One Family Firm, Four Families – Enacted Management Models of a Family-values based MNC

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Abstract

The present study approaches the internationalisation of family MNCs through the concept of a management model to examine the enactment of family values in the practice of MNC units. The study relies on the MNCs-as-network-organisations perspective, according to which an MNC is a complex web of interdependent relationships with subsidiaries embedded in their own local networks and individuals operating within them. The management model draws attention to choices about how work gets done at the firm level. We adopt a micro-level approach in an attempt to define the practices that carry the values from the historical development path of a family firm to the management models of its subsidiaries. The empirical part of the study presents an examination of a family-owned multinational and three of its subsidiaries in Sweden, Russia and the USA. The findings illustrate the family values of the MNC as a nexus that guides the operations and sets the direction of the firm in the long term, but they take different manifestations in the management models of the subsidiaries.

Keywords: *family firm, multinational, subsidiary, management model, values-based, practice*

Introduction

Multinational companies (MNCs) are network organisations consisting of a headquarters and often many and various kinds of subsidiaries operating in cross-border business networks (Hedlund, 1986). As such types of international organisations, their management involves complexity that researchers and managers have approached through, for example, questions of organisational design (Bartlett & Ghoshal, 1989; Pedersen, Devinney, Venzin & Tihanyi, 2014). Organisational design influences the ways in which a firm operates both in local customer networks and within broader industry networks. An additional dimension affecting its ways of operating is whether the MNC is a family firm. In such cases, familiness shapes the behaviours and decisions of the firm, influencing the design of its international operations (Chrisman, Chua & Sharma, 2005; Kontinen & Ojala, 2012). It has been suggested that a values-driven approach is an important feature of family firms (Chrisman et al., 2005), but the approach becomes complicated in MNCs with units in different and distant locations (see Lubatkin, Schulze, Ling & Dino, 2005). In the present study, we examine the management models emerging through the enactment of family values in different MNC units.

The concept of a management model draws attention to the choices a firm internally makes about how work is accomplished when attending to micro-level strategic and operative processes (see Birkinshaw & Ansari, 2015). We will use the concept to characterise the managerial principles emerging in practice at the organisational unit level in a values-led family MNC. This allows us to uncover the ways practice produces management models instead of focusing on how managers develop management praxis (cf. Vaara & Whittington, 2012; Whittington, 2006). The management models of MNCs are rarely explicitly examined, and they are often discussed in the singular, although multitudes of management models co-exist within firms (Birkinshaw & Ansari, 2015). Furthermore, the management models grow out of practice by individuals representing the firm, and thus, they require a micro-level approach. Overall, little attention has been given to family influence in the international operations of MNCs, i.e. the later phases of internationalisation, and the challenges in managing a network organisation through family values. To uncover the complexities of managing a family MNC, the research question of the study is as follows: *How are the historically developed values of a family MNC reflected in the management models of its subsidiaries?*

Theoretically, we rely on the network view of MNCs and use the practice-oriented management model as a lens through which to analyse how family values are vocalised and enacted. In this way, we can elaborate on the values-defined interface between the internal and external structures of a family MNC as a practice-based design issue. In the empirical part of the study, we examine a family MNC and three of its subsidiaries in Sweden, Russia and the USA. Family MNCs are particularly interesting settings for analysing management models because the headquarters of the various firms tend to emphasise a specific management model as the global way of doing business (see Kontinen & Ojala, 2012). At the same time, local subsidiaries need to develop their management models to fit into particular local communities (Marquis & Battilana, 2009). We rely on interview data to track how the management models develop and vary within an MNC. As a result, we illustrate family values as the nexus that guides operations and sets the direction of the firm, but they take different manifestations in the management models of the subsidiaries.

The contribution of the study is that it elaborates on the informal and underlying processes of internal organising in simultaneously controlled and independent ways within the units of globally operating family MNCs (see Birkinshaw & Ansari, 2015). Furthermore, through attention to the different manifestations of values-based management principles in the practices of the subsidiaries, we develop a standardisation versus local adaptation view of MNC design (see Bartlett & Ghoshal, 1989; Nohria & Ghoshal, 1997; Meyer, Mudambi & Narula, 2011) further through defining its micro-level determinants. The managerial contribution of the study is bound up in the discussion of how such dynamics can be utilised for coordinated differentiation when organising a network of international sales subsidiaries.

Values-based Management of a Family MNC

We approach the family MNC as a network organisation to better capture the challenges of managing a group of individual organisations embedded in various local networks in which the firm's headquarters is an outsider (Forsgren, 2008) and the subsidiaries' local environments are emphasised in their operations (Isaac, Borini, Raziq, & Benito, 2019; Nell, Ambos & Schlegelmilch, 2011). We then connect this approach to views of familiness in the internationalisation of firms. Towards the end of the section, we propose a values-based management model of a family MNC using the lens of a management model with a practice approach to organisations.

Family MNCs as internationally operating network organisations

MNCs have evolved from bureaucratic and formal, headquarters-led organisations toward increasingly acknowledging the informal and networked relationships at their core (Kostova, Marano & Tallman, 2016). The network perspective on MNCs offers insights into the overall operations of MNCs. According to this perspective, an MNC is a complex web of interdependent relationships within which individuals operate (Forsgren, 2008; Henneberg, Naudé & Mouzas, 2010). The network form of a company in itself is a strategic and competitive device intimately connected to the development of the firm's operations (Cenamor, Parida, Oghazi, Pesämaa & Wincent, 2019). Each subsidiary is acknowledged as firmly embedded in its own local network of relationships, which differ from the networks of other subsidiaries and may develop rather independently from headquarters due to differing business conditions and social and cultural environments (Cenamor et al., 2019; Forsgren, 2008; Ghoshal, Korine & Szulanski, 1994).

