboration of the theoretical model will help understanding the emergent nature of the theoretical framework and interdependencies among trust network reproduction, network learning and social reciprocity. This research proposes that trusting relationships between managing family members and their close ties create social reciprocity. It is further argued that trust learned in managing-family-employee relationships is reproduced in employee-employee relationships and leads to a process of social network learning among employees. The development of trusting weak ties, between employees at lower levels and managing family provides further evidence for trust network reproduction and network learning. Four major analytical points emerged and each is discussed separately, proving an understanding of the step by step development of the theoretical framework. The focal analytical points are grounded in the data collection process which is

inherent to this research and influenced the development of the theoretical framework. The first two sections relate to findings and the interpretation of findings made in data collection phase 1 and 2, when managing family members and first level network members were interviewed. Section 3 relates to the interpretation of findings made in phase 2 and 3 of the data collection process, when first level and second level network members were interviewed. Upper network stability, discussed in the last section, relates to analysis of findings that emerged in phase 1, 2 and 3, when another cross analysis of data was made.

The first analytical point that evolved was that the managing family members as well as the employees both mentioned the same things when being asked what they do/what the managing family does to promote their well-being. However, there seemed to be something more to this. It was not only what employees and managing family would answer, but how some themes would be mentioned over and over again. Especially, the feeling of caring and being cared for was mentioned over and over again. Some themes mentioned by employees especially, seemed to be related more to the emotional support and attachment they perceived to be inherent in the managing family's actions. Analysis of managing family and employees were extended around broader themes that may explain this. It soon emerged that managing family and employees shared trusting relationships (Lewis & Weigert, 1985; McAllister, 1995), which were characterised by a strong sense of dependability, belief in each other's integrity and genuine care (Mayer et al., 1995; McAllister, 1995; Morrow et al., 2004). This seemed to best explain, the first finding. However, high levels of trust where not only limited to managing family-employee relationships where there was a long-standing relationship or friendship tie (McAllister, 1995), but also by employees who had been in the business for less than five years and who could not boast of having the same levels of intimacy than other employees had. This was surprising, as I expected to find noticeable differences between those who knew the managing family for a long time or who shared a friendship tie (Coleman, 1988; Marsden & Campell, 1984). At the same time, analysing the employee-employee relationships it emerged that they were described very similar to managing family-employee relationships. The managing family, being the centre of the network seemed to have a huge influence in how relationships were built among employees. Trust relationships were learned by managing-family-employee interaction and reproduced in employee-employee relationships. Further interviews were made with second level network members in order to find out whether identified themes and relationships were persistent over a wider range of the organisational network. This was the case and thus it is postulated that trust is learned and reproduced over hierarchy levels. Trust in social relationships can also be seen as a social learning process occurring between employees, influenced and shaped to a great extent by the managing family. This theme was integrated into feedback interviews and was found to be relevant. After having provided a brief overview, a detailed discussion and analysis will now follow.

Managing family members develop reciprocal trusting relationships with their employees, based on high levels of cognitive as well as affectionate trust.
Analysing the findings 1-11 presented in Table 1, the managing family builds trusting relationships with employees in their close organisational network. Ties mentioned by the managing family as close organisational ties and/or trusting ties are named first level organisational network members. As Table 1 demonstrates, trust relationships are based on cognitive trust as indicated by findings 1-5, as well as affective trust , shown by findings 6-11,. Trust relationships are reciprocated, especially relevant here is the reciprocation of affective trust by first level organisational ties, as shown in Table 2, findings 7-12. Managing family members provide affective trust credit to new employees , which can be seem looking at finding 4 in Table 1, who perceive this a trusting behaviour seen in Table 2, finding 5 and reciprocate trust given by finding 12 in the same Table..

Being at the centre of the organisational network, the managing family members have the highest in-degree, i.e. incoming ties (Borgatti et al., 2013; Hennig et al., 2012). As everyone was asked to name five people in the business with which they interacted most with (Borgatti et al., 2013; Marsden & Campell, 1984; Bebbington et al., 2008; McAllister, 1995), the out-degree should be the same for all people. Having managing power they should be at the centre of the organisational network and the flow of information (Borgatti et al., 2013; Ensley & Pearson, 2005).

Analysing the ties selected to the trust network of managing family members, a high degree of reciprocal ties becomes apparent. Managing family member demonstrated a high degree

of reciprocal ties in their respective trust network. The maximal number of reciprocal ties was five, with managing family members having at least three or more reciprocal ties. One managing family had five reciprocal ties, while others had three reciprocal ties. While one managing family member had a decrease from five ties to 4[49], the other managing family members had all trust ties with employees reciprocated and only intra family ties were not reciprocated along the measurement approach. This was rather considered to stem from the limitation to name only five people which lead to constraints in the number of people that could be selected.

Looking at the in-degree shows that managing family members were more or less equally popular selected to the trust network employees[50]. Looking at the degree of overlap that managing family members had between their respective organisational social network and trust network demonstrates considerable overlap. Of course there are members in the trust network of the managing family, which the managing family member didn't mention in the close organisational network. However, this may partly be due the fact that also managing family members had to limit their close organisational network to the five individuals they interacted most with (Borgatti et al., 2013). All managing family members felt it rather difficult to keep within that limit, and expressed that there were also other members in the business with whom they shared frequent and ongoing interaction. In one or two cases however, managing family members shared a friendship tie with one of their trust network members and their interaction with this tie was mainly outside the organisational context. There were also close organisational ties of the managing family, which were not selected to the trust network; however, this coincided in those cases where ties were selected to the trust network but not the close organisational network. Again, it needs to be considered that also in this case, only five ties could be mentioned. Thus it cannot be concluded that the managing family member did not trust these close organisational ties, but only that there was someone else in the business with which the managing family member shared a closer relationship.

