

FOUNDERS OF THE FUTURE, A SUCCESSION FOR SUCCESS?

**THE ROLE OF ORGANIZATIONAL IDENTIFICATION ON
FOUNDER-CEO SUCCESSION IN SOCIAL ENTERPRISES**

OLIVIA LEMMEL, LOUISE RIBRANT

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The Role of Organizational Identification on Founder-CEO Succession in Social Enterprises

Department of Management and Organization

Stockholm School of Economics

Stockholm, Sweden

Supervisor

Anna Söderblom, Affiliated Researcher, Department of Management and Organization

Examiner

Laurence Romani, Associate Professor, Department of Management and Organization

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Stockholm School of Economics

Abstract

With the world facing increasing global challenges, an important contributor to solving those comes from social enterprises. A prerequisite for those types of companies to have a positive impact within our existing economic system is to be successful. A factor that has shown to be crucial in the success story of traditional enterprises is the Founder-CEO succession and specifically Founder-CEOs receding too late because of large personal attachment to their creation, stumping the success potential. By studying the reasons and enabling factors of this event in social enterprises specifically, we wish to gain insight about possible differences in enabling factors of Founder-CEO successions in social enterprises versus traditional ones. By conducting a qualitative multi-case study of 16 semi-structured interviews with Founder-CEOs, new CEOs and chairmen of seven social enterprises, that have gone through a voluntary succession, this thesis aims at understanding how the primacy of the social mission affects the decisions preceding a Founder-CEO succession in a social enterprise using a combined model of Organizational Identification and Prosocial Behavior theory. Previous research states that a high level of Organizational Identification leads to Founder-CEOs clinging on to their position for too long and Prosocial Behavior leads to even higher Organizational Identification which should make the Founder-CEOs of social enterprises even less prone to recede. However, our findings indicate that there is a larger willingness for Founder-CEOs in social enterprises specifically to recede because of a stronger identification with the mission of behaving prosocially rather than their identification with the organization per se. We argue that these findings are contributing to the understanding on what social enterprises need to do to succeed.

Keywords: Founder-CEO succession; Organizational Identification; Prosocial Behavior; Social Enterprises, Chief Executive Officer

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Glossary

Entrepreneur	Entrepreneurs are the change agents in the economy and move the economy forward by serving new markets or creating new ways of doing things (Roger et al. 2007; Sullivan Mort et al. 2002).
Founder-CEO	The founder of an enterprise originally employing the role as a CEO (Wasserman 2003).
Founder-CEO succession	The Founder-CEO of an enterprise is replaced by a successor (Wasserman 2003).
Organizational Identification	The degree to which individuals' self-identity is intertwined with the identity of their organizations. Alternatively, the degree to which individuals define themselves in terms of the attributes of their organizations (Joon, Yoon et al. 2020).
The primacy	The fact of being pre-eminent or most important, "the state of being the most important thing" (Cambridge Dictionary 2022).
Prosocial Behavior	The social behavior motivated by the intent to benefit other people or the society as a whole (Benabou, Tirole 2006).
Scale-up	A business enterprise in the process of expanding (Oxford Languages 2010). <i>Plural: scale-ups</i>
Small to medium sized enterprise	A company, or companies considered as a group, that are neither very small nor very large (Cambridge Dictionary 2022). <i>Abbreviated as SME.</i>
Social enterprise	Social enterprises pursue an explicit social mission, while operating under the financial discipline of private sector organizations (Bacq, S., G. T. Lumpkin 2014, Alter 2004, Bacq, S., Janssen et al. 2019). <i>Plural: social enterprises</i>
Social entrepreneur	A social entrepreneur is in this thesis referring to the entrepreneur founding a social enterprise (see Social enterprise). <i>Plural: social entrepreneurs</i>
Social mission	A greater cause benefiting other people or the society (Bacq et al. 2019).
Startup	A newly established business (Oxford Languages 2010). <i>Plural: startups</i>

Acronyms

CEO	Chief Executive Officer
IPO	Initial Public Offering
No.	Number(s)
OI	Organizational Identification
OPI	Organizational Prosocial Identity
PB	Prosocial Behavior
PPI	Personal Prosocial Identity
SME	Small to medium sized enterprise

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1. INTRODUCTION

1.1 Background

The world is continuously facing emerging challenges on an ecological, economic and social level (Zhang, Swanson 2014). A vital driver of sustainable solutions to such challenges, are social entrepreneurs contributing to a positive change through social enterprises (ibid.). Social enterprises pursue an explicit social mission, while operating under the financial discipline of private sector organizations (Bacq et al. 2014, Alter 2004, Bacq et al. 2019). A prerequisite for those social enterprises to have a positive impact within our existing economic system is to be successful (Nicholls 2010, Zhang, Swanson 2014). Thus, as agreed by leading scholars and practitioners alike, the study of mechanisms affecting the survival and success of social enterprises is of increasing relevance in the transition to a sustainable society (ibid.).

In most firms, the founders make up a central figure in their organizations, with great importance for the company's early growth. As a result, many founders originally take on the position as CEO, becoming Founder-CEOs (Schein 1985, Wasserman 2003, Wasserman, 2012). As an enterprise grow out of the startup phase, the need emerges to adapt organizational structures to accommodate expanding operations (Kaehr Serra, Thiel 2019, Bacq et al. 2019). This places a high demand on the ability of a company's leadership, often found the most critical determinant of both the firm's success and survival (Wasserman, 2003, Wasserman 2012). Previous research shows successions might stem from factors such as organizational dysfunction (Wasserman 2012). In the life of most firms, a CEO succession constitutes a critical juncture for organizations in general, whereby the succession of the Founder-CEO represents the most critical in particular (Wasserman 2003, Kaehr Serra, Thiel 2019, Schein 1985). Largely three main factors distinguish a Founder-CEO succession from its later-stage counterpart: the larger equity holdings, and thereby company control; that many Founder-CEOs remain in the firm; and the higher level of attachment between the founder and the firm (Schein 1985, Wasserman 2003).

