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# The “Unwritten Will” in Interpersonal Network Ties: Founder Legacy and International Networking of Family Firms in History

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## Abstract

In this study, we explore the role of interpersonal network ties in the context of internationalizing family firms. Through two historical cases—Alhström and Serlachius—we study how the founder-entrepreneurs’ domestic and international identity-based and calculative ties emerged and further evolved within and across country borders in the transitional incumbent–successor context. By using a longitudinal qualitative approach, we were able to build on the notions of “social legacy” of founders in family firms in conjunction with their interpersonal networks and the cultivation or disruption of the more or less embedded ties by their successors over an intergenerational period of time. Our contribution is found in illustrating how the different types of interpersonal network ties of the two founder-entrepreneurs embedded in historical contingencies together worked as the mechanism endorsing the founders’ “social legacies” in the successor generations’ international networking. On the basis of our findings, we introduce the concept of “*international networking legacy*”, which becomes considered by the next generation either as an advantage or a disadvantage for their own approaches to international networking.

Keywords: *interpersonal network ties; family firm internationalization; international networking; founder legacy*

## Introduction

Interpersonal network ties, both domestic and international (Harris & Wheeler, 2005; Arregle et al., 2007; Salvato & Melin, 2008; Zellweger et al., 2019), are important for providing guidance and support for family firms’ internationalization processes (Arregle et al., 2012; Graves & Thomas, 2008; Kontinen & Ojala, 2012). Illustrative of this, the international networking activities of family firms (Kampouri et al., 2017; Kontinen & Ojala, 2010, 2012; Pukall & Calabrò, 2014) are typically characterised by their embeddedness in an extended family context and network ties with high levels of trust, closeness and long-term commitment (Arregle et al., 2007; Roessl, 2005; Salvato & Melin, 2008; Zellweger et al., 2019). Such interpersonal ties take time and effort to develop into interorganizational ones (Greve & Salaff,

2003; Larson & Starr, 1993) and can be seen as either assets for or constraints on the firm's development (Kampouri et al., 2017)—when embedded in both domestic and international networks during the internationalization process (Leppäaho et al., 2018). There is, however, an emergent yet limited understanding about how these interpersonal ties emerge (Kontinen & Ojala, 2010) at the founder-level, how they take shape (Kampouri et al., 2017) and how they transition to the next generation (Shi et al., 2019).

As a further matter, recent literature addresses an underexplored connection between intergenerational succession patterns, including incumbent-successor dynamics, and internationalization of family firms in terms of the next-generation's utilization of the prior interpersonal networks in internationalization and their attitudinal commitment to it (Shi et al., 2019). Paying attention to the embeddedness of different network ties (Arregle et al., 2015) in conjunction with the continuity (Konopaski et al., 2015) and the “founder effect” in family firm evolution (Kelly et al., 2000; Hammond et al., 2016) when taking the business “from local to global” (Baù et al., 2017) highlights some underexplored aspects to consider.

Regarding the centrality of the individual actor, i.e., the founder-entrepreneur, in a venture's emerging and evolving networks (Hite & Hesterly, 2001; Coviello, 2006), this study embarks from prior notions that the founder-generation's “legacy” is an important grounding dimension in furthering the understanding of a firm's long-term behaviour and strategy (e.g., Ogbonna & Harris, 2001; Baù et al., 2017; Ahn, 2018). “Founder legacy” can be considered as what the founder-entrepreneur leaves behind and how he or she is remembered when no longer working in the family business (Baker & Wiseman, 1998; Harris & Ogbonna, 1999; Hunter & Rowles, 2005), whereas cultivating a “social legacy” of the founder often reflects the maintenance of strong social ties to the community (Hammond et al., 2016) and interest in certain noneconomic goals (Miller et al., 2003; McKenny et al., 2011). To our knowledge, founders' “social legacy” has not been previously discussed in the context of family firm internationalization and networks, though embeddedness of ties between individuals developing in emotional intensity and intimacy, and through reciprocal services (Granovetter, 1973) often mark family firm international networks (Arregle et al., 2007). A “legacy” perspective aligns with our longitudinal research context in which the family firms we study have been managed and developed into international ones over the course of multiple generations and can be seen as cultivating certain social identities within the family firm and their evolving networks (e.g., Jones & Volpe, 2011).

In this study, we examined the social network ties for the internationalization of family firms by focusing on how interpersonal ties (e.g., Hite & Hesterly, 2001) emerged and evolved in the transitional incumbent–successor context of international networking prior to our modern world international business context (Coviello et al., 2017) in a time when communication was limited to slow postal systems, travelling, face-to-face visits and interactions and, later, the telegraph. The research questions we pose are: 1) “Looking back in history, how did founders' interpersonal ties for internationalization emerge, evolve (and transition) to the next generation?” and 2) “How did the social legacy of the founder become manifested in the succeeding generation's networking?” We draw from the two historical cases—of two founders and their successors—of Ahlström and Serlachius, currently known as the two successful global firms Ahlstrom-Munksjö and the Metsä Group, respectively. Both firms have over time grown into large multinationals. The longitudinal qualitative data we draw on has been generated from public and private archives as well as secondary literary sources.

The contribution of this study lies at the intersection of the literature on family firm internationalization (see, e.g., Arregle et al., 2019; De Massis et al., 2018; Zellweger et al., 2019), international networking (see, e.g., Kampouri et al., 2017; Kontinen & Ojala, 2010,

2012; Pukall & Calabrò, 2014), “founder legacy” (see, e.g., Harris & Ogbonna, 1999; Hammond et al., 2016; Baù et al., 2017) and the historical contextualization of internationalization and its micro-foundations including interpersonal network ties (Coviello et al., 2017; Welch & Paavilainen-Mäntymäki, 2014). By exploring the emergence of international networking in family firms (Kampouri et al., 2017; Kontinen & Ojala, 2010, 2012; Pukall & Calabrò, 2014) and the founder-entrepreneurs’ interpersonal network ties within and beyond family and national borders (Leppäaho et al., 2018; Baù et al., 2019), we explicate their emergence and evolvment as both interpersonal identity-based vs. calculative (Hite & Hesterly, 2001; Larson & Starr, 1993) and domestic vs. international network ties (Kontinen & Ojala, 2010) and their influential role (Coviello, 2006; Elfring & Hulsink, 2007) for the family firms’ early internationalization. Our findings highlight how these interpersonal network ties of the founders, embedded in the context of historical contingencies, serve as means to attract like-minded people, i.e., ties across industries, societal “elite” and ideological social circles, in addition to business opportunities i.e., new technology and finance. Furthermore, the multi-industry relationships they tied through acquisitions of new estates and factories domestically, established their positions nationally as well as internationally, through which they could draw new technology and machinery providers. Hence, these acquisitions and investments across industry borders through the individual’s amalgam of interpersonal ties laid new groundwork for internationalizing the venture.

Then, we add to the understanding of how these interpersonal network ties evolve over time (Kampouri et al., 2017; Kontinen & Ojala, 2010, 2012; Pukall & Calabrò, 2014), and contribute to the embedded continuity and evolution of family firms (Konopaski et al., 2015; Kelly et al., 2000; Hammond et al., 2016). With our longitudinal qualitative historical approach, we could pay attention to the intergenerational embeddedness of the family firms, which as a context has barely been discussed in the literature thus far (De Massis et al., 2018; Arregle et al., 2015). This allows us to see how the nature of both domestic and international interpersonal ties of the central actors over time evolved in the internationalization process of the family firms (Shi et al., 2019). With the acknowledgment of human relations as subject to historical contingencies, our historical approach adds to the longitudinal contextualization internationalization phenomena (Welch & Paavilainen-Mäntymäki, 2014). Related to our “comparison” of the founders’ and successors’ ties and prevalent networking efforts, we highlight the manifestation and meaning of the founder’s “social legacy” (Hammond et al., 2016; Harris & Ogbonna, 1999) in the incumbent–successor context of the Ahlström and Serlachius cases. As an advantage or disadvantage for the successor’s international networking (Ellis, 2011; Kellermanns et al., 2012; Shi et al., 2015) and the family firms’ internationalization (Hennart et al., 2019; Pukall & Calabrò, 2014), we suggest that the cases manifest founders’ *international networking legacy*—a mechanism for developing a social legacy of internationalizing family firms.