The overlap of the close organisational network with the trust network of managing family members and the fact, that in most cases the working relationship preceded the trusting relationship indicates that cognitive trust leads to the development of affectionate trust. The relationship between cognitive and affectionate trust has already been uncovered by McAllister, who reported that high levels of cognitive trust also led to higher levels of affective trust (McAllister, 1995; Morrow et al., 2004; Gulati, 1995). Also interaction frequency between manager and employee was positively related to affective trust (McAllister, 1995). Unfortunately, McAllister did not investigate on possible interdependencies between interaction frequency and cognitive trust. As he found peer reliable behaviour to have positive effect on cognition based trust, it should be questioned whether interaction frequency is not also positively related to peer reliable behaviour. It could be argued, that a higher frequency of interaction should lead to a higher probability of witnessing peer reliable behaviour on the part of the manager. However, it is not the aim of this work to criticise previous research, but to demonstrate how the managing family builds trusting relationships with their employees.

However, not only network data indicates that the managing family members are able to develop reciprocal trusting relationships with their employees, based on high levels of cognitive as well as affectionate trust. Looking at the answers in more detail, shows that managing family members builds trusting relationships (Levin & Cross, 2004; McAllister, 1995; Morrow et al., 2004).

Managing family members demonstrate to have high levels of cognitive trust in their employees. This was not only limited to their close hierarchical network members. As findings 1-5 in table 1 are not only things the managing family mentioned when talking about their close ties, but also when talking about employees in general. When speaking to managing family members, they found it important to listen and reflect on professional opinions of their employees, irrespective on their hierarchical position

One managing family members said:

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49 One of the selected contacts retired from the business before I had the chance to arrange an interview
50 The in-degree for managing family members was 9, 7 and 6. If family ties are neglected, the in-degree is 7,7 and 4 respectively.

"When employees give their ideas to improve things, you should take them seriously and not just ignore their ideas […] in some cases, they make sense and then you should give positive feedback and tell them it was a good idea, so they know you actually listen to them" **Managing family members talks about how to show appreciation to employees**

The same was felt by employees, who reported that they felt their professional opinion mattered and the family was interested to hear it. One employee of the first level close organisational network said

"I can go to them, anytime there is something I need to talk about" and *"whenever there is a project; they come and ask for my opinion and my word counts"* **Employee talks about how his opinion is still valued)**

Another employee not mentioned among the first level organisational network seemed to the feel the same:

"I am happy to have transgressed from an apprentice to being perceived a person with professional competence…[…]…that I am asked for my opinion because it matters and that I can honestly speak my mind, even if I don't agree [with the managing family] in all cases." **Employee talks about the relationship to the managing family**

For all employees spoken with, it seemed to be important, that the managing family valued their professional opinion and that they felt, they could communicate their opinion to managing family members. It also provides evidence, that the managing family extends their trust network to include employees (McAllister, 1995). Whenever possible, the managing family is intent to include employees in decisions as finding 2 in Table 1 shows. For example, employees were asked to contribute ideas to how to celebrate the business' 50 year jubilee. They felt, that it is a celebration of the business success to which employees have contributed as much as the managing family. Another way to integrate employees who by their hierarchical position were less closely connected was by inviting them to employee breakfasts. These were meeting were the managing family invited employees they would usually not have a lot of direct contact to. This was done to provide a possibility to talk freely and in a relaxed context.

Managing family members said:

"We do these breakfasts to get a direct connection to employees working on lower hierarchical levels. Sometimes information gets filtered and problems of lower level employees don't reach us. We invite a small number of people to have breakfast and then it's bombs free, everyone can say whatever is important and sometimes really funny things come up […]. It's a way for us to get in touch and its shows them quite quickly that we look after things they mentioned" **Managing family members talks about employee breakfasts**

"Sometimes we will even go to the construction sites to visit the workers. We pack a picnic basket and these events are usually quite nice. You really get to hear a lot of things that usually would not reach you." **Managing family members talks about employee breakfasts**

Other data demonstrating that managing family members builds trusting relationships with close organisational ties is given by analysing the reasons mentioned by family members for selecting employees to their trust network (McAllister, 1995, 1995; Morrow et al., 2004). When asking why certain people were selected to accompany them on the 'Matterhorn' climb managing family members said they knew those people longest and best, and felt they could count on those people. One managing family members said:

"I know I can count on these people, they are good people" while another said *"[Employee name] is absolutely loyal to the core, to the business and the family. [The person] always stands by me and by our business, and goes through thick and thin with me, in good or bad times"* and other managing family member said *"I am really getting along quite well with [employee] and value that [the person] is able to give me an honest critical opinion"* **Managing family members talks about employee trust and opportunistic behaviour**

While cognitive trust is not irrelevant as some competences and abilities were valued in other people such as, ability to motivate, or ability to reach a common goal or was

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considered pragmatic, the affective trust component seemed to be equally or even more relevant. The feeling that you would get along well with and could count on these people was important.

The trusting relationships that managing family members built were reciprocated by employees. This is not only shown by the findings in table 2, but also by analysing structural network data. It shows a, high degree of reciprocity in the trust network of managing family members, as indicated by the trust network of the managing family which is given in appendix III[51]. Moreover it can be seen in the high level of in-degree managing family members demonstrated in the trust network. Managing family members show the highest in-degree in the trust network, as is indicated by the size of nodes and are thus central to the trust network[52]. Managing family members were also selected to the trust network from employees who selected managing family members to their close organisational network, but also from those who didn't select the managing family to their organisational network. This shows that the managing family enjoys high levels of affectionate trust by employees who do not share a close organisational tie. The numbers in brakets represent employee-only in-degree, i.e. ties reported by one family member to another family member were omitted.