The differentiation of subsidiaries is essential to competitiveness in global markets, as the extent to which subsidiaries become embedded in their local environments increases the possibilities for making local innovations, while on the other hand, the internal embeddedness of subsidiaries within the MNC is crucial for turning local innovations into global innovations

(Isaac et al., 2019). Internal differentiation puts strains on unified worldwide management and limits the possibilities of headquarters to coordinate the operations of subsidiaries (Ghoshal et al., 1994). Coordinating relationships and organisational designs has been a challenge for global companies throughout their existence (Westney, 2014; Wolf & Egelhoff, 2013). Successfully managing MNCs requires knowledge being located inside and outside the whole network organisation (Cenamor et al., 2019), but the headquarters of firms can easily be ill-informed in relation to subsidiaries with respect to the local contexts shaping the identities and activities of various subsidiaries (Foss, Foss & Nell, 2012; Westney, 2014).

Managing MNCs is a question of managing the often conflicting forces initially captured in the integration-responsiveness (IR) framework (Prahalad & Doz, 1987). According to it, MNCs need to coordinate and integrate activities across borders, and subsidiaries simultaneously need to respond to demands arising from the complex nature of economic, competitive and market forces in the local environment. The need for headquarters to control the development of the MNC stems from the occurrence of strategically inconsistent directions in which subsidiaries might develop (Holm, Johanson & Thilenius, 1995).

Simultaneously, sufficient independence motivates subsidiary managers to establish local relationships for competitive opportunities and contextual risk reduction (Luo 2001; Andersson, Forsgren & Holm, 2002). Quite often, a firm's headquarters lacks sufficient knowledge about the actions of its subsidiaries (Vahlne, Schweizer & Johanson, 2012). Subsidiaries do not always welcome involvement by headquarters or its interference with local activities (Decreton, Nell & Stea, 2019). In an attempt to manage the global organisation, a firm's headquarters may end up demotivating subsidiary managers and employees (Foss et al., 2012). The network MNC structure creates more occasions for potentially harmful intervention through a low degree of formalisation and the high level of decision-making autonomy granted to subsidiaries (Foss et al., 2012). Negative reactions are more likely to occur when intra-organisational boundaries are strong and individuals within subsidiaries do not feel that they belong to the group, but the boundaries are lowered when a shared understanding and mission exist (Decreton et al., 2019). The question of how to effectively manage a network MNC's operations thus emerges as an intriguing one.

Researchers have suggested that familiness introduces a number of specificities into a family firm's international operations. Previous studies have discovered both factors that facilitate internationalisation, such as strong social capital, stewardship behaviour and patient capital, and factors that hinder it, such as free riding and shirking (Fernández & Nieto, 2006; Kontinen & Ojala, 2010). Having external parties as owners and on the board of directors can serve as a catalyst for the internationalisation of a family firm (Arregle, Naldi, Nordqvist & Hitt, 2012) because international experience and the professionalisation of management are helpful in overcoming possible family hesitance about engaging in operations involving more risk (Boellis, Mariotti, Minichilli & Piscitello, 2016). Still, there is much heterogeneity among family firms: although they may have similarities in governance, each firm is otherwise unique and demonstrates different strategic behaviour (Kontinen & Ojala, 2012; Melin & Nordqvist, 2007; Sciascia, Mazzola, Astrachan & Pieper, 2012).

In addition to the composition of governance and 'heterogeneity bias', the role of *values* in internationalisation has been highlighted (Kano & Verbeke, 2019). Family firms are often noted for being traditional, as being more committed to home market-based ways of doing business, keeping control and making mostly incremental changes (Kontinen & Ojala, 2012). The tendency towards risk-aversion is connected to the values underlying the decision-making processes of family-controlled firms. For instance, Koiranen (2002) concluded in his study of Finnish family firms that they valued more desirable modes of conduct than desirable end states, such as good economic return. The personal values of the families are reflected in the values of the firm and its decision-making (Arregle et al., 2017; Zellweger, Kellermanns, Chrisman & Chua, 2012) and often support a more patient, long-term view (Aronoff & Ward, 2000). Kano & Verbeke (2019) have noted that values act as guiding principles in how a family firm makes sense of its environment and related resource allocation and strategic decision-making, including internationalisation decisions. In the next section, we elaborate on the influence of family values at the subsidiary practice level with attention to the concept of management model.

Values-based management model of a family MNC: A practice approach

The competing demand to either integrate globally or adapt locally (Marquis & Battilana, 2009) is one of the multifaceted strategic requirements faced by the management of MNCs. The way different firms decide to manage the competing demands depends on the way in which they prioritise different courses of action, and therefore, what they deem *desirable*. The research on family values and their role in internationalisation has focused on these underlying conceptions and ideas of what is desirable in terms of means or end states of action (e.g., Conner & Becker, 1975: 551; Guth & Tagiuri, 1965: 125). Koiranen (2002, p. 177) defines family business values as those '*explicit or implicit conceptions of the desirable in both family and business life*' and continues that such desired end states as shared beliefs underlie the attitudinal and behavioural processes of family members and those involved in business. He emphasises the importance of defining and sharing family business values to form a common ground for the firm's operations.