## **Theoretical Framework**

### *Interpersonal networks in family firm internationalization*

The international business and international entrepreneurship research on networks (e.g., Coviello & Munro, 1997; Harris & Wheeler, 2005; Mustafa & Chen, 2010; Wright & Nasierowski, 1994) has recognised and conceptualised the important role of relationships—or ties—in the firm internationalization phenomenon (Ellis, 2000; Harris & Wheeler, 2005), as it is essentially a social process, not least in its early stages (e.g., Brydon & Dana, 2011; Byrom

& Lehman, 2009; Crick et al., 2006). A network, defined as “*a set of actors and some set of relationships that link them*” (Hoang & Antoncic, 2003, p. 167), develops according to the interactions taking place between an individual and others to whom he or she is connected. Whereas inter-organizational networks indicate the firm as the actor, in interpersonal networks the individual is the actor (Chetty & Agndal, 2008). From prior research we can see that interpersonal network ties emerge and develop both as formal and informal relationships in various contexts (Chetty & Agndal, 2008), and involve individuals embedding, i.e., increasing trust and commitment with each other, within a given network.

Internationalization literature finds that with regards to networks, interpersonal ties often “*offer access to their own network of relationships in other countries, from simple contacts to deeply trusted relationships*” (Harris & Wheeler, 2005, p. 189). In addition, such interpersonal relationships can be transformed into inter-organizational relationships, and vice versa (Hite & Hesterley, 2001; Chetty & Agndal, 2008). Prior literature has also pointed out that family firms in particular are able to compensate for most of their weaknesses—e.g., lacking financial resources and competence—with respect to internationalization through networks and derived social capital as family-specific resources, which can be categorized as both inter-organizational and interpersonal (e.g., Zahra, 2003; Arregle et al., 2007; Arregle et al., 2019; Calabrò & Mussolino, 2013). In addition, formation of non-kin relationships serves as an important dimension in the internationalization processes of family firms (Arregle et al., 2012; Graves & Thomas, 2008; Kontinen & Ojala, 2012). Overall, when discussing their international networking activities (Kampouri et al., 2017; Kontinen & Ojala, 2010, 2012; Pukall & Calabrò, 2014), family firms are typically seen to obtain strong network ties with high levels of trust, closeness and long-term commitment (Arregle et al., 2007; Roessl, 2005; Salvato & Melin, 2008; Zellweger et al., 2019). The stronger ties are perceived to develop over time with respect to their emotional intensity and intimacy, and reciprocal services (Granovetter, 1973). On the contrary, weak ties would be those remaining as superficial, where “*the parties do not know each other well and are not emotionally close to each other*” (Söderqvist & Chetty, 2013, p. 539).

#### *Founders and their interpersonal ties in identity-based and calculative networks*

Generally, in the initial formation of a new venture’s network relationships, the role of the founder-entrepreneur is regarded as central (e.g., Hite & Hesterly, 2001). The networks of the founder-entrepreneur at the interpersonal level are often seen as “*virtually synonymous with the firm’s network*” (Hite & Hesterly, 2001), where “*the history of network ties shapes [the firm’s] future*” (Sharma & Blomstermo, 2003, p. 749; Coviello, 2006), and consequently, its embedding in the networks between individuals (Granovetter, 1973). In general, embeddedness would describe the extent, nature, and depth of the entrepreneur’s ties to the venturing environment (Anderson & Jack, 2002).

The nature of the founder-entrepreneur’s initial relationships (or ties) may be generally broad, spanning informal and more formal situations (Anderson & Jack, 2002; Ellis, 2011; Harris & Wheeler, 2005). As they rarely have all the resources, experience, or full capabilities to create and facilitate their entrepreneurial activities, or develop their ventures, entrepreneurs must often rely on their interpersonal, usually social, networks (e.g., Anderson & Jack, 2002; Granovetter, 1985; Greve & Salaff, 2003). Therefore, embedding themselves in networks through various actions such as fundraising for community projects, membership in social clubs or attendance at social functions provides individual entrepreneurial actors with access to previously unattainable resources and assists them in building new networks (Anderson & Jack, 2002; Chetty & Agndal, 2008). Furthermore, the embedded ties (i.e., strong ties) developed

over time are those with whom the entrepreneur more regularly discusses his or her business and where the relationships are tightly coupled amalgams of the personal and the professional (Uzzi, 1996; Jack, 2005).

As an assumption, founder-entrepreneurs choose their collaborators and develop interpersonal ties with them to gain access to external knowledge and learning, among other things, in assembling the resources to form and develop their firms (Hervas-Oliver et al., 2017). When looked at from an “egocentric network” perspective (Hite & Hesterly, 2001; Jones & Volpe, 2011), the founder-entrepreneurs’ ties are motivated by different things, and—as we will see in family firms—not always only by the expected (economic) benefits. In this vein of the literature, “identity-based” networks are “*networks that have a high proportion of ties where some type of personal or social identification with the other actor motivates or influences economic actions*” (Hite & Hesterly, 2001, p. 278; see also Uzzi, 1996). These interpersonally unfolding networks are seen to be composed of stronger social ties high in closure and cohesion and stemming from pre-existing relationships with social, family or historically long-held sources (Larson & Starr, 1993; Walker et al., 1997). Such suggests that the identity of the ties—*who* are the ties?—matters more to the individual entrepreneur than the specific economic functions or resources that certain interpersonal relationships can provide to his or her firm. By contrast, calculative networks and ties suggest that the potential purpose and function of a network tie (*for what* is the tie?) is more important than the “identity” of the tie, and these are said to have the “*advantage of providing greater resource availability and mitigating more environmental uncertainty*” (Hite & Hesterly, 2001, p. 278; see Williamson, 1993). Unlike identity-based networks, calculative networks are said to be characterised by the dominance of weaker ties (i.e., more market-like than socially embedded), involving a larger and more diverse set of “work-based” ties (Hite & Hesterly, 2001, p. 279).

In contrast to the founder-entrepreneur’s role in a family firm and its early stages, taking on a family business as a successor could be seen as a less uncertain task, one reason being the established network relations of the family in the focal industry and local community (Pearson et al., 2008) together with a sounder resource base (Sirmon & Hitt, 2003; Zellweger et al., 2011). However, despite prior acknowledgements of the importance of (interpersonal) networks in the international growth of family firms from one generation to the next (Shi et al., 2019) in conjunction with the centrality of founders’ network ties in the internationalization process of ventures in general, more nuanced understanding of the role and formation of interpersonal ties and networks over time especially in family firms’ internationalization appears limited (Kontinen & Ojala, 2011, 2012; Pukall & Calabrò, 2014). Therefore, we now turn to the literature on “founder legacy” as a basic element for a family firm’s “social legacy” (Hammond et al., 2016) in order to explore the meaning of founder-entrepreneurs and their evolving interpersonal network ties in the context of family firms’ international networking over time.

### *Legacy – From founders to family firms*

Legacy, in terms suggested by Baker and Wiseman (1998), is what the founder-entrepreneurs leave behind and how they are remembered when no longer working in the business. When viewed as an individual-level construct, *founder legacy* can be traced back through psychology and literature on psychosocial development of the individual to a “generativity stage” (i.e., how to “make life count” through one’s work career) during one’s adult life (Erikson, 1963; see an integrative discussion in Hammond et al., 2016). Such a life stage is featured by one’s desire to make a positive contribution to others in the future, whereas stagnation at this stage would lead to a lack of interest in leaving anything to subsequent generations (Hammond et al., 2016).

Furthermore, legacy is what an individual, family or firm stands for (Hunter & Rowles, 2005), and in family-firm context, may influence the long-term survival of a firm (Ahn, 2018). As a theoretical concept, legacy has frequently been proposed (if not tested) to be linked to important family-firm behaviours and described both as an antecedent and outcome of practices in such firms (Hammond et al., 2016). Moreover, in studies of family firms, there is evidence of the “founder effect” that succeeding generations mirror out of respect to the founders’ visions and principles as they lead the firm and make key strategic decisions even long after the original founder is gone (Hammond et al., 2016; Kelly et al., 2000). At a strategy level, studies suggest that founder legacy exhibits an “*enduring influence of the initial strategic practice or ideology of the founder of an organisation over the actions of successive strategic decision makers following*” (Ahn, 2018, p. 2; see also Ogbonna & Harris, 2001) and is key to cultivating socio-emotional wealth—the family-oriented nonfinancial goals and value of the firm (Miller et al., 2003)—which often distinguishes family firms from other types of businesses (Cennamo et al., 2012).