	In-degree Close organisationa	In-Degree trusting ties
Managing family member 1	12 (10)	9 (7)
Managing family member 2	6 (4)	6 (4)
Managing family member 3	9 (7)	7 (7)

However, not only the network data implies that there is a high level of affectionate trust for managing family members by employees. There are countless quotes of employees, expressing their affectionate trust for managing family members. All employees, selecting managing family members to any network, irrespectively if it was close organisational and/or trust network reported that they felt the managing family genuinely cares for them. Every employee I spoke with felt or knew that they could always approach a managing family member if they had a professional or private issue or problem. Here are a few of the many examples where employees expressed their affective trust for managing family members:

"[…] it's not only the colleagues whom you can talk with about your worries and problems, you can also go up the hierarchical ladder [managing family]" **Q: describe the personality of the managing family member you know best**

"You know, I can talk to them [managing family]. Where can I do that in a corporation? If I got a problem, I can always approach them, even if it's a private matter…when people [other employees] were indebted and didn't know how get out if it, they [managing family] helped them" **Employee talking about the reasons why there is a stronger social cohesion in the business.**

 "As a boss [the managing family member" is great, you know… [the managing family member] knows how the be a boss but also is kind of a colleague and friend to me, you can really say that, and that is also why I working here is fun for me…I always get invited to [the managing family member's] birthday and who can say that they get invited to their boss' birthday?!" **Q: describe your relationship with the managing family member you feel you know best!**

This perception of approachability, concern and care for employees' needs was not only based on impressions but on experience.

"[…] I went to the human resource office a few times and it j didn't seem to work out [that quickly], so I finally just decided to go and talk to [managing family member]…and so I did and I explained the whole thing to [managing family member] and half an hour later; I had my

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51 Nodes not connected to the managing family were deleted from the network, for reasons of simplification of visual display. This explains why other nodes only have a degree lower than 5 in the displayed network. In the actual network all nodes have an out-degree of 5.
52 Appendix III shows the trust network of the managing family.

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contract extension given to me" **Employee describes managing family member as attentive and approachable and uses this as an example of attentive behaviour**

Especially those little personal anecdotes provide literal evidence that managing family members demonstrates high levels of affectionate trust. As McAllister points out, high levels of need based behaviour are related to high levels of affective trust in the manager-employee relationship (McAllister, 1995). In this case, the managing family member realised that the issue of contract extension was causing emotional stress and realised immediate action was necessary. Such demonstration of affective trust towards employees explains why employees feel secure in approaching the managing family members with all their problems. I was astonished to hear employees admitting that they would talk about private or financial problems with the managing family. In the employer-employee relationship, employees demonstrate a high degree of vulnerability (Mayer et al., 1995; McAllister, 1995; Morrow et al., 2004; Rousseau et al., 1998) and affective trust in confiding private or financial problems to the managing family. They need to have absolute faith that such information is not interpreted negatively by the managing family or used against them or disclosed to other parties. Confiding in another person is a matter of high emotional risk exposure (Lewis & Weigert, 1985), which not only is a demonstration of high levels of affective trust but also, a matter of relationship closeness.

While the managing family is able to build trusting relationships with their close organisational ties, they also would extend trust to those, not in the close organisational network of the managing family. One thing that emerged when talking to the employees was that the managing family provided an affective trust credit, given to all employees. One could say that it is not trust, that had to be earned but distrust had to be earned. Certain privileges were available to all employees, not only those who worked closely with the managing family or had already proven they deserved to be trusted. A few employees reported that the managing family financially invested in their professional development right from the beginning. In many of these cases, the family willingly assumed the risk, that the investment would not 'pay-off', that the employee would receive training and then leave the business after a few years.

"First of all, I was supported financially regularly and during my apprenticeship. Whether it was supporting me in paying my tuition fees, or else…[…]Many of my class mates would not receive any financial support from their employer} and were left alone with it [payment of tuition fee.]" **Q. what is the managing family doing to promote your well-being?**

The same would go for allowing employees to invest working time in social engagements. A number of employees are active in the local voluntary fire forces. Whenever they are called on duty, no one asks if it's okay to leave, they just leave, or if there is an alarm during the night, no one expects them to show up for their morning shift. They just give a quick call and that is okay. They are not penalised financially if they are called on duty while their shifts, neither do they have to make up lost working time. Employees felt that the managing family trusted them with a certain degree of autonomy and felt trusted by the managing family as finding 12 in Table 3 indicates.
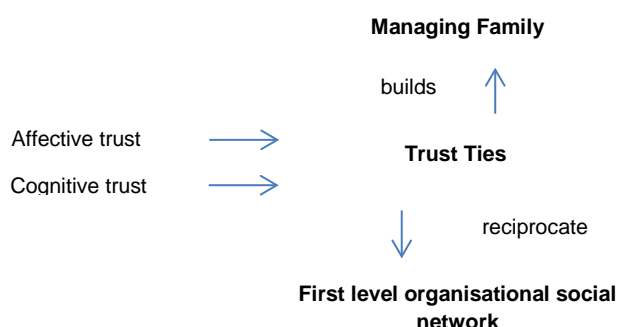
"[…] I think it is important to them and so they support employees [in their social engagement]: For example when other employees are called on a fire run, they are gone in a blink of an eye and drop everything…" **Q: Do you feel the managing family supports employees who engage in voluntary work?**

Many employees report that they can easily get a day off, or leave work earlier, if they have voluntary work duties. They don't need to provide proof and everyone has this freedom. The managing family is aware, that giving employees a certain extent of freedom, may lead to opportunistic behaviour in some employees, but they believe that 'taking this risk' is not only important, but that the majority of employees will behave with integrity and honesty. As one managing family member said:

"[…] the disadvantage of that whole story is, that when you give a lot of freedom to people or a lot of possibilities to max-out, you will always have some who will exploit you more than you would want to…of course that disappoints me personally, however I am of the opinion that I can't punish the 95% [employees who behave with integrity] just because of the 5% silly ones" **Managing family member talks about having a job for life as an employee in the business**

This demonstrates that the managing family knows that trusting employees incurs a certain risk of opportunistic behaviour. As Mayer et al, as well as Lewis & Weigert pointed out, trusting someone always incurs a certain risk that people may behave opportunistically (Lewis & Weigert, 1985; Mayer et al., 1995). However, they assume that the majority will behave with integrity and honesty, so an affective trust credit is given to everyone. As Lewis & Weigert, as well as McAllister pointed out, people who give us their trust, or who demonstrate trusting behaviour to, are much more likely to be trusted by us (Lewis & Weigert, 1985; Mayer et al., 1995). The same can be said for the managing family. Providing affective trust credit to new employees makes new employees more likely to reciprocate the affective trust shown.