The values, whether explicitly expressed and shared or not, define the way the firm arranges its management. Birkinshaw and Ansari (2014) coined the term 'management model' to describe those underlying principles that hold beliefs about how the different dimensions of management, such as coordinating activities, making decision, defining objectives and motivating employees, should work. To highlight the differences in beliefs, they formulated archetypes of a ‘traditional principle’ and ‘alternative principle’, describing a dichotomy between a more hierarchical, planning-oriented approach and a more modern bottom-up, collective approach to management. In reality, these are not either-or situations, but represent the competing demands faced by an MNC. While a growing MNC typically realises that a more structured approach is needed, it also recognises the need to allow subsidiaries space to develop in terms of the needs of the local environment (see, e.g. Regnér, 2003). Hence, viewing an organisation as engaging in activities based on a contradictory set of choices helps us to understand the co-existence of these principles and understand the need for managers to negotiate a divide between choosing and accommodating behaviours (e.g., Smith, 2014; Smith & Lewis, 2011).

To examine the values-based management model of the MNC in question and to better understand the enactment of values in the everyday actions of the individuals managing different units, we adopt a practice approach. Here, we understand values to occur within the field of practices, where practices refer to ‘*embodied, materially mediated arrays of human activity centrally organized around shared practical understanding*’ (Schatzki, 2002, p. 11). We draw on Schatzki’s conceptualisation of practice in which action consists of three elements: understanding *how to* do things; explicit *rules* of what can be said or done; and a *teleo-affective structure*, which refers to both those aspects that relate to the intended end states of the action and the related emotions, moods and mental states that are acceptable for the participants (the ‘*ought-to-do*’). In order to understand how values are enacted through the different practices of both the subsidiaries and the headquarters, we focus on how such ‘ought-to-do’ practices are manifested in actions: how the desired ends (explicitly expressed as ‘values’ by the HQ) are reflected in the actions and what forms they take in each context.

In our study, we model the way a family MNC aims to reconcile the paradoxical tensions and form its management model as the 'modus operandi', how the logic of a firm's operations are vocalised via family values. We then look how family values are enacted in the subsidiary management models, in which the values take form as certain stable tendencies in the operations of the different units as they reconcile competing demands. The conceptual framework of the study is depicted in Figure 1.

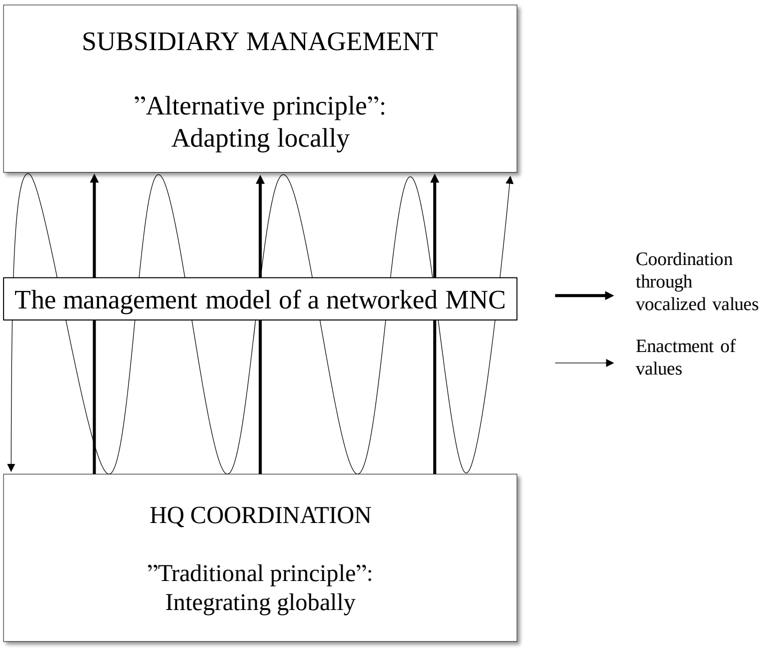

Figure 1. The emergence of practice-based management models in MNCs.

3. Research Methodology

3.1 Research strategy

We adopt an instrumental case study strategy with interest in an in-depth understanding of this particular case as such (Creswell, 2013; Silverman, 2005). Complicated cross-cultural settings can be approached quite well through the case study method (Marschan-Piekkari & Welch, 2004, p. 7–8), as case studies provide a unique means for developing theory by utilising the in-depth insights acquired through empirical phenomena and their context (Dubois & Gadde, 2002). Qualitative research is well suited to cross-cultural settings because it creates an understanding of the meanings and beliefs behind actions (Marschan-Piekkari & Welch, 2004, p. 7–8). Through the case study approach, we aim to provide a meaningful description of the productive dynamics in real-life events (Halinen & Törnroos, 2005; Piekkari, Plakoyiannaki & Welch, 2010; Piekkari, Welch & Paavilainen, 2009). We rely on interpretive sensemaking, where the case study consists of detailed descriptions and contextual descriptions and can be used to understand the subjective experiences of various actors (Welch, Piekkari, Plakoyiannaki & Paavilainen-Mäntymäki, 2011).