Furthermore, a family legacy “*represents an emergent state whereby important features, values, and perceptions regarding the family, likely introduced originally by the founder or imposed by external conditions, have become ‘imprinted’ on family members*” (Hammond et al., 2016, p. 1214; see also Jaskiewicz et al., 2015). The sum of certain “*valued accomplishments, traditions, assets, histories, experiences, lives, places, and memories that flow from the past through the present into the future*” (Taraday, 2013, p. 200) becomes transmitted across generations, for example, by storytelling and family narratives, and conditioned by shared patterns of understanding and collective behavioural norms (see e.g., Kellas, 2005). In their recent and more nuanced discussion of the elusive family legacy concept, Hammond et al. (2016) indicate different legacy orientations, through which we may first identify “*the unique characteristics of a shared legacy*” within a family and further the “*conditions that arise when the family is involved with the management and operation of a firm*” (Hammond et al., 2016, p. 1214). Furthermore, related to how social networks may generate meaning and identities that underpin identification processes (Jones & Volpe, 2011), the formation of a family firm’s *social legacy* orientation reflects “*the network of meanings associated with the family transferred through the use of stories or broader social tactics (e.g., community involvement)*” (Hammond et al., 2016, p. 1215). In preference for deep and long-lasting social ties within the broader community and identification with shared histories and certain beliefs (Hammond et al., 2016), such a social legacy may also become a motivating form of socio-emotional wealth (Chrisman et al., 2005; Miller et al., 2003), which operates at “*a deep psychological level among family members whose identity is integrally connected to their membership in the family firm*” (Debicki et al., 2016, p. 47). Furthermore, founders should be seen for their influence on future generations as the ones making the “initial endorsement” of the social legacy orientation of the family firm (Hammond et al., 2016, p. 1220), as well as building the social identity of the family firm and its networks (e.g., Jones & Volpe, 2011).

## **Research Design**

In its treatment of the internationalization of family firms, this study appreciates the evolutionary nature of the phenomenon (Coviello & McAuley, 1999). As it seeks the ability to see patterns and changes in a processual phenomenon within an underexplored research context, our research design aligns with longitudinal qualitative approaches (Coviello & Jones, 2004; Jones & Khanna, 2006; Welch & Paavilainen-Mäntymäki, 2014), in which we see historically

oriented analysis playing an important role in order to operate between the historian's particular generalisations and the reductionist's general particularisations (Burgelman, 2011).

To explore the interpersonal network ties for internationalization of family firms and focus on how those ties emerge and evolve in a transitional incumbent–successor context, we studied historical cases (Welch et al., 2011). Our narrative qualitative approach (Welch et al., 2011) enabled us to contextualize the internationalization of family firms in two generations and account for actions being situated in “social time” and “social place” (Abbott, 1998). Family firms tend to endure over time (Konopaski et al., 2015) and two successfully internationalized ones offered us information-rich historical data to investigate. Initially, criterion sampling, which is a strategy of purposeful sampling, was applied (Patton, 2002) through which we selected the cases: (i) the firm was at least 100 years old; (ii) the firm has grown successfully into one of the leading forest companies in Finland, allowing us to study the early phases of long-enduring, successful firms; (iii) the firm originally operated in the forest industry and was established prior to 1900; (iv) the firm exported more than 25% of its production abroad within three years of its actual inception, fulfilling the criteria of an early internationalizing venture (see e.g., Kuivalainen et al., 2007); (v) the firm was at least 90% family-owned until at least the first decades of the 20th century; (vi) there is good archival data available on the firm and that time period, allowing us access to detailed stories of the cases.

According to our initial sampling, we investigated the two Finnish family firms originating from the ventures launched by Antti Ahlström and Gustaf Serlachius that have since evolved into global multinationals (currently known as Alhstrom-Munksjö and Metsä Group, respectively). The selected cases—Ahlström and Serlachius—were embedded in the forest business of the Nordic countries, the key industry of Finland at the time (Sajasalo, 2002). Consequently, the international venturing of the individuals is investigated with the backdrop of a historical time period of intensified economic activity of a remote and still developing country benefitting from the international expansion of its forest industry at the end of the 1800s and early 1900s (Lamberg et al., 2012). With access to the authentic company documents, archival data were collected from the Central Archives for Finnish Business Records (ELKA) and the Ahlström archives in Noormarkku. In the archives, we prioritised the collection of information from files in the form of international letter correspondence, diaries and meeting minutes, after having consulted existing literature for critical events and years in their international venturing. In addition, we drew on existing history books, research publications and biographies written on the histories of these firms and their entrepreneurs to contextualize our analysis further. The timelines in Figures 1 and 2 below provide an overview of the firms' internationalizing business in conjunction with the macro-context between the mid-1800s and the first World War.

In order to explore the emergence and evolution of interpersonal networks in these cases over time, both our data and analysis cover the timeline from the founders' births to the first decades of the next generation leadership of the family firms. Our analysis makes use of a historical “biographical approach” (Jones, 1998; Fillis, 2015), which, as a type of qualitative narrative approach, constructs analytical narratives describing human action in social and other contexts (Roberts, 2002). Followed by comprehensive and holistic interpretation of events, we initially focused on the biographical data of the founder-entrepreneurs and their domestic and international ties during the ventures' pre-launch phases and their overall early internationalizing orientation (from 1850s to the turn of 1900s). Constitutive of both business and life documents, such as business correspondence, personal letters and notes, and other material, we explored the biographical data in order to understand the individuals'—both founders' and their successors'—life events and interpersonal ties both “holistically” and



“categorically” (Polkinghorne, 1988; Lieblich, Tuval-Mashiach & Zilber, 1998) as their human relations were subject to historical contingencies. In addition, we traced the “formal” and “informal” relationships and influences (Fernhaber & Li, 2013) on their internationally oriented action at play during the extended intergenerational period of time in its historical setting.

First, to get a picture of their early orientation for internationalization “within” the cases, we explored the role of the founder-entrepreneurs’ and the next-generation leaders’ interpersonal network ties (e.g., their type, location and strength) in the domestic to international context as categorical-content of the literary data. Then, we sought a holistic-content understanding of the international networking (hi)stories and social legacy of these family firms—the “whole story” in hindsight—by interpreting the meaning of more particular ties and the change in them in light of the overall internationalization process (still very much on the shoulders of the new leader appointed by the family) and the succession. Furthermore, as a “cross-case” type of analysis, comparing these two case narratives pointed us towards the different application of the “founder legacy” as emergent in the next generations’ networking. Such notions guided us to interpret manifestations of the founders’ *social* legacy in connection to the individuals’ embedding to identity-based and/or calculative networks abroad and domestically over time.