The model below graphically represents the preceding discussing represented by the following model:

Managing Family

builds ↑

Trust Ties

Affective trust →

Cognitive trust →

↓ reciprocate

First level organisational social network

Affective trust in managing family-employee relationships creates emotional social reciprocity

In this section I will discuss, how affective trust in managing family-employee relationships seems to lead to social reciprocity, especially emotional social reciprocity. Social reciprocity was an emergent theme when looking at the answers provided by managing family and employees when asked what the managing family does to promote their well-being. The first idea behind the term social reciprocity was that the actions taken by the managing family to promote employee well-being would be recognised by employees. There would be shared perceptions of what was being done between managing family and employees. Looking at the findings in table 3 there is a high degree of themes mentioned by managing family as [findings 1-9] and employees [findings 10.-18]. However, it soon emerged, that there seemed to be a strong emotional motivation behind the managing family's actions and that this was strongly felt by employees. Looking at what managing family members mentioned when they talked about what they are doing and how they perceived their responsibility to promote employees' well-being, there is a sense of emotional attachment [Table 5, findings 1-7].

For example, one noted:

"The well-being of our employees is very close to my heart. Only healthy employees can support and sustain their families." **Managing family member on well-being of employees**

"…If an employee has a problem, the employee can come to me and talk about and we'll find a solution […]If someone has a problem I am always approachable to talk to." **Q: How do you think employees perceive you as leader?**

This feeling was very much reciprocated by employees, as shown Table 5, findings 8-14. When employees talked about what the family does to promote their well-being, they would often mention that it made them feel cared for. This was the case for every employee spoken with, no matter on their structural relationship[53]. As these themes did not quite fit into the category of what was being done, but how employees interpreted the managing family's motivation and intention (Cennamo et al., 2012) they were coded in a new category. The term emotional social reciprocity is the code applied to all findings in table 5, which indicate a

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[53] The structural relationship to managing family members is distinguished between first level (ties mentioned by the managing family, second level (ties mentioned only by first level ties) and third level (ties mentioned only by second level ties).

reciprocal and shared feeling of genuine and heartfelt care. It expresses a shared feeling of care, affection and benevolence by the managing family.

 "Well, they really do [a lot] for sure; first it's the really great atmosphere…I mean, that also has to do with the colleagues and people you interact a lot with, but there's also a lot of other things…it's not only about the money but rather this whole balanced scorecard thing [employee well-being is perceived top priority]…like health management which they support, like they're supporting us in going to the gym [financial support for fees], or classes on quitting to smoke, or Christmas parties and summer parties…I don't know which overarching word to use...they're really doing a lot of things that promote social cohesion among employees and we really do a lot of things together in our private time" **Q: What does the managing family to promote your well-being?**

"I think if you had a problem, you could always go to anyone of them [managing family] and talk to them. That's how it was with [the first generation] and it's the same with the [second generation] I think you can approach them with all your problems and you can talk about everything with them and if they can make it possible, they will help you." **Employee describes the relationship with managing family**

Affective trust, however, seemed to lead to a positive interpretation of managing family members' intentions and motives of actions directed at promoting employees' well-being. Not only specific things were mentioned but also more general things that indicate a general positive interpretation of action taken by the managing family, a genuine concern for their well-being that employees often felt in the small things, done on a daily basis (e.g. like providing free water for construction workers, financial support for child day care, or lending a company car to employees who don't have a car for weekend trips). When talking to employees in feedback interviews, all expressed that they feel the managing family really cares about them and that they can emotionally trust them (Cennamo et al., 2012). Mayer et al. already mentioned in their theory that whether actions will be interpreted positively depends on the integrity of people's behaviour (Mayer et al., 1995). Thus demonstration of benevolence or as McAllister, terms it, need based behaviour (McAllister, 1995), depends on the overall integrity perceived in a person action. Here it is indicated that it also context related. Employees perceived the managing family to behave with integrity in other situations, e.g. caring about a sick employee and supporting an employee who was in financial distress. They demonstrated care and concern, thus employees interpret benevolent action witnessed in that specific context to be an indication of a general benevolence of the managing family (McAllister, 1995; Mayer et al., 1995). Had the managing family behaved differently or with less integrity in that situation, employees would possibly doubt that the motives of other action taken by the managing family to be based on real concern and would rather be perceived self-serving (Mayer et al., 1995; Cennamo et al., 2012)

This emergent theme was further looked at in feedback interviews. Employees say that what the managing family does to promote their well-being is based on genuine care and not done solely for self-serving purposes.