The MNC under study is a family MNC that publicly and frequently emphasises the importance of family values and has provided us access to three of its subsidiaries in different parts of the world. We selected the case purposively and based on theoretical sampling (Silverman, 2005). We saw the firm as well-illustrating the features of our research interest (family ownership, long history, global operations, values-led), and thus it allows us opportunity to develop the conceptual framework further through an in-depth examination of this particular case. The excellence of the case firm has also been recognised through several awards in relation to its internationalisation and growth and its profile as a family firm, a technology firm and a medium-sized firm as well as in terms of entrepreneurship at both individual and company levels.

Examination of this firm allows us to uncover the ways in which the historically developed values of a family-owned MNC are reflected in the management models of its subsidiaries. Through utilising theoretical lenses (see Schatzki, 2002) in the process of casing (Ragin, 1992; see also Stake, 2005), we defined the management model as the case. Our study necessitates an embedded single-case design (Halinen & Törnroos, 2005) because we explore both the MNC-level values and managerial principles and their manifestations in the management models of the three subsidiaries. By using the selected subsidiaries as embedded units of analysis (Fletcher, Zhao, Plakoyiannaki & Buck, 2018), we can devote attention to the holistic aspects of the case rather than only focus on the individual aspects of its embedded units. The network MNC viewpoint also lead us to pay attention separately to the headquarters and the subsidiaries, leading us in the end to discuss four families involved in one family MNC.

3.2 Data collection and analysis

Data collection started with the acquisition of publicly available data on the firm. It includes material such as annual reports, histories and press releases as well as news on the firm. We also followed its communications on various internet platforms. This was for done to understand the overall characteristics of the firm, its industry and its ways of doing business. To understand the micro level in terms of the values, management principles and the practice of the subsidiaries, we conducted two rounds of interviews.

The first round of interviews began with us meeting the chairman of the board, who is also the son of the founder of the firm. We received an in-depth presentation on the story of the firm that depicted the decades of its development. The chairman suggested that the CEO would be an important interview since he is not part of the family, and therefore, has different view on the firm's management. The second interview was with the CEO of the firm. The chairman and the CEO suggested that we concentrate on three of their subsidiaries based on the different features and operational environments of the subsidiaries as well as the availability of data, thus leading us to employ a chain sampling strategy in selecting the interviewees (Fletcher & Plakoyiannaki, 2011). We then continued by participating in an annual meeting of the subsidiaries, in which the chairman of the board and the managing directors of the three subsidiaries were interviewed. In the interviews, the managing directors were asked to tell about their own experiences with the subsidiary and describe the story of the subsidiary based on their own experience.

We analysed this data for the purposes of characterising the subsidiaries and understanding tensions within the management of the MNC. After the interviews, the stories of the subsidiaries were written down based on the experiences of the managing directors (see Ghauri, 2004, p. 117–118). Summaries of the interviews were also reviewed by the interviewees to ensure confirmability of the research (Flint, Woodruff & Gardial, 2002; Lincoln and Guba, 1985, p. 300), wherein the participants themselves interpreted the phenomenon, as opposed to researcher bias. This analysis was the starting point for the second round of interviews two years after the first round. We first met with the chairman of the board and the CEO of the firm to discuss further the operations of the three subsidiaries and their relationships with headquarters. We then continued with interviews of the three managing directors of the subsidiaries both to get their reflections on our earlier interpretations and to discuss the latest developments in the subsidiaries. The interviews were otherwise organised in the facilities of the MNC, but the last three interviews with the managing directors took place via Skype video. All the interviews were recorded and transcribed by a professional. The interviews are depicted in Table 1.

Table 1. Interview data of the case study.

Interviewee	*Duration*	*Focus*
Chairman of the board (HQ)	105 min	History of the organisation, internationalisation
CEO of the firm (HQ)	72 min	Present challenges of the firm
Chairman of the board (HQ)	29 min	Internal organising, key individuals
Managing director, Sweden (sub)	61min	Development of the Swedish subsidiary
Managing director, Russia (sub)	71min	Development of the Russian subsidiary
Managing director, USA (sub)	57 min	Development of the US subsidiary

Chairman of the board and CEO (HQ)	122 min	Discussion of the subsidiaries on the basis of the analysis from previous interviews
Managing director, Sweden (sub)	68 min	Reflections and latest issues in the Swedish subsidiary
Managing director, Russia (sub)	72 min	Reflections and latest issues in the Russian subsidiary
Managing director, USA (sub)	76 min	Reflections and latest issues in the US subsidiary

As mentioned above, analysis of the data took place in turns with respect to data collection, as is typical in research involving rich, longitudinal, qualitative data (Dubois & Gadde, 2002; Zalan & Lewis, 2004). The first results were captured with a focus on the subsidiary's positioning and the tensions in the subsidiary's interactive spheres. We then continued with attention to the internal operations of the MNC, emphasising the values and managerial principles seen in the management models. The interview data was analysed via a content analytical procedure (Denzin & Lincoln, 2000; Ghauri, 2004). As is typical with embedded case studies, we, first, analysed the headquarters and the subsidiaries separately, with attention given to vocalisations on the values as well as practices in the unit in question. The firm's headquarters has strong guiding values, which were used as a starting point for the data analysis. We then utilised the value concept discussed in the theory section, where values are seen as socially shared views and an inherent part of practices (see Schatzki, 2002). We then proceeded to compare the units with each other, with particular focus on the ways they act in relationships and compared the values espoused by the firm's headquarters with the subsidiaries' actions. Finally, we depicted the practice-based management models in the different units of a values-led family MNC.