Figure 1. Case Ahlström

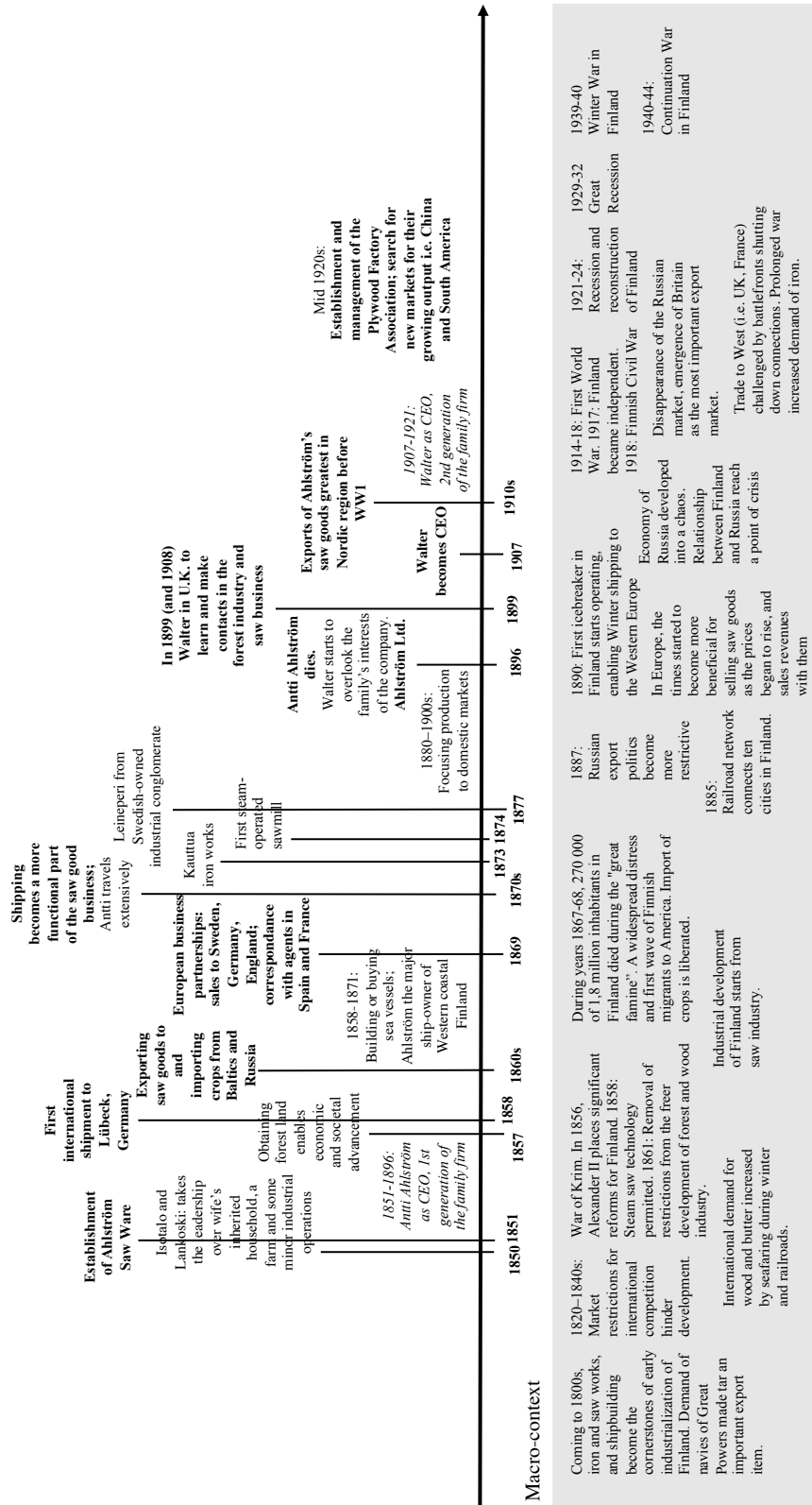
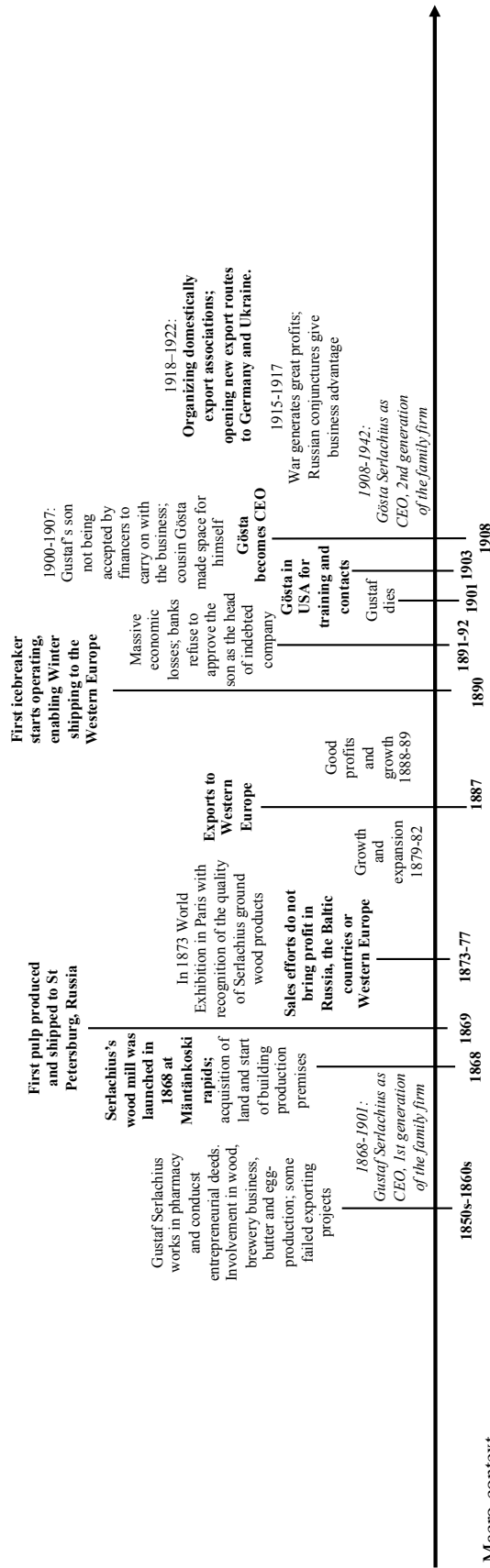


Figure 2. Case Serlachius



Macro-context

|  |  |   |   |
|--|--|---|---|
| 1820-1840s: Market restrictions for international competition hinder development.  | 1820-1840s: War of Krim. In 1856, Alexander II places significant reforms for Finland. 1858: Steam saw technology permitted. 1861: Removal of restrictions from the freer development of forest and wood industry. | 1829-32: Great Recession                                    | 1939-40: Winter War in Finland  |
| 1850s-1860s: International demand for wood and butter increased by seafaring during winter and railroads.  | 1868-1901: Industrial development of Finland starts from saw industry.   | 1914-18: First World War. 1917: Finland became independent. | 1940-44: Continuation War in Finland  |
| 1870s-77: During years 1867-68, 270 000 of 1,8 million inhabitants in Finland died during the "great famine". A widespread distress and first wave of Finnish migrants to America. Import of crops is liberated. | 1873-77: 1885: Railroad network connects ten cities in Finland.  | 1918: Finnish Civil War                                     | Disappearance of the Russian market, emergence of Britain as the most important export market.                                |
| 1880s: Russian export politics become more restrictive   | 1887: In Europe, the times started to become more beneficial for selling saw goods as the prices began to rise, and sales revenues with them   | 1921-24: Recession and reconstruction of Finland            | Trade to West (i.e. UK, France) challenged by battlefronts shutting down connections. Prolonged war increased demand of iron. |

## Findings

The first part of our findings elaborates on the international networking of the founder and their successors through their interpersonal identity-based and calculative ties within and across country borders. As such, we illustrate the amalgam of the groundwork for the family firms' internationalization in their network ties. Then, by comparing the two historical cases, the latter part of our findings explicates how the founder-entrepreneurs' "social legacy" becomes manifested in the transitional incumbent–successor context.

### *Emergence of the interpersonal identity-based and calculative ties in the founder and successor generations*

**Case Ahlström.** Ahlström as an effort seems largely related to the family background and social identity of *Antti Ahlström*, stemming from his immediate family and marriage context, embedding his persona and inter-personal network ties accordingly. Antti was born and raised in a Western coastal town of Finland as the sixth child of Erkki, a former seaman, and Anna Ahlström. Before his twenties, Antti quit grammar school highly motivated to start his own business career. Helped by his early exposure to wood trading from his father, Antti was quickly immersed in the forestry field, developing a career as a businessman and developing network relationships through exporting saw goods from the coast's harbours (Aho, 1927b, 1927a).

Antti's emerging business venture and the resulting interpersonal network ties could be characterised largely as identity-based ties, emerging initially from his own father's "legacy" of trading internationally, and later from his first wife's legal estate situation and from Antti's strong sense of regional identity (see Table 1 below). From his experience casually networking and selling his own goods (e.g., cigarettes and potatoes) in the harbours since his early teens, in addition to his exposure to the wood trading context of his father's business and his own process of becoming strongly embedded into the regional networks, he established personally meaningful networks among his family and friends, from whom would also come the initial financiers. Hence, prior to his first marriage with an affluent widow, Greta, and the official fluent start of his saw business, Antti had a good overview of the forestry business and export situation of the western coastal cities. Having roots rather tightly knit in a bilingual region, Antti's informal social ties and more formal business ties were embedded in the countryside and Finnish-speaking population in Finland (Aho, 1927a). In 1871, after his first wife died, Antti remarried the daughter of a tradesman. Through this second marriage to Eva and Antti's resultant exposure to her extant social circle of family and friends, Antti's active participation in the politics of his home region as well as the whole country developed into identity-based ties (e.g., with Edvin Avellan, a municipal councillor), which also served as a launchpad for more calculative ties in advocating the development of equal education for the poorer population and the development of the community around the growing business (Schybergson, 1992). With his prolonged presence in parliament and maintenance of a strong position in Western Finland, Ahlström became very well connected domestically (Schybergson, 1992).

In the later stages of his life, he tied multi-industry relationships through acquisitions of new estates and factories and became established nationally as well as internationally, drawing from his networks of technology and machinery providers. As he increased his exports while keeping his relations honest, Antti kept in constant correspondence by post with his European business partners (Aho, 1927b). As an example, one letter from a long-term trusted agent in London reads:

*Brother Ahlström!*

*In my yesterday's letter, I forgot to answer your question regarding H. Clarkson Co., but will do it here. You can securely draw bills on them, the sum in question, as the firm is solid and wealthy. Without further remarks from today,*

*Your true friend,  
Henry Caston<sup>1</sup>*

Across national borders, Antti eventually cultivated long-term relationships with his key employees (e.g., trusted captains sailing abroad) and long-term agents, especially in the UK. Along with his expanding forestry venture, his reputation as a just and generous man grew, as propelled by his relations both domestically and within the context of international trading. In the 1860s, Antti's ship-building business made him the biggest ship-owner of his Western coastal region, through which his growing exporting efforts to faraway locations (e.g., the Mediterranean and Caribbean), using both his own and others' vessels, soon expanded and turned him into a central player at the intersection of the nation's shipbuilding and export industries.

During the last years of his life, Antti Ahlström travelled extensively, as he wanted to be personally involved in the decision-making of his growing firm. Overall, his domestic ties seem to have become an excellent ground from which to build a sound reputation and fair way of doing business in his national and international networks. While very much involved in his family and regional context, he gradually became more enmeshed in the interpersonal level networks of the coastal wood-processing business, having initially been exposed to these people during and even before grammar school. He soon knew the business from "the roots of the tree", from unloading goods and selling to the export harbours to shipping the goods to the rest of the world.