This dimension was integrated into the emergent model:

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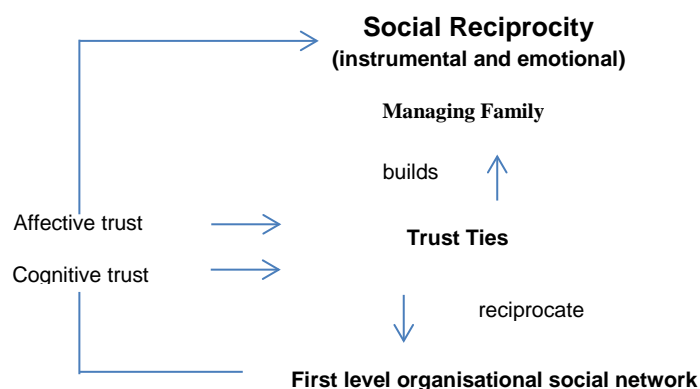
Affectionate trust in managing family-employee relationships is internalised and reproduced in employee-employee relationships. This effect is called 'Trust network reproduction' to indicate a social learning process.
This analytical point describes how the theme of trust network reproduction emerged. It starts by

describing the observations made in the data and how trust in managing family-employee relationships influences the development of trusting ties in employee-employee relationships. It ends with a further adaption of the theoretical framework. While the attention to this point has been mostly directed to the first level network members, i.e. all ties mentioned by the managing family, attention is now shifted to second level network members. Second level network members are those who were selected by first level network members to their close organisational or trust network. After analysing the interviews with all first level network members, it emerged that even 'only' close organisational ties demonstrated high levels of cognitive and affective trust towards the managing family. When analysing information of first level network members on their employee-employee relationships, it came to light, that high levels of trust, cognitive as well as affectionate trust existed and that employees feel that the social cohesion in the business was greater as opposed to other business which finding 13 in Table 5 demonstrates. Employees agreed that in their organisational network, they usually knew each other's problems/worries and would talk about them with colleagues [Table 5, findings 7, 8, 9 & 11]. Many employees mentioned having developed affective ties with colleagues and also spending their free time together, as finding 10 in (Table 5, finding 10 shows.

"Like I said, the atmosphere or social cohesion is stronger [compared to other businesses], why that is so is ...I think it has to do with the fact that we do a lot of things together in our free time and that the managing family provides possibilities to do that…and we [colleagues] organise a lot of things together like we invite each other to birthdays, we have our lunch break together or do barbecues together…" **Employee talking about why there is a stronger social cohesion in the business**

"...you can generally say that you know what's going on [with your colleagues]. You pass each other in the corridor and you just see, whether the other person is happy or sad and in general, that's just the way it is around here, you ask the person what's going on…like what's the matter and if you can help them with something…" **Q: Do you feel colleagues know and share each other's worries?**

This demonstrates that colleagues reproduce need based behaviour in employee-employee relationships. The demonstration of need based behaviour indicates an emotional bond in the relationship and is related with high levels of affective trust (McAllister). Need based behaviour, such as helping colleagues or employees for no obvious personal benefit demonstrates certain sensitivity to other people's needs and concern for their well-being. Employees would often talk about personal or other people's experience where the managing family helped employees and shows interest in their well-being. It thus can be inferred, that managing family members' behaviour leads to a socialisation process that is internalised and reproduced. Frist level network members felt, that the managing family's behaviour towards employees serves as a leading example for them and some would comment that they try to pass on the trust received by managing family members to their colleagues (Table 6. findings 1-3).

Analysis of interviews with first level network members seemed to show that the trust relationships established with managing family members influenced how relationships among colleagues were built. It seemed that trust relationships are reproduced among employees and that network learning occurred as the themes mentioned in table 2, also re-emerged in table 5. The way employees described relationships among colleagues were very similar to how relationships with managing family members were described. This theme was picked up in feedback interviews. Interviewees were asked; if they felt that the way the managing family interacted with employees influenced how employees interacted. Was the behaviour of colleagues towards them, who are close to the managing family, an indicator of how managing family behaves itself? What are the things that they have learned in interacting with the managing family that they try to pass on to other colleagues? Although the feedback was positive as table 6, findings 1-4 indicated, further interviews were needed.

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If trust networks are reproduced and passed on to colleagues, similar answers would be expected form second level network members. Therefore, a number of second level network members were selected to be interviewed.

The analysis showed little remarkable difference to those given by first level network members. Even second level network members would demonstrate the similar levels of cognitive and affective trust in the managing family. Even employees who have sporadic or little substantial contact for example, contact mostly limited to greeting one another, to the managing family feel that they could always approach and talk to the managing family about all their problems. They also feel genuinely cared for by the managing family. The answers provided in table 2 and 3 are mentioned by first level, as well as second level network members. Perceptions of second level network members, were quite similar.

"Exactly… Also if you have a private or personal problem you can go to them and talk about it, so yes, you can trust them" **Talking with employee about whether one can trust the managing family**

"Well, the door is always open for everybody; if you do have problems and worries… you can talk to them…or if something is bothering you, you can honestly let them know about it" **Talking with employee about whether one can trust the managing family**