4. Management Models in a Family MNC in the Forest Machine Industry

The MNC under study has been operating for several decades and is currently one of the leading firms in the forest machine industry. Despite being a listed firm, it is still mainly owned by the founding family, now represented by the sons of the founder entrepreneur. The firm operates in approximately 40 countries, has a turnover of approximately EUR 600 million, employs over 1,700 people and exports almost 80% of its products. The early years were rocky, and the firm remained a domestic firm without any sales abroad for almost two decades, although it had already participated early on in repairing storm damage in Germany. To intensify internationalisation, the firm was owned by a larger firm for five years, but the entrepreneur acquired full ownership back at the beginning of the 1990s. The company grew at a rather steady pace until 2008, when the financial crisis almost entirely stopped orders. The firm invested heavily in product development and service model renewal and achieved high growth throughout the 2010s; nowadays, the firm is a very profitable company. It has been selected as the best family business, the best international company and the most reputable company in its home country. It continues to be a family firm led by inherited values.

> *'We have never been a family-Sunday-lunch type of business firm, but from the [founder] came very clear directions, and so we have operated.'*

4.1 Historically developing values-base of the family firm's operations

The thinking behind the company's way of working has its roots at the beginning of the 20th century, in farming and forestry. The founding entrepreneur's family were farmers, very used to hard work. When the husband was away at war, his wife took care of the farm and the family. In addition to a farming background, the founder of the company had been working in timber forests from a young age. The work was heavy, done by hand and horsepower, and the value of one tree trunk was optimised at the site. The effort taken to produce good-quality timber paid off: if forestry representatives had measured the results and found the quality of the timber unsuitable, the reward would have then been lower. Even today, the essence of the MNC’s business is conveyed through a picture of a man, a saw and a horse. This is the basis of the first stated family value, 'appreciation of hard work', which goes together with an appreciation of entrepreneurship and an entrepreneurial spirit. The son of the founder described him as a person with a strong belief in the future, a willingness to try and an unwillingness to give up.

> *‘However badly things were today, tomorrow can be a better day. Looking in the rear-view mirror has never been part of it. […] “Let’s try!” was [the founder’s] thought.’*

This value translates into respect for and an understanding of the sense of entrepreneurship guiding customer relations, which is a management principle. High-quality products and confidential customer relationships are essential because any problems with the machines means that the forest machine entrepreneurs lose money and may even put at risk the whole business of a small customer owning a single machine. The entrepreneurial spirit is also about innovation. The initial idea of the founder was to make the best forest machine, even though he did not have a high level of education, and that is still the aim of the firm.

The firm also wants to be known for keeping its promises. ‘Honesty’ is a value inherited from the earlier generations, and trustworthiness is also part of the management principle. The people in this firm are expected to be honest in all their daily interactions and actions. Despite being nowadays a middle-sized, globally operating MNC, there is hope that the decision making will continue to rely on this value and the related ways of working.

> *‘Our grandma was a religious person and taught us the evening prays. Grandma said that you have to be honest. Because without honesty, there is no trust, the same thing*

> *in personal relationships and business relationships; you lose it right away.'*

The firm was established in a small village in the rural part of the country, in a location that many would see as disadvantageous in terms of distance and availability of resources. For the entrepreneur, the location meant the possibility to rely on communality. Although some people always question your chances for success, many others offered assistance when it was needed. Just as the hard-working children of farmers are used to taking care of the younger siblings, the village provided funding, loans and a reliable workforce for the firm in its early stages. This is the core of the value 'looking after each other'.

> *'In a big family, responsibility was taken when you took care of the siblings. In normal work, you should be able to look beyond your tasks, asking if a workmate needs help: "How is it with your tasks today? I'm finished with mine".'*

With respect to the firm's management principle, this value translates into the concept of the extended family of the firm. It means that the firm invests in its employees. The employees are trained and provided with possibilities for learning new skills and for career progress, and their overall working and life conditions are supported with appropriate means. Simultaneously, the people in the firm are given responsibility and space for development. This principle is, however, a tricky one in a growing firm with global operations, and the firm has been searching for different solutions.

In 2010, for example, the company gave up its vice president-based organisational structure, where the headquarters governed the market areas. Subsidiary managers and regional directors became the persons responsible for the local subsidiaries, having direct contact with local customers. Thus, the aim has been to decentralise responsibility and decision-making, but at the same time management is considering ways to measure the effectiveness of the local management models, which have merged. What the headquarters expects from the subsidiaries is that they function as independent units, reflecting the same core values in their operations but ‘thinking for themselves’ and making decisions on the spot. The company aims at maintaining contact with the subsidiaries through regular meetings and board activities, but it does not wish to meddle with the everyday operations. Much responsibility is then placed on the shoulders of the subsidiary management (further discussed in the next section).

The space for development and responsibility and for the independence of the subsidiaries could be seen in contrast to the founder’s idea of family firm management with one face, which could mean centralised decision-making and top management power. However, we can see this ‘faced’ management principle as an illustration of the value of ‘humbleness’. Hierarchy is intentionally kept to a minimum within the firm; the bosses and the staff sit at the same tables for coffee and lunch, and no one wears a suit or tie to look more important than the others. Humbleness is inherent internally in the idea of the availability of the top management.