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<sup>1</sup> Correspondence between Antti Ahlström and Johnsson & Caston (London); 23rd July 1873. Brev 1872–1874. Box 5. Ahlström Noormarkku Central Office Archives.

Table 1. Antti's domestic and international identity-based and calculative ties

|                            | <b>Domestic network ties</b>   | <b>International network ties</b>  |
|----------------------------|--|--|
| <b>Identity-based ties</b> | <p><b>Family and extended family</b></p> <ul style="list-style-type: none"> <li>- Antti's father and brothers played a role in the early phases of his venture becoming internationally oriented.</li> <li>- Antti's first wife was influential as her properties were invested into the business. His second wife was a trustee, advisor and partner in his social-welfare efforts.</li> </ul> <p><b>Friends and friends of friends</b></p> <ul style="list-style-type: none"> <li>- Supported Antti's personal and business causes.</li> </ul> <p><b>Politics</b></p> <ul style="list-style-type: none"> <li>- Beneficial from his mid-career. Was himself a member of the Finnish Parliament and an active spokesperson for the Finnish language and the needs of women and children. During the famine in the 1860s, Antti donated to the neediest people in Finland.</li> </ul> <p><b>Financiers</b></p> <ul style="list-style-type: none"> <li>- Support for the business developments was initially enabled by the finances of his first wife; strong ties from the beginning.</li> </ul> | <p><b>Key employees (e.g., captains) abroad</b></p> <ul style="list-style-type: none"> <li>- Long-term masters of his sea vessels who later on enabled extended access to international networks.</li> </ul> <p><b>Long-term agents and other international shareholders</b></p> <ul style="list-style-type: none"> <li>- Formed ties from the beginning of his exports; Antti was committed to the ones in whom he invested time, money and heart; learned about the needs and nature of domestic and international customers at Finnish west coast harbours; some of his agents schooled him in the business culture of foreign buyers, e.g., the Norwegian agent Hamre in Paris and Johnsson &amp; Caston in London.</li> </ul> |
| <b>Calculative ties</b>    | <p><b>Multi-industry domestic relationships</b></p> <ul style="list-style-type: none"> <li>- New knowledge and equity through acquisitions.</li> </ul>   | <p><b>Providers of technology and machinery</b></p> <ul style="list-style-type: none"> <li>- International and natural since the early phases of his business phase. Actively renewed technology within his factories, buying technology from abroad.</li> </ul>   |

Walter Ahlström was about 30 years old when he finalised his control over the Ahlström family business. After Antti's sudden death, Walter began practical training in the central office of Ahlström in Noormarkku iron works (Grahn, 2014). Already as a child, Walter had a reputation for being very keen on technical things and was said to be extremely systematic in his deeds (Grahn, 2014; Norrmén, 1927). At the time of the transition from the founder to the successor generation, Eva, Antti's second wife and Walter's mother, controlled the most shares and decision-making power of the company, though in many situations, Walter's opinions were already supported by his mother before becoming CEO, and he was put in charge of critical decisions, as the authorised signatories recognised Walter's knowledge and judgement in technical matters (Schybergson, 1997). Throughout his leadership, his family members, especially his sisters, maintained a clear commitment to ensuring that ownership stayed in the family (Aho, 1927b, p. 36; Grahn, 2014).

With our analysis of Walter's interpersonal network ties, both domestic and international (see Table 2 below), his ties relative to the family firm's internationalization appear more calculative than his father's. When Walter took over the family firm, the business was already well-embedded in the national (both identity-based and calculative) networks established by his father, predominantly consisting of saw operations across Finland: for example, regions covering Southern Western and Central Finland, Southern Eastern Finland and Carelia (Schybergson, 1997), but also from his father's involvement in national politics. In 1899 and again in 1908, Walter travelled to the UK in order to study and learn the business.

During his time abroad, Walter presumably developed both social (more informal and identity-based) and business ties (more formal and calculative). In 1900, Walter married Hildur “Lilli” Newander, the daughter of Johan Ferdinand Newander, a pharmacist and director of a bank office (Kansallis-Osake-Pankki) in his home region, the Western coast of Finland. This connection provided Walter with useful access to the Swedish-speaking trader elite (Grahn, 2014). The Newander family also had roots in Norway (Grahn, 2014). This marriage, as an identity-based domestic tie with an international dimension, also became beneficial for Walter in terms of a “calculative tie” to his father-in-law, as it would enable both Walter’s personal recognition in the region as well as better access to knowledge of international trade. This could be interpreted as sublimating his identity-based ties into calculative network ties in the country as much as broadening his reputation internationally.

What is significant about his networking and his contribution to the international business operations of the firm was that during the 1920s, Walter developed friendly ties with the vice chancellor and CEO of a wood-processing factory, Jacob von Julin (1881–1942), and other members of the country’s forest elite. Together, the three were key in developing the forestry business environment in Finland and the country’s export environment by participating in different networks and organising various cooperatives supporting the industry’s development and competitiveness. Von Julin has been called Walter’s close friend, as they interacted and worked intimately to set up and control the plywood cartel in the later 1920s. Walter’s desire for the members of the cartel to remain transparent and communicative about their actions, expeditions and travels in order to decrease misinterpretations within the cartel (Helanne, 2019) speaks to the dual meaning of these ties to him as both identity-based and calculative. Both the extent and effect of Walter and von Julin’s international ties are evidenced by the number of contracts they were able to make around Europe over the short period of a couple of months in 1926 (Helanne, 2019).

While Walter’s domestic interpersonal ties were a resource for sourcing international knowledge and expertise, he also had extensive personal experience in international sales and in forming trade relationships in the British market. Together with von Julin, Gösta Serlachius and other elite members of the country’s forest industry, Walter had an influential voice and power in the establishment and management of the Plywood Factory Association, an effort to support the nation’s exports to the West during the mid-1820s.<sup>2</sup> The Association’s role was to oversee the member companies’ sales of plywood both domestically and abroad, and, for example, search for new markets for their growing output through expeditions, including to China and South America, with varying success.

Walter’s time in charge of the company deepened the importance of the family firm’s place in the industry’s and nation’s development, but with a seemingly different mindset and orientation than that of his father. Various sources make it evident that his intention was to build “a strong, financially sound and diverse corporation”, which also reflected the legacy of his father as an ideological and entrepreneurial man during a favourable time (Grahn, 2014, p. 96).

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<sup>2</sup> Suomen paperi- ja puutavara-lehti, 15.1.1919. The National Library of Finland: Digital Collection. Retrieved November 27, 2019 from <https://digi.kansalliskirjasto.fi/sanomalehti/search>.

Table 2. Walter's domestic and international identity-based and calculative ties

|                            | <b>Domestic ties</b>   | <b>International ties</b>   |
|----------------------------|--|---|
| <b>Identity-based ties</b> | <p><b>Family and extended family</b></p> <ul style="list-style-type: none"> <li>- Siblings and mother wanted to maintain transparency, but disagreed with family members.</li> <li>- Wife and her family had Norwegian heritage and Swedish-speaking network.</li> </ul>   | <p><b>Ties from educational trips</b></p> <ul style="list-style-type: none"> <li>- Especially United Kingdom.</li> </ul>  |
| <b>Calculative ties</b>    | <p><b>Extended family</b></p> <ul style="list-style-type: none"> <li>- Wife's father and his "elite" connections.</li> </ul> <p><b>Key industry people</b></p> <ul style="list-style-type: none"> <li>- Forest elite: formed a cartel with, e.g., Jacob von Julin and others, to strengthen international trade endeavours.</li> </ul> <p><b>Multi-industry relationships</b></p> <ul style="list-style-type: none"> <li>- e.g., factory acquisitions; glass industry, water power plant.</li> </ul> | <p><b>Ties from business travels</b></p> <ul style="list-style-type: none"> <li>- Especially United Kingdom.</li> </ul> <p><b>Multi-industry relationships: e.g., providers of technology and machinery</b></p> <ul style="list-style-type: none"> <li>- Imports of new technology and knowledge from abroad; extensive investments to modernise, e.g., old iron works and saw production and build better infrastructure for the domestic industrial development.</li> </ul> |

**Case Serlachius.** *Gustaf Serlachius*, born in 1830, was the second child of Gustaf and Sophia Serlachius. The standard of living of the family was good until the father, in 1843, died of pneumonia, leaving the family with little economic status. Gustaf had started school in Eastern Central Finland but soon needed to quit to support the family financially. With the help of his mother, Gustaf found a position as an assistant in a pharmacy (Keskisarja, 2010).