This was shown for employees who even worked in the business for less than 3 or 5 years, as the quotes above show. How come, that employees who have little contact with the managing family would say similar or the same things about the managing family as would say people who have closely worked alongside the managing family for 20, 30 years? It seems contradictory to some of the relationships predicted by theory. Network theory for example suggests that emotional closeness and trust are things that only develop over long periods of time and require substantial and close interaction (Lewis & Weigert, 1985; McAllister, 1995). The development of trust, characterised by high levels of cognitive and affective trust is said to require frequent, personal and intimate interaction over a long period of time (McAllister, 1995; Marsden & Campell, 1984; Hoffman et al., 2006). However, considering that table 2 and 3 include only themes mentioned by all employees, including second level network members this is not the case here. The managing family reports that the average time that employees are working for the business is around 15 years, when all employees are considered. However, I interviewed at least five employees who were in the business for 5 years or less, thus considerably below average. Three of these were not mentioned to be part of the close organisational network by managing family members, and would rather be considered a weak tie in the managing family member's network. This indicates that these employees have built trusting weak ties with the managing family (Levin & Cross, 2004). Trusting weak ties, mentioned by Levin and Cross, are those which by interaction frequency and interaction intimacy are not considered strong ties in an ego network, who are nevertheless trusted by the ego (Levin & Cross, 2004). In feedback interviews with the second level network members, I addressed these issues and asked how they knew they could trust the managing family. Employees would say that this is what colleagues had told them. Other employees mentioned, that they advised colleagues to go and talk to the managing family if they had any problems. This demonstrates how the affective trust first level network members have for the managing family is passed on to their colleagues and shapes those colleagues' perception and interpretation of the managing family and their actions. In this sense it can be argued that trust is learned. Seeing and hearing that their close ties trust the managing family, second level network members learn that the managing family can be trusted and that their intentions are honest and genuinely meant (Mayer et al., 1995). Like friends of my friends are friends (Hennig et al., 2012; Borgatti et al., 2013), it also goes; people who are trusted by those who I trust can be trusted (Lewis & Weigert, 1985; McAllister, 1995). This effect, I call trust network reproduction and argue that trust as well as how organisational ties are built and maintained involves a process of social learning. In the case study it is process of positive social leaning. This is not only provided by employees who feel that the way colleagues behave within the business is very much shaped by how they are treated by the managing family, it is also provided by the fact that even employees who only share weak ties with the managing family believe that the actions and behaviours demonstrated by the managing family to promote their well-being are based on genuine concern. It thus will be argued that trust network reproduction is achieved through a social learning process between managing family, first, and second level

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organisational network members. This leads to an adaptation of the model given earlier in the following way.
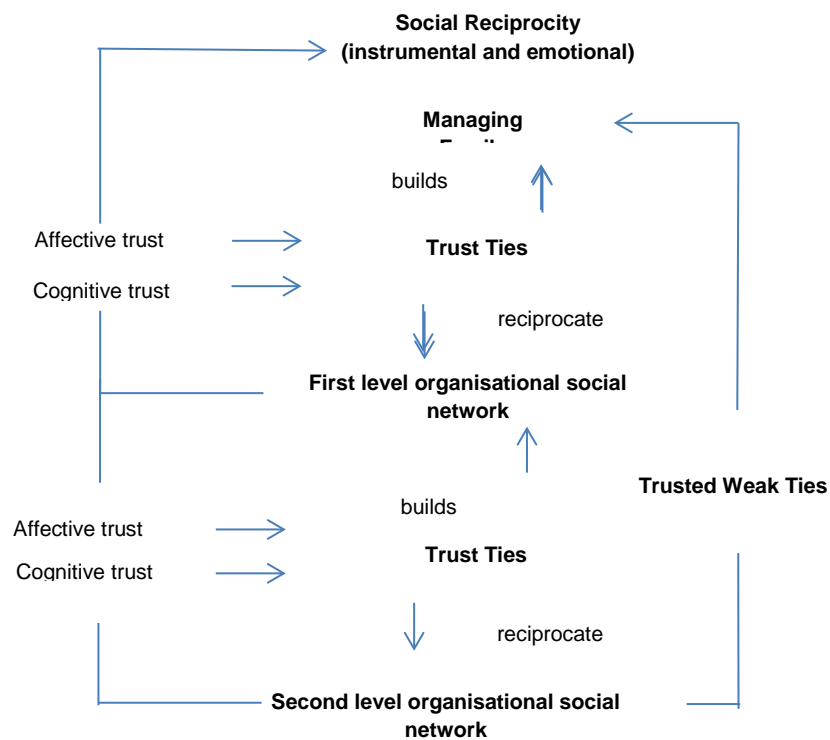
Upper network stability functions as a process catalyst to trust network reproduction and social learning.

This section explores the last analytical point. It will discuss how upper network stability, functions as a process catalyst that accelerates trust network reproduction. While trust network reproduction and social learning can explain why there is little difference in themes mentioned by first, second and third level network members, it does not explain, the speediness of the process. It was astonishing for me to hear, that employees working in the business for less than three years would still express similar levels of trust with respect to managing family. It seemed to me, that there was another 'variable' that speed up the process of socialisation in this context. Looking at other themes emerging, it soon became apparent, that the average time of belonging to the business is quite high, especially, for managing family and first level network members. This is shown by the findings presented in Table 7.

This perception was shared also by second level network members:

 "Most of the people I work with have been in the business for a long time. I mean the last time they had an apprentice in my position was more than 10 years ago…this shows that there's no continual coming and going for people." **Employee talking about why there is stronger social cohesion in the business**

Looking at the data reported by interviewees it emerged that managing family members have all worked actively in the business for around 20 years, while first level network members reported values that ranged between 43-5 years. Average time for first level network members was 23 years. 7 out of 10 first level network members had been in the business for more than 10 years. This explains findings provided in table 7 and shows that the first level network as well as the managing family network is stable. This phenomenon I coded as upper network stability, to indicate that stability in the network was quite high and people had been in the business for quite a long time. This seemed to have a huge positive catalyst effect on trust network reproduction. First, the managing family had already established trusting ties with their employees and therefore trust was already inherent in first level organisational ties. This, for one thing had a positive influence on how managing family members were willing to provide affective trust credit to new employees and new employees were integrated and socialised into a network of trust (McAllister, 1995; Mayer et al., 1995; Lewis & Weigert, 1985). Speaking about this with the first level and second level network members who were in the business for 5 years or less, they often would say, that the way they were received into the network was very welcoming and that caring for each other and helping each other were just natural in the business, They had never seen other behaviour.

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Also they felt, that they were integrated quickly into the trust network and did not feel there was a barrier between 'old' and 'new' employees. This is what an employee who had entered the business more recently said:

"With my former employer, it was just like, you would come to work, do your work and go home, but here it's really, just totally different. When I started here…there's this birthday thing that colleagues do here and they asked me right away, if I wanted to participate…and I just felt them saying like: it's nice you're now with us."