> *‘As you see, nobody wears a tie; I cannot even remember the last time that I would have worn a tie in this company’s business. One just doesn’t have to; it’s not part of this, this house. […] If there are issues in a supervisor-supervisee relationship, I believe the people will come to tell if it does not work.’*

In its customer relationships, the sense of humbleness translates into the availability of the owners of the firm for customer service and their participation in any more or less important smaller and larger customer events. They maintain a grassroots-level touch and emphasise the importance of being at the same level with the customers. As the majority of customers are individual foresters and small businesses, the company wishes to see itself similarly: as a family business without additional hierarchies or bureaucracy. At the same time, the company is a listed company with distributed ownership, but it maintains personified ownership. The family owns the majority of the firm and the other top management is present and visible in much of the daily operations and activities.

> *'And then one [principle] concerns the ownership: there can be only one master in the house, the owner has a face.'*

The other side of the principle that the top management be present and visible is the general approachability of the firm and its people. With respect to approachability, the firm relies especially on humour. It cherishes a joy of work and the fact that joking around is an essential part of serious business meetings, too. This translates into the value of 'genuity'. It also comes with common sense and respect for others as part of the management principle, and it takes form in the unique and relaxed interaction and communication practices of the firm both internally and in relation to various stakeholders. People should not think too highly of themselves, no matter who they are, and they should treat others as their equal and with respect.

> *'But as a culture and a company, this is easy to approach … this gang. In the directors' meetings, there is always teasing and joking involved; it is part of the job, this kind of brisk humour.'*

Over the last ten years, the shift from the founder's era to a new era of expanded operations has been visible. Just as the firm was built on the founder's work and innovation, with him acting as a charismatic leader who was seen as the highest authority in decision-making, the company has of late faced a phase of expansion after the founder's gradual exit from the stage. The company has been searching for a new management and leadership style, and the question of a proper 'management model' has now in new ways arisen. The rational elements of the managing model are described as the combination of searching for the new, maintaining strategic direction, managing stakeholder relationships and maintaining a sense of purpose and relatedness with people. However, there are many questions about how the subsidiaries in various parts of the world represent the MNC. The company is torn between its independent subsidiary approach and the need for a listed company to build structures and processes to guide the development of the entire MNC.

> *'...how well does the guy in China understand this philosophy of ours, our employee, or in the States or somewhere else, that is something to work upon.'*

In the following section, we will look at the three subsidiaries in terms of their management models as reflections of the historically developed values and management principles of the firm.

4.2 Localised management models from the values of headquarters to the subsidiaries

On a general level, the subsidiary managers share many common features in their management style based on the core values vocalised by the headquarters. What they have in common is the desire to be close to customers and be easily approachable. Being at the level of the customer is perceived as a competitive advantage and one that differentiates the firm from its competitors. Despite similarities of the subsidiaries, differences also exist. The history of the subsidiary, as well as the type of the market, has a strong effect on the practice of each subsidiary, and each managing director leads the way with his/her own style. Table 2 collects the main features of the three subsidiaries in terms of the local management and local markets.

Table 2. Comparison of subsidiary management and market features

Unit	Local management features	Local market features
Swedish subsidiary	Participatory culture Characterised by uncertainty Focus on creating practices	Methods of forestry fully fitting with the company's machines with an emphasis on environmental aspects Innovation emphasis with customers of all sizes Close within-industry relationships
US subsidiary	Management-driven decision-making Customer-driven operations Unique approach to interacting with customers	Dominating methods of forestry clearly divided between northern and southern parts of the country Closeness and commitment to small family firms Training and branding in the local network
Russian subsidiary	Clearly divided responsibilities Customer-driven contacts Focus on dealership coordination	Two alternative ways of forestry methods having about equal shares in the national market Heterogeneous customer base in distant locations Multiple dealers in sales and service

We defined above five primary values in the operations of the MNC that have evolved over time with its historical development. The explicitly addressed values and the management principles based on them are the means by which the firm's headquarters achieves integration when dealing with its subsidiaries. These principles and the underlying values form the logic, or 'modus operandi', of the firm's activities, which the subsidiaries also follow in their local organisations. However, differences exist between the subsidiaries in the way the values and the management principles are manifested at the level of everyday practices. These differences are defined by the local market type and the relationships in the local networks as well as by the leadership style. All the subsidiaries reflect the values of the company in their activities, but for each subsidiary one of the values especially became the dominating management principle. When the other values and management principles became intertwined with this core value, each subsidiary could be described by the alternative management model that it had adopted.

Sweden is a developed market, and the firm began by selling machines at the local level. Today, the market has been among the first to adopt new practices and trends in the forestry industry and initiatives for innovations often come from the demands of the Swedish market. The launch of a new model that is clearly at the forefront of development can improve the image of the entire company and increase the sales of all machine types for the MNC in the market. Another feature of the Swedish subsidiary is that it handles its sales without utilising dealers, but it does use an external maintenance network for service-related matters. In Sweden, even the smaller customers are important along with the larger forest industry companies or sawmills, who give projects to the company's customers, meaning that including the customer's customers in the sales processes is essential. Hierarchy in the Swedish organisation is kept to a minimum, with the Swedish managing director and other employees being encouraged to act together and share information regarding their activities and efforts. All employee groups are equally important — not just the salesmen — is a point of emphasis. Still, the struggle to achieve a larger market share and changes in leadership have led to feelings of uncertainty.