At age 20, Gustaf travelled to St Petersburg to look for opportunities and learn about business life in a global city, after which he bought his pharmacy in Tampere, Southern Central Finland. This sparked Gustaf's international outlook, also affecting his future businesses. Through his early engagement in Finnish pharmacies, Gustaf had extensive access to domestic businesspeople (for details on his ties, see Table 3). After buying the pharmacy, Gustaf interacted with a wide range of different stakeholders in his pharmacy, as well as within the retail and other fields. Gustaf acted as an intermediary, buying and selling anything, like a one-man chamber of commerce, which extended his network to all the apothecaries of Finland.

Gustaf's key mentor in international business life was *Georg Franz Stockmann*, a German businessman, who imported liqueurs and chemicals, among other things, for Gustaf. Eventually, via Stockmann, Gustaf formed contacts in Lübeck and Hamburg and began to learn that mutual trust was the most important payment in exports and imports (Keskisarja, 2010). Via Stockmann's beneficial contacts, Gustaf was able to export various goods to Lübeck, Manchester and St Petersburg. Then, in mid-1860s, a notable Finnish businessman Fredrik Idestam appointed Serlachius as the representative of his ground wood mill in Tampere (Keskisarja, 2010), and through Idestam's network, Gustaf became familiar with the manufacturing process at the mill. On the basis of his earlier experience and knowledge networks, and recognising the rural area of Mänttä in Central Finland for its quality work force, Gustaf began to build a ground wood mill there. Since establishing the firm, exports had come to represent the vast majority of its output. Serlachius had prospective international intermediaries from his earlier jointly-held business (paper production from lump). Serlachius



shipped mainly to St Petersburg, Tartu and Riga, but also to the UK and Belgium, depending on the political situation, market prices and war.

Gustaf had an innovative, risk-taking personality (Ahvanainen, 1997). Based on our analysis, his approach to networking seemed in general to be rather impulsive and calculating, as seen through his interaction with individual domestic and international businesspeople, financiers, providers of technology and machinery, agents, politicians and media. Gustaf persuaded the best people from his earlier internationally oriented networks in Tampere to work for him. For example, a technical manager of the machine factory with German roots and an engineering background, along with another international technician, advised Gustaf on the process of setting up the ground wood mill. Still, their first successful collaboration ended quickly due to disagreements and Gustaf's violent behaviour (Keskisarja, 2010). Whereas Gustaf persuaded the very best experts, as well as financier after financier (e.g., Sanmark and C. W. I. Sundman) to invest in his endeavours, his actions and mistreatment soon cost him these ties. It seems that Gustaf's financial problems were not related to debt itself but to his tendency to destroy his networks and have short-term bills of exchange (Keskisarja, 2010). Nevertheless, Stockmann, one of his first international contacts, introduced him to Wilhelm Burjam, a Lübeck-born manager of another bank, Pohjoispankki. He soon recognised that Gustaf conducted business they did not want to finance, but it was too late. When another investor, Sneckenström, withdrew in 1877, the banks concluded that Serlachius's business was worthless, leading Serlachius to tell his financiers melodramatically that he was telling his children about the very poor treatment he had received. Interestingly, both Sneckenström and Sanmark cancelled the determination of bankruptcy, and Gustaf Serlachius carried on with his business (Keskisarja, 2010).

Though Gustaf was rather manipulative in his ways of forming new network relations, which also contributed to his disruptive approach to those outside his family, he treated his family ties with unflinching respect. His correspondence with his family seems caring, also in difficult times, which indicates their identity-based quality throughout his life. Still, at the end of his life, being very ill and paralysed, he was unable to manage them well. Gustaf's sickness, together with his short temper, led to worsening relations with some in the family, especially with Axel. In relation to this, the account of Gustaf's will and the future of the firm remained unclear for a while after his death in 1901. Some of his other identity-based ties stemmed from his personal interests, such as his political endeavours, and with respect to his writing to newspapers and interacting with the "noble class" and ideological influencers, who had an effect on the societal and business environment in Finland of that time. Moreover, Gustaf had a great personal interest in fine arts and made close friendships with several artists (e.g., Gallén and Wikström), whom he would also support financially, sometimes on a monthly basis. These identity-based ties also took him abroad, for example, to Paris, where he made acquaintances within the international social circles of arts. After some years, his ties to domestic artists were also broken, though eventually, he would start ordering paintings from them again.

Table 3. Gustaf's domestic and international identity-based and calculative ties

|  | <b>Domestic ties</b> | <b>International ties</b> |
|--|----------------------|---------------------------|
|--|----------------------|---------------------------|

|                            |   |   |
|----------------------------|---|---|
| <b>Identity-based ties</b> | <p><b>Family members</b></p> <ul style="list-style-type: none"> <li>- Close and important for Gustaf.</li> </ul> <p><b>Artists</b></p> <ul style="list-style-type: none"> <li>- Personal interest and taking him on international exhibitions. After some years, these ties were also broken, but after some time he again ordered paintings from Gallén.</li> </ul>  | <p><b>International business people in Finland</b></p> <ul style="list-style-type: none"> <li>- Especially Stockman and his extensive international business network. Had long worked in the pharmacy industry before launching the firm and was able to use them both for domestic and international purposes at different turning points of the firm.</li> </ul>  |
| <b>Calculative ties</b>    | <p><b>Domestic businesspeople</b></p> <ul style="list-style-type: none"> <li>- Wide range of businesspeople; shareholders in pharmacy, retail and other fields.</li> </ul> <p><b>Financiers</b></p> <ul style="list-style-type: none"> <li>- Mainly domestic, from pre-launch period onwards.</li> </ul> <p><b>Providers of technology and machinery</b></p> <ul style="list-style-type: none"> <li>- Attracted the very best technicians in the country, but usually lost them very quickly because of his mistreatment of them.</li> </ul> <p><b>Politicians and media; the “noble class”</b></p> <ul style="list-style-type: none"> <li>- Domestically active strong ties; able to write in newspapers about issues of interest to readers and for the business: e.g., building a railway to Mänttä groundwood mill, building the first Finnish ice-breaker and improving the status of the Finnish language.</li> </ul> | <p><b>Investors</b></p> <p><b>Expertise and providers of technology and machinery</b></p> <ul style="list-style-type: none"> <li>- Was able to attract the very best technicians from abroad, one after another, but usually lost them very quickly because of his mistreatment of them.</li> </ul> <p><b>Agents</b></p> <ul style="list-style-type: none"> <li>- Fluctuating between strong and weak since establishment of the firm (80% international). Knew some prospective international intermediaries from his earlier jointly-held business, where they had made paper from lump; Serlachius shipped mainly to St Petersburg, Tartu and Riga, but also to the UK and Belgium, depending on the political situation in the market and war.</li> </ul> |

Gösta Serlachius represented the successor generation of the business his uncle Gustaf Serlachius had established. Gösta grew up speaking Swedish in Northern Western Finland and learned the Finnish language through visits to his uncle’s estate in Mänttä in Central Finland. Gösta joined Gustaf’s firm in the late 1890s, when he interrupted his law studies to pursue a more practically oriented career and become a trainee for Gustaf at the age of 21. In the beginning of his work at Serlachius, Gösta was sent to an agent of the firm in the UK. Upon his return, Gustaf assigned him to improve lagging UK exports: Gösta’s return to Manchester resulted in a better agreement through a demanding process of negotiations (Silvennoinen, 2012).

With great enthusiasm for his traineeship and successful completion of educational and business trips abroad, Gösta rather quickly mastered the international paper industry and shipping business and oriented his mindset towards the company’s international business dealings (for details on Gösta’s interpersonal network ties, see Table 4). Early in the 1900s, while studying in Austria, Gösta travelled to the United States to visit its large paper factories. He funded his trips by serving as a representative for foreign machinery, evidence not only of Gösta’s personal eagerness to invest in developing his international connections but also his professional competence as an international businessman. During his trips, Gösta acquired personal industrial excellence (e.g., steam and paper technology) by visiting factories and reselling their equipment to other Finnish industrial firms (Silvennoinen, 2012). Upon his arrival in Finland he had new foreign companies between which to mediate. Furthermore, his positions representing foreign technology and his other trips abroad provided him with personal connections, especially in the UK, where Gösta met his future business agent for the UK

market, H. Reeve Angel. Over the years, Reeve Angel became a close business partner when the temporarily closed route to Western Europe reopened.

Before Gustaf's death, Gösta married Gustaf's daughter Sigrid "Sissi" Serlachius. It was this marriage, an identity-based tie, that can be said to have sealed him the position not only as the potential and probable successor to the family firm but also as an important potential "change-maker" in his father-in-law's and uncle's networks of both identity-based and calculative ties. Moreover, Gösta was personally well-networked with the domestic paper industry elite on his own, which would later set the direction for the long-term development of the country's international business. Prior to taking the mantle from his uncle, Gösta gained leadership experience in Central Finland at the Kangas mill and on the Southern coast at the Kymi mill, the only paper mill shipping large quantities of newspaper to the UK at the time, and he was already domestically recognised as having the skill to lead firms in challenging situations.