Upper network stability is therefore considered to accelerate the socialisation process of new employees when it comes to integrating them into the trust network. The reproduction of trust relationships employees had learned from interaction with managing family members and colleagues was transferred to new employees (Murray & Moses, 2005). Being surrounded by employees who shared a trust relationship with managing family members shaped the perception of new employees on the trustworthiness of the managing family quite quickly. This can be explained using network theory. Strong ties are said to transfer redundant information and in the case of trust (Levin & Cross, 2004; Granovetter, 1973), redundant information has an amplifier effect (Coleman, 1988). When asking employees who had entered the business more recently why they would talk to managing family members, they would answer, that colleagues had told them so or they had heard anecdotes about the managing family helping other employees. In this sense, upper network stability in the first level organisational network serves as a process catalyst of creating trusting relationships between second level network members and managing family members.

A further extension of the framework is given below:
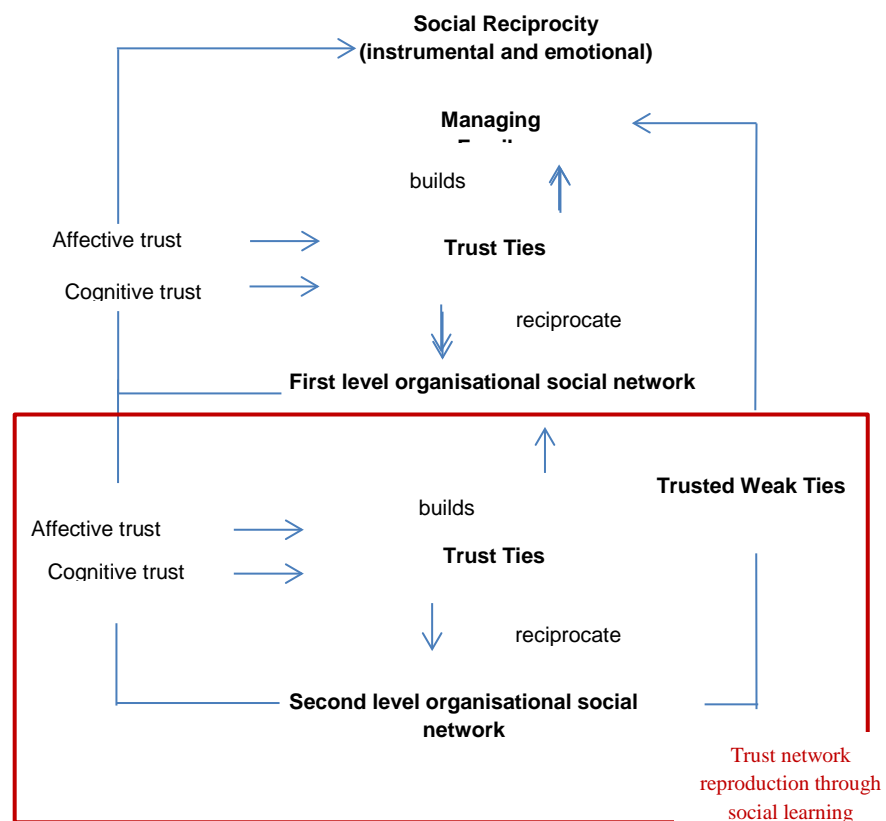
The analysis of findings, derived from this case study provide potential for an overaching thoery that may be able to explain outcome differentials between family firms and between non-family firms. In the developed framework, two points seemed to be of major importance for the process of trust network reprodction. The first is, that the managing family extended

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their trust network to include employees and the second is that upper network stability serves as a process catalyst. On one hand differnces between family firms may be caused by differences in the willingnes and success of managing families to extent their trust network to include non-family employees. Differentials between family and non-family firms, on the other hand, may be caused by a lack of upper network stability.

In the case company, the managing family buids relationships with employees based on high levels of cogntive and affective trust. This positively shapes the interpretation of actions and motives of managing family members (Dirks & Ferrin, 2001). The case study demonstrates how much the trust inherent in managing family-employee relationships is learned and passed on to employee-employee relationships. As McAllister and Lewis & Weigert ponted out, we are much more likely to trust someone, if that person demonstrates trusing behaviour towards us (Lewis & Weigert, 1985; McAllister, 1995). Analysis of network data shows that trust tries are reciprocated and also reproduced. In addition to this, new employees felt that the trust given by colleagues or/and managing family was already 'there'. Therefore, in this case, upper network stabiltiy in the managing family as well as in the first level organisational network serves as a positive process catalyst. This is also in acccordance with network theory which suggests, that reproduction of the same information, in this case trust, enhances the diffusion to lower network levels (Coleman, 1988; Levin & Cross, 2004).

However, as much as upper network stability serves as a positive, it can also serve as a neagitive catalyst. If trust is learned, then it should follow that mistrust or distrust is also learned (Lewis & Weigert, 1985). In cases where the managing family does not extend their trust network to include employees but only trust their family ties, it leads to a trust barrier. A nepotic family business structure leads to protectionism and a false sense of family loyalty and superiorirty. In such a case, the managing family would demonstrate mistrusting behviour, on both the cognitive and affective trust level, towards employees. In some family firms, employees have a sense of a glass ceiling, leading to a feeling of being second class and not trusted managing family members (Barnett & Kellermanns, 2006). This mistrust would be learned by and passed on among employees. Due to the general tendency that the upper level stability in family firms is higher as compared with other businesses , as the managing family is usually at the top of the hierarchy for a substential period of time (2001; Le Breton-Miller & Miller, 2006) , the diffusion of distriuting behaviour will be stronger. Upper newtwork stability, thus would work as a neagtive catalyst in accerlating the socialisation and learning of mistrust in the organisation.