> *'At first when I came, the situation was really turbulent. Everybody asked, am I the last guy to come in and turn off the lights? -- I needed to go meet the customers and every time listen to how our operations have been totally non-Swedish -- and then assure [them] that we are not leaving, and we are continuing but in a different way.'*

An 'appreciation of hard work' is evident in all three of the subsidiaries in terms of respect for entrepreneurship and the entrepreneurial spirit and an appreciation for effort and experimentation. However, in Sweden the pressure to be at the very forefront in innovation, in particular with respect to societal responsibility, has caused some to feel they are more part of a ‘demanding family’ that feels it can ask somewhat more than one can readily achieve. With respect to the value of ‘honesty’, problems emerged in the past in terms of the salesperson promising customers that the maintenance service did indeed cover the whole country.

Most probably because of the forerunner status of the market, there have also been issues with respect to the ‘humbleness’ value when some salespeople have hesitated to adopt certain practices. These issues strengthen the demanding family characterisation, as the managing director has needed to pay continuous attention to the agreed upon sales practices and consider the sufficiency of the service network. In the spirit of the ‘looking after each other’ value, the demands placed on the employees have been supported by investing in human resource management and the personnel. The subsidiaries have been managed in such a way as to remain humble in terms of limited hierarchies and grassroots-level orientation in relation to management. The ‘genuity’ of the firm has been realised in the form of relaxed, humorous communications with the customers.

The company is the market leader in northern parts of the US market, but the local forestry traditions make the southern US a difficult market to break into; the mindset and machinery are challenging to change. Brand awareness is also a challenge since its initial focus was on one type of machinery developed for spaces with little variation in the terrain. The customers are mainly small firms, with most preferring large engines; a typical customer is a family business with two machines: a harvester and a forwarder. Closeness to customers and active customer contacts are central, and the subsidiaries even refer to it as part of the family aspect of the firm. Also, decisions on the location of offices have been made based on customer preferences. The managing director of the American subsidiary has a central role in the organisation and has a clear vision of how the subsidiary should act, but otherwise the organisational structure is low, and the company is described more like a family, where the wellbeing of employees, and customers is central.

> *'I try to make at least ten calls per day to different people. Just to say hi. Always, when I am in the car, there is nothing to do except make calls -- For example, one person wanted a calendar from Finland -- so I gave him a calendar. -- We do these things differently, and customers are very close. We don't have any layers ... between customers and us, but anybody can walk in from that door and come to talk anytime.'*

The US subsidiary is unique in its down-to-earth, customer-centric focus. We termed the subsidiary the 'conversational family', by which we are referring to the importance of being available all the time and easily approachable for extended family, customers and partners in the local market. Asking 'how are you?' and showing appreciation for the little things are stressed. The doors are always open for the customers to stop by and chat. These practices carry the value of 'humbleness', working well together with the value of 'genuity', which is characterised in their relaxed, self-made marketing communications.

They have sponsorships with, e.g. an off-road team, snowboarders and boxers, which have come through the customers' or personnel's affiliations. Their customer events are designed for having fun, with managers, owners, employees and customers all relaxing together. They have not used professional advertising agencies, but all videos and communication materials with a similar attitude have been done by themselves. The 'appreciation of hard work' rests on an understanding of the family business model that they, the customers, represent. The conversational family is also 'looking after each other' when adopting social security practices in relation to the employees.

The Russian subsidiary has three offices, but the main site is in St. Petersburg. Machines and spare parts are imported to Russia through St. Petersburg and from there delivered further to dealers and customers. The Russian market is divided roughly in half between the two machine-based forestry methods. Customers are a heterogeneous group varying from small contractors to multinational companies. The Russian market is not yet technologically advanced, and it is vital that there are no technical problems with the product when sales commence. Hierarchies have traditionally been emphasised in Russia, and the managing director is commonly in charge of everything. The subsidiary has, however, succeeded in sharing the responsibilities among five to six key individuals and delegate the tasks. Also, employee training and education and communicating the core elements of the organisational culture are crucial. The entrepreneurial spirit is emphasised due to the complicated institutional environment. The Russian subsidiary has eight dealers, through whom the customers often approach the firm, and a few partners focusing on service.

> *'In Russia, the distances are long and logistics less developed than in other parts of Europe; it maybe stresses the need for extra effort so that we can serve the customers, that they have the spare parts and maintenance and workers. -- It starts with people's attitudes and expertise -- It requires work to get them [employees] to do things in our way and to know our machines and other [practices] -- one important job is the training and we have invested a lot in that.'*

In Russia, a 'supportive family' has emerged that puts much effort into training and providing other types of assistance to both the employees and the dealers. The 'appreciation of hard work' has a solid basis in the large entrepreneurial population, in which there can be found motivated people seeking to develop better practices. The subsidiary management stresses attitude and expertise as well as commitment to cooperation with the MNC in the selection of both employees and dealers. This allows for a type of managing based on 'looking after each other' via an extended family principle by first training and then giving responsibility and space for development to hard-working people. The characterisation is strengthened by the ways in which the value of 'humbleness' takes form in the participation of the owners and top management of the MNC in customer and dealer meetings and the invitations for them to visit the factory in the home country. These practices are much appreciated. 'Honesty' is important in terms of the trustworthiness of the machines and their maintenance because the customer often operates them in remote locations under tough climatic conditions. The different management models are presented in Table 3.