By navigating the firms' challenging situations (e.g., financial crises and problems with the Russian market), Gösta had gained experience, learned about rationalisation, good paper production, renewed technology and power outlets, as well as become familiar with the peculiarities of the industry's international business in both the Eastern and Western paper markets (Silvennoinen, 2012). Later, along with other influential industry managers, especially Rudolf Walden, Gösta sought new opportunities in Germany—a market that had been closed since the beginning of first World War. In alignment with a long discussion within the industry network, Gösta was there to suggest the establishment of a price cartel (Silvennoinen, 2012).

Like his peers and other patrons prior to him, Gösta began to improve the social well-being around the factory communities of his firm: for example, by building housing for his employees, giving them land and improving the safety of their work conditions (Vesikansa, 1997). During the war, Gösta held a central leadership title; one result of the successful completion of his duty was the good relationship he formed with Marshal Carl G. E. Mannerheim, the future sixth president of Finland, who had a cosmopolitan background (Vesikansa, 1997). In 1918, Gösta served as the consul of Finland in Odessa, Ukraine. Though he did not care for politics, he had good relations with the influential people of the country. Moreover, during his career, Gösta served as a member of several committees (e.g., Red Cross Finland, in which he served along with Marshal Mannerheim) in order to take part in the country's development (both pre- and post-war), which also proved beneficial in solidifying his business ties (Vesikansa, 1997). During the last year of his life, the Ministry of Defence sent Gösta to the UK to use his network to solicit financial help for Finland.

During his own active years in domestic and international identity-based and more calculative network ties, Gösta had also become well-known as a "patron of the arts" and eventually founded the Gösta Serlachius Fine Arts Foundation in 1933 in order to maintain the art collection curated by himself and his uncle (Vesikansa, 1997).

Table 4. Gösta's domestic and international identity-based and calculative ties

|                       | <b>Domestic ties</b>  | <b>International ties</b>  |
|-----------------------|---|--|
| <b>Identity-based</b> | <p><b>Family and extended family</b></p> <ul style="list-style-type: none"> <li>- E.g., first wife is the daughter of Gustaf Sissi, extending his reach in domestic networks but also causing challenges with her mental and alcohol problems.</li> <li>- Brother Birger and mother.</li> </ul> <p><b>Industry ties</b></p> | <p><b>Educational networks</b></p> <ul style="list-style-type: none"> <li>- Becoming an "expert"; studies in Austria and trips to the UK and US.</li> <li>- Enthusiasm for being part of the international paper industry.</li> </ul> <p><b>Agents</b></p> |

|                         |   |  |
|-------------------------|---|--|
|                         | <ul style="list-style-type: none"> <li>- E.g., Rudolf Walden, Per Schauman, the latter also being part of the government.</li> <li>- Finnish-American corporation, trying to expand shipping lines to South America.</li> <li>- Development of the human resource aspects of the business.</li> </ul> <p><b>War acquaintances and friends</b></p> <ul style="list-style-type: none"> <li>- E.g., Marshal Mannerheim.</li> <li>- Development of the country after war.</li> </ul> <p><b>People in culture life and fine arts</b></p> <ul style="list-style-type: none"> <li>- E.g., Architect Valter Thomé.</li> </ul> | <ul style="list-style-type: none"> <li>- British agents Felber and Jucker: Gösta worked with in the very beginning of his career.</li> <li>- Reeve Angel; important for developing his early professional identity?</li> </ul>   |
| <b>Calculative ties</b> | <p><b>Domestic Swedish-speaking elite</b></p> <p><b>Industry ties</b></p> <ul style="list-style-type: none"> <li>- Managers of other companies in the cartel.</li> <li>- Reputation for his network and ability to lead problematic businesses.</li> </ul>  | <p><b>Agents</b></p> <p><b>Industry people</b></p> <ul style="list-style-type: none"> <li>- Swedish engineer Sölve Thunström: got to know in Vienna, helped with production technology.</li> <li>- Austrian machinery company he represented in Finland after his study trip.</li> <li>- US machinery companies he represented in Finland after his study trip.</li> </ul> |

*Manifestation of the founders’ “international networking legacy” in the successors’ approach*

By comparing the founders’ and successors’ network ties and taking into consideration the transitional incumbent–successor context, here we provide an account of how the two relevant dimensions—identity-based vs. calculative ties and national vs. international ties—work as the mechanism endorsing the founders’ “social legacy” in the successor generations’ own international networking approaches. Their approaches indicate both maintenance of family and regional identity-based ties, as well as an application of the founders’ social and industrial legacy (i.e., “elite” position, personal characteristics) in the border-crossing inter-personal networks and more calculative ties with “insider” groups (i.e., agent relations, investors and industry people). According to our findings, we introduce and suggest the founders’ interpersonal network ties manifest an “*international networking legacy*”, which is either considered by successors as more of an advantage or a disadvantage for the successor’s own approach to international networking. Our findings suggest that Antti Ahlström’s legacy of identity-based domestic ties transformed into a more calculative approach in Walter’s domestic and international ties and that Gustaf’s legacy of rather scattered networks and disruptive approach to them as calculative ties transformed into the more sound approach of Gösta, who began to “nurture” both the ties he inherited from his uncle (e.g., in the UK) and his own ties, leading them to become more coherent over time.

In comparing *Antti and Walter Ahlström*, we can see that the founder generation’s domestic and international ties left behind not only monetary wealth from its steady internal and then expanding international growth but also a strong sense of embedding in the identity-based national and regional ties and strategic international industry networks. Both were determined, independent and strong-willed individuals taking up new opportunities as leaders of the firm, but Antti and Walter participated differently in their networks in different areas of both the domestic and exporting business (e.g., farming, saw/forest industry, politics) (Schybergson, 1992).

Antti's identity-based domestic ties would become cultivated as his first "legacy" as Eva took over the ideological leadership of the family, which was also made visible through Walter's personal interests and deeds within the country. For example, Walter's investments and schemes went beyond his factories, production and expansion exports. In keeping with the "social legacy" of his father, Walter continued, perhaps more calculatedly and strategically, to develop the surrounding communities, for example, in Varkaus in Eastern Finland (Schybergson, 1997); its architectural influence on the particular cities centred on wood exports remains visible to this day. Having been entrusted with a variety of positions of responsibility like his father (or perhaps partially because of him), Walter was well-networked in a rather small but tight internal circle of the international industry.

Antti seems to have been more family-oriented in his endeavours than Walter and placed more emphasis than Walter did on the cultivation of friend and family ties and embedding in his "root" networks that also connected him with international networks. He was committed to ongoing actions, in the form of both business and social activities (both formal and informal), which lead him to befriend the (often Swedish-speaking) elite in the harbour cities. By comparison, Walter's approach to his family ties appears reserved, as his position as a CEO of the family firm may have demanded that he maintained the emotional distance from his siblings. By further looking into the dimensions of their ties, we can see that from the security Antti had ensured through his domestic ties, Walter Ahlström as his successor would have the advantage of a more strategic approach to and extension of his own networks abroad. Hence, we see that Antti's identity-based national and international interpersonal networking enabled Walter to incorporate such ties into his more calculative national and international networks that would begin to shape his more strategic internationalization of the firm (e.g., later in the "price cartel").

Moreover, as a kind of social entrepreneur, Antti was highly appreciated by people of different statuses and backgrounds despite his own high-level status in the community and country (Aho, 1927a, 1927b), whereas Walter was more socialised into the "elite" and therefore also more oriented towards a luxurious life from the start (Grahn, 2014). Furthermore, based on Walter's character and orientation to developing the firm's operations, we may assume that what Antti had become, Walter had to or wanted to be. In a way, we may detect in Walter's networking behaviour the manifestation of a more calculative way of conducting international business, yet one that was becoming more entangled with his social identity as a leader of his growing "empire" than of a family firm.

What was transferred from Antti to Walter was the respectful and open approach to intra- and inter-organisational relationships, as well as among family and friends. They both valued trust and transparency in their strategic and calculative relationships. Whereas Antti had been loyal to his executive-level employees and long-term friends with whom he shared his business endeavours while home and abroad, Walter maintained open and close relations with those individuals with whom he aimed to cooperate over the long term. While both of them were active in regional development and politics, associations and cooperatives, and advocated an ideology of "Finnishness", for Antti these actions reflected his identity, whereas for Walter they appeared as a strategic choice and task for cultivating his own and his parents' legacy. Walter developed his father's business into a family firm with a sound domestic and international status as a diverse wood-processing business. What then became his own visible legacy was the Walter Ahlström Foundation, which was developed to educate engineers for the Finnish industry and develop exporting industries nationally.