While family firms may not be able to produce trusting relationships beyond the family sphere and thus suffer from mistrust network learning, non-family firms, may find it more difficult to reach a high degree of network stability. In the case of non family firms, top management positions are likely to switch more often and this would then lead to lower levels of upper network stability (Le Breton-Miller & Miller, 2006). Every time a top management team member is exchanged, the emotional message may change as well. While a former top manager may have built trusting relationships, a new manager may find that more difficult. Upper network stability serves as a process catalyst and, if missing, the diffusion of exising trust relationships may take much longer or require more direct and frequent contact (McAllister, 1995). This is not to say, that non-family frms are not able to establish trust reltionships or cannot have a high degree of upper network stability. I am only suggesting that when compared to family firms, they seem to be naturally more disadvanteged when it comes to upper network stability (Le Breton-Miller & Miller, 2006). In the case study, the managing family members were already in the business for 20 years or longer, while being in their 40's and early fifites, they had employees working with them, whom they knew from their teenage or childhood years. It seems rather less likely to have such a level of upper network stability in a non-family which lacks the transgenerational component and long-term perspectiv inherent in family firms.

6. Contribution to research

This paper contributes to existing research in several ways. First, it provides insight on the process of building, maintaining and reproducing trust relationships successfully. Analysing data form different resources, the network analysis, as well as the interviews it becomes apparent that the managing family is able to build, maintain and reproduce trust relationships

with employees (McAllister, 1995). This research shows the influence the managing family has in creating an environment of trust or distrust. In this case the managing family creates an environment of trust. This paper demonstrates that extension of trust, to include first level network members is very important, as first level network members function as bridging contacts. The managing family members have no means to interact as frequently and intimately with every employee. Therefore, the perception of these close ties has shown to shape to a great extent the diffusion of information. This research demonstrated how much the opinion of first level organisational ties shaped the opinion of second level organisational ties. Second level organisational ties admitted that their colleagues' opinion had shaped their perception that they could trust the managing family.

Second, it emphasises the importance of network learning. While social networks have been of major interest in explaining how knowledge and information can be transferred successfully within organisations, little focus has been given on how relationship building can also be considered a learning process itself. This research clearly demonstrates that networks are learned and reproduced within the business and that a successful network reproduction leads to accelerated socialisation and integration of new members within the organisations, demonstrated in this case by high levels of cognitive and affective trust that members who had recently entered the business expressed for colleagues as well as managing family members.

Furthermore, this research demonstrates how affective trust is an important ingredient to emotional social reciprocity. Whether management, in this case the managing family, is seen to be acting socially responsible towards its employees is dependent on whether the managing family/management can develop trusting relationships. It therefore extends understanding of why certain managing families are seen to be acting benevolent and socially responsible while others are perceived to be acting selfishly. Lastly this research demonstrates the importance of affective trust and upper network stability, which are considered critical factors in providing potential for meta-theory.

7. Limitations and Future research

This research, as every piece of research has its limitations. It offers an in-depth understanding of network processes and outcomes, related to a specific case, which leads to limitations of generalisability of results. However, a certain context dependency is always inherent in social science research, whether we acknowledge it or not (Sayer, 1992; Johnson & Duberley, 2000; Easton, 2010). While further research is needed, in order to extend and adapt this framework, it provides a starting point. Profound understanding of processes requires depth, before we can aim for breadth. A careful selection of the case company was the most appropriate way to counteract criticism directed against case study research (Yin, 1981, 2009).

While interviews were made with all first level network members[54], at second level, sampling choices had to be made, on grounds of data manageability in a time and resource constrained context, however as no new themes emerged, it did not seem necessary to do further interviews (Strauss & Corbin, 1998).

Another limitation of this research is that it did not consider to a great extent the influence of intra-family relationships. Although some data was given by either managing family members or employees, it was not the focal point of this piece. Further research should investigate positive and negative effects of family influence- Does 'too much family' lead to creation of trust barrieres between family and non-family members in the organisation, as Barnett & Kellermanns indicated (Barnett & Kellermanns, 2006)? How hard is it to pass on the same emotional message and does it get harder with increasing numbers of managing family members actively involved in the business?

Furthermore, this research did not investigate the limits to network reproduction. Speaking only with first, second and one third level network members, no explicit data is provided on whether employees working at grassroots' level demonstrate similar levels of cognitive and

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54 Accept two who had retired before an interview appointment could be made.

affective trust towards managing family members. While it may have provided a higher degree of explanatory power and accuracy, it would have led to violation of the applied sampling method. Further research however, needs to look at this more closely.

Lastly, the findings indicate the importance of first level network members. Network reproduction depends to a considerable extent on the emotional message being passed on by first level network members. Trust is a powerful, but fragile construct, espeically once affective trust is high. Due to the high levels of emotional investments made in relationships with high levels of affective trust (Lewis &Weigert), a violation of any one party is considered emotionally devastating to the other.

Future research may look at how violations of trust by first level network members influence the stability of the trust network as a whole and how managing families cope with such incidents strategies developed.

8. Conclusion

This research has provided in-depth understanding and insight in the micro-factors of social relationships in family firms. Trust network extension and upper network stability offer potential as a meta-theoretical concept to explain substantial differences among family firms and between nonfamily firms: On one hand, trust network extension may explain as to why some family business are able to create emotional social reciprocity with their employees while other fail. On the other hand, upper network stability could explain why non-family firms may be naturally disadvantaged in creating the same levels of trust in organisational relationships. However, this research has limitation, and as such this it must be understood as the starting point for further investigation in order to extend, adapt and improve our understanding and theory building. Nevertheless, in order to produce more generalizable finding, a more detailed understanding of relationships processes and their effects is needed. This research extends our current understanding by integrating the employees' perspectives into theory of organisational relationships, which in many cases, is too often neglected for the sake of generalisability.

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