Table 3. Comparison of the subsidiary management models

Unit	**Main core value vocalised by HQ and enacted by the subsidiary**	**Leading management principle (manifestation of the 'ought-to-do')**	**Demonstrated at the level of action**
Swedish subsidiary- A demanding family	Appreciation of hard work	Constant development *'The core feature of the Swedish market is, from the perspective of HQ, that all the new things come from Sweden.'*	Reacting to customer feedback Initiating solutions
US subsidiary – A conversational family	Humbleness	Being available *'We gave up of all unnecessary uptightness. … We have been marketing with brisk humour and send them [videos] to clients. They like that kind of stuff…'*	Being in contact regularly Building close relationships Small gestures of appreciation
Russian subsidiary – A supporting family	Looking after each other	Investing in people *'It [the dealer network] is very important since we have a large country, and local experience is really important with us here. There are very different kinds of people in different parts of Russia. Without it [the dealer network], we could not get good results.'*	Providing support and training for dealers and employees Giving responsibility and delegating

Each of the core values have been translated into guiding local management principles in the subsidiaries' operations. For Sweden, it is 'constant development', for the US 'being available' and for Russia 'investing in people'. The principles balance the basic contradiction between traditional and alternative principles, or control and emergence (Birkinshaw & Ansari, 2015), which lies at the core of management activities not only in the headquarter model, but also in the models of the subsidiaries. Presently, the firm leans towards the 'alternative' principle with its bottom-up approach, as it aims to live physically and figuratively close to its customers, partners, suppliers and employees. By deferring to expertise, by leaving decision-making to those people that best know the situation at hand, the company also aims, on the one hand, to provide a quick response time, and on the other hand, to learn from those on the front line. The values of the family business provide a solid foundation and a common platform, a nexus, for practices in a variety of international markets that require local sensitivity.

5. Discussion

The contribution of the present study has to do with our use of a micro-level approach to analyse the design choices made by the management of family-owned MNCs. We have, first, illustrated the ways that values can become the backbone for dealing with the paradox of a simultaneous need for controlled and independent decision-making and processes in globally operating MNCs (Marquis & Battilana, 2009; Prahalad & Doz, 1987). We searched for the drivers of the contradictory pressures on organising at the subsidiary level of operations and ended up by presenting the differences in practice at various units and how they relate to local circumstances. We concluded that the management models are inevitably numerous within a globally operating, family-owned network MNC, but they can come together in an informal nexus of values, even when taking into account different manifestations of them within the different units.

As a contribution to research on values as determinants of family firm internationalisation (e.g., Kano & Verbeke, 2019), we presented a micro-level practice approach. In general, the family values we noted, as vocalised by the MNC headquarters and enacted by the subsidiaries, included honesty, credibility, quality and working hard, all of which Koiranen (2002) and others have found to form the core of family business values. However, our practice approach highlights the need for the management to focus more on activities and how such activities may reflect the same shared values and understanding in very different ways — ways that fit the local context and people involved. This relates to the complexity of transferring the 'best practice' between units, as the practices are always embedded in local context, and hence, the values need to take different manifestations.

Second, we have elaborated on the concept of management model and captured it in more dynamic terms than first presented by Birkinshaw and Ansari (2015). The management model of a family-owned network MNC can be defined, on the one hand, as a collection of management principles that guide operations and produce the consistency that can be seen behind managerial decisions and actions. On the other hand, adopting a practice lens in our analysis of company operations helped us reveal the 'modus operandi' of the firm's activities: the logic behind organising. Instead of focusing on those issues that '*can more readily altered by those in positions of seniority*" and are "*more tangible and readily manipulated than its culture*' (Birkinshaw & Ansari, 2015), we problematised the relatedness of different levels and featured the MNC management models as the result of managerial practice. The practice approach allowed us to understand the dynamics inherent in the model and focus on the dimensions that, even when not 'managed' by a mere decision, are the ones through which the culture comes to be and can be influenced through people's actions. This is especially evident in a family-owned company whose activities are driven by family values and beliefs.

As a result, we also demonstrated how the seemingly contradictory 'traditional' and 'alternative' principles underlying the management model are not so much an either-or choice but rather a question of how much and when the firm decides that a more structured or bureaucratic approach is needed to coordinate activities in different parts of the entire organization. The design of the management model also depends on the viewpoint taken: while the headquarters of a globally operating MNC is in a continuous process of finding its own way of organising that negotiates the tension between standardisation versus local adaptation and the need to control and allow for independence, a subsidiary's model perceives the problem as striking a balance between following the guidelines and processes versus maintaining the freedom to adapt to local needs. The contribution of this study therefore arises from our development of the standardisation versus local adaptation view on MNC design (see Bartlett & Ghoshal, 1989; Meyer et al., 2011; Nohria & Ghoshal, 1997).

The managerial contribution of the study is based on our discussion of how these dynamics and contradictions can be utilised for coordinated differentiation when organising a network MNC. Describing the management model through the everyday practices of the firm helps managers to adopt the model more quickly since it is based, on the one hand, on established ways of doing things, and on the other, on the real need to change such practices. The dynamic practice-based approach provides managers with a more realistic picture of the challenges of management by relying not on either-or choices, but on both-and conflicting demands that need to be balanced. In a family firm, values provide a foundation for leading the international business if a sense of familiness can be flexibly applied in different markets.

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