In looking into the case of *Gustaf and Gösta Serlachius*, we detect that Gustaf's legacy of a calculative approach to his domestic and international ties became transformed by Gösta, who from early on developed more sound identity-based ties. Initially, both had a proactive

orientation to developing the business both domestically and internationally, where financial returns were not the only motivation (e.g., interest in investing into fine arts). This orientation resulted in their strong local and domestic influence on their political and social environment. Both the founder and successor had on their own behalf gained international exposure, in terms of regular long business trips and receiving education as well as taking personal holidays abroad. In the case of Serlachius, Gösta exploited the “disrupted” and “weakening ties”, as he appeared able to use his personal international networking skills to nurture his networks: for example, the vestiges of Gustaf’s international network legacy in the form of his UK agency or financiers. This appears to have been made possible partly because Gösta had been sent abroad early on but especially because of his personal identity-based network ties.

Whereas Gustaf had a disruptive approach to his networks, both identity-based and calculative ties, Gösta took a more long-term approach to his. Both were advocates for the development of exports in the country but participated in the process differently. Gustaf was known for his radical involvement in political discussions and provision of propaganda to newspapers to advance his own business endeavours, while Gösta generally did not want to go into politics, but would help advance Finnish exports and the status of the country’s global competitiveness. Hence, the case reveals perhaps more clearly the critical importance of personality in the initial stage of forming ties and the unconscious way these ties can be handled. The reputation (or legacy) of the earlier entrepreneur—as with Gustaf being rather reckless in his international networking—in the later stages of the family firm becomes managed by the successor within his or her own approach to forming ties. Altogether, our findings on Gustaf and Gösta show how the drivers of and approaches to interpersonal networks were based on their personal characteristics and manifested the “problems” attached to the social legacy of the founder-entrepreneur. For example, perhaps Gustaf’s provocative real-time involvement in politics took the form under Gösta’s leadership of his more discrete “lobbying” within tighter circles in the industry, grounded in his identity-based ties.

## **Concluding Discussion**

This study has looked into the interpersonal network ties and international networking of two historical family firms in order to better understand how the founder-entrepreneurs’ network ties—both identity-based and calculative—for internationalization emerge and further evolve in the transitional incumbent–successor context. From this point of departure, our study elaborates on how the interpersonal ties of the founder-generations seem to work as the mechanism for forming a “social legacy” in the firm’s border-crossing networks and, more specifically, manifest in the succeeding generation as the founder-entrepreneur’s “international networking legacy”.

Firstly, our study adds to the extant literature on the international networking of family firms (Kampouri et al., 2017; Kontinen & Ojala, 2010, 2012; Pukall & Calabrò, 2014) by explicating the emergence of both domestic and international interpersonal network ties (Kontinen & Ojala, 2010) and their role (Elfring & Hulsink, 2007) for the family firms’ internationalizing venturing by highlighting the importance of domestic ties for the internationalization process, which is barely discussed in the literature to date. We discovered that the interpersonal *domestic* ties via earlier jobs, personal and family interests, societal commitments, and in border-crossing networks (to the family-like captains of ships, international agents and technology providers, extended family) were necessary not only to identify opportunities, but also to attract like-minded people to advance their internationalizing business. While we see how the founder-entrepreneurs’ interpersonal network ties were “as

their most valuable asset to provide resources” (Hite & Hesterly, 2001, p. 278; Larson & Starr, 1993), we could recognise the importance of domestic investments and acquisitions across industry borders through interpersonal networks as they laid an important new groundwork for the family firm’s internationalization.

Secondly, we add to the literature on family firm internationalization and networking by revealing insights about the continuum of the intergenerational internationalization process (e.g., Shi et al., 2019). We found that the founder-entrepreneurs’ interpersonal network ties were meaningful and in different ways influential in regards to the successors’ networking. The Ahlström case indicates that both domestic and international ties evolved from identity-based ties of Antti, where calculative ties seemed to have become more emphasised in later stages in the firm (Hite & Hesterly, 2001), especially after the transition to the next generation and Walter’s networking. This shows us the business ties with a personal dimension (i.e., Antti’s agents in London) becoming more formalized (Chetty & Agndal, 2008) in the next generation and over the course of the firm’s internationalization. On the contrary, the Serlachius case represents calculative economic ties as more apparent in the early phase, but either manipulated or managed, as both personal and economic/business ties in the evolvement of the network (Larson & Starr, 1993). Serlachius’ approach to his domestic and international ties may have been more “manipulative” than “managerial”, but this was over time manoeuvred by his successor, adopting an approach that allowed both identity-based (i.e., Reeve Angelin UK) and new calculative ties to emerge, increasing the scope of his own international networks while nurturing existing ones. This supplements our notions of how the identity-based network ties, i.e., through political interests and societal involvement of the founder-entrepreneurs, did not become less “strong” or influential in the successor’s hands (e.g., Greve & Salaff, 2003) but actually served as something like an internationalizing “network identity” of the firm (Coviello, 2006), elevating its ideological reputation both in the region and abroad, and becoming more intentionally managed by the successor (i.e., Gustaf’s work for the Finnish political reform and Gösta’s ties with Marshal Mannerheim and development of the country’s competitive state after war).

Third, we add to the understanding of both the continuity (Konopaski et al., 2015) and the “founder effect” in family firm evolution beyond national borders (Kelly et al., 2000; Hammond et al., 2016). Our findings illustrate how the “social legacy” (McKenny et al., 2011; Hammond et al., 2016) of the founder through his interpersonal network ties seems to manifest and transfer to the next generation (Shi et al., 2019). In a sense, the cases illustrate how a founder’s more or less socially embedded ties (Anderson & Jack, 2002) become the “initial endorsement” (Hammond et al., 2016, p. 1220) of the family firm’s internationalizing network behaviour (Arregle et al., 2015). We see how the founder’s “unwritten will” manifests in the international networking of the next generation. We may interpret the social legacy of the founder becoming considered by the next generation either as an advantage or a disadvantage—the “dark side” of the embedded ties (Gulati et al., 2000)—for their own approaches to international networking. As such, we could suggest the “*international networking legacy*” to be the successors’ treatment of interpersonal ties in the networks (Jack, 2005) and further elaborate and contextualize a mechanism that either promotes or inhibits subsequent internationalization (Ellis, 2011; Kellermans et al., 2012; Shi et al., 2015). As identity-based “outcomes” of the founders’ interpersonal ties and international networking, including beneficial marriages into “elite” spheres of money and new ideologies, their evolving social legacy could either enable or hinder positive wealth and status of the family firm (i.e., socioemotional and economic) (Hammond et al., 2016; Hunter & Rowles, 2005), even the cultural legacy of a whole region (Grahn, 2014).

Fourthly, with our methodological approach to the history of interpersonal network ties of internationalizing firms, we contribute to international business and international entrepreneurship literature by embracing both macro-context and micro-foundations of internationalization (Coviello et al., 2017). For example, the establishment of the Finnish Paper Mills' Association with the mutually calculative but strong interpersonal network ties in an inter- and after-war period (beginning of 1900s) ramped up the border-crossing negotiations and agreements of these two family firms, when experiencing a time of more restricted international business. With an acknowledgment of human relations—be it personal or business ties—as subject to historical contingencies, we suggest that these ties as “microfoundations” (Foss & Pedersen, 2016) of our two historical family firms' as well as their modern counterparts' strategic trajectories enact the historical chronology of their industrial and societal surroundings and opportunities (Zahra, Newey & Li, 2014).

We have shown two cases of international networking against a different backdrop of historical contingencies than the modern world. Whereas contemporary firms may represent more knowledge-intense and service-oriented business with perhaps less limitations in terms of network(ing) and resources for internationalization (Ojala, Evers & Rialp, 2018), generating meaningful interpersonal ties are still imperative in international venturing and strategies (Coviello, 2006; Ellis, 2011). Moreover, today family businesses still form the core of most national economies and are passed from generation to generation (Jaskiewicz et al., 2015). Therefore, old and new generations ought to find ways to cultivate constructive approaches to their networking strategies, which can further endorse and promote a desired social legacy of the family firm when taking the business “from local to global” (Baù et al., 2017).

Internationalization and networking of family firms are not straightforward processes, but historically contingent, for example, due to societal crisis, economic fluctuation, political objectives, wars, and industries and foreign markets sometimes disappearing and reappearing. This study highlights the need for better understanding of and more research based on the historical contextualization of family firm internationalization (Welch & Paavilainen-Mäntymäki, 2014), especially analysis of international networks, networking and their involvement in earlier waves of globalisation. With both qualitative and quantitative approaches, we may begin to build a broader and deeper understanding of the historical time context of (international) networking and other micro-foundational mechanisms steering firms' internationalization trajectories.

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