In social enterprises specifically, the founder's role as a mediator of the social mission adds a dimension further highlighting the central role in the organization (Bacq et al. 2019). Past research shows the social entrepreneur's vision and mission often more deeply imprinted in the organization than in other types of enterprises. The latter complicates a leadership succession, creating a disruption on both the organizational operations and conduct of the social mission. The context visualizes how the social mission account for an additional dimension to the inner workings of such an organization. Likewise, social entrepreneurs often see the company as a prolongation of their personality and values (ibid.). This raises an interesting junction on how the role of the social mission may play part in the event of a Founder-CEO succession in social enterprises. By conducting this novel study, we aim to contribute to this understanding.

1.2 Prior research and research gap

While the last decades of management research have contributed to an extensive understanding of CEO succession in a general context, research focusing on the first succession event of the Founder-CEO is limited but growing (Abebe et al. 2020). Nevertheless, studies on Founder-CEO succession have mainly focused on the perspective of company shareholders; emphasizing aspects such as human capital, firm performance as well as stakeholder control power (Lee et al. 2020). Hence, mainly focusing on antecedents of founders' involuntary succession. In addition to such perspectives, research demonstrates what main factors distinguish a Founder-CEO succession from its later-stage counterpart: the larger equity holdings, and thereby company control; that many Founder-CEOs remain in the firm; and the higher level of attachment between the founder and the firm (Schein 1985, Wasserman 2003). The latter evokes an interesting characteristic, which can be illustrated by Founder-CEOs often referring to their firms as "baby" or "legacy" (ibid.). This motivates further interest on how Founder-CEOs' psychological attachment may influence the succession decision. In 2020, a US-based quantitative study examined how Organizational Identification (OI) affects Founder-CEOs' voluntary succession in post-IPO companies. The theory on OI refers to the intertwining of an individual's self-identity and their organization (Ashforth et al. 1989, Dukerich et al. 2002, Boivie et al.

2011, Lee et al. 2020). To the authors' knowledge, the study pioneers this research viewpoint in the field of Founder-CEO succession.

In the context of social enterprises, research implies that the centrality of the social mission leads to an additional intertwining of the founder's and the firm's vision. As one of the main characteristics distinguishing the social entrepreneur from its more traditional counterpart, it opens an interesting outlook for further research. Yet, the field is novel, with one of the first studies on Founder-CEO succession in social enterprises dating back to 2019. In two in-depth case studies of social enterprises in India, Bacq et al. (2019) examines how the departure of a Founder-CEO might threaten the social mission of the firm. This outlook between the core of a social enterprise, the social mission, and its liaison to the founder during the event of a Founder-CEO succession, is pioneering.

The above-mentioned arisen research streams support the relevance of further studies to understand the role of psychological ascendants on Founder-CEO successions in social enterprises. Accordingly, the overall research objective of this thesis is to examine the implications of Organizational Identification in Founder-CEO successions in social enterprises. To account for the core of the social mission, theories on OI is complemented by the concept of Prosocial Behavior (PB). PB describes the drivers behind the will to do good for others, the environment or generally a greater mission (Benabou, Tirole 2006). Together, these theories base a framework of analysis to gain new insights into the phenomenon.

To our knowledge, this is novel research and should entail relevant contributions to the research fields of social entrepreneurship; Organizational Identification; Founder-CEO succession; Prosocial Behavior; and corporate governance. Lastly, previous studies on Founder-CEO succession have almost exclusively been carried out quantitatively. In the aim for a deeper understanding of the described research stream, we argue that the interest lies in the *how's* and *why's* of the phenomenon, better addressed through a qualitative approach.

1.3 Thesis purpose and research question

This thesis explores how the level of Organizational Identification of Founder-CEOs in social enterprises influences succession decisions. This is significant as a founder's recession has a critical impact on the organization. The study is conducted in a multi-case setting based on qualitative interviews with previous Founder-CEOs, their successors and board members of social enterprises that have undergone the event. The following research question summarizes the aim of the study:

How does the primacy of the social mission affect the decisions preceding a Founder-CEO succession in a social enterprise?

1.4 Primary focus and delimitations

A Founder-CEO succession describes the event during which a founder, formerly leading the company operations as CEO, withdraws from that role. However, the succession does not necessarily represent an exit by the founder, who may take on new engagements within the firm. The study focuses on the specific event of the Founder-CEO succession within social enterprises of small to medium size, mainly operating on the Swedish market. As a leading country within sustainability (RobecoSAM 2021), Sweden creates favorable conditions for access to social enterprises that have undergone a Founder-CEO succession. The definition of a small to medium sized enterprise used in the study is defined in the glossary.

1.5 Defining a social enterprise

Throughout this thesis, we use the following definition a social enterprise:

Social enterprises pursue an explicit social mission, while operating under the financial discipline of private sector organizations (Bacq, Lumpkin 2014, Alter 2004, Bacq et al. 2019).

2. LITERATURE REVIEW

2.1 Founder-CEO succession versus later-stage CEO successions

Throughout the last decades, researchers within management and leadership have developed a significant understanding of CEO successions. However, research focusing on the first succession event in a firm (Founder-CEO succession) was scarce until brought to attention by Harvard professor Noam Wasserman in 2003. Wasserman (2003) argues of several critical differences between later-stage succession and Founder-CEO succession. The main three-differentiators are: the larger equity holdings, and thereby company control; that many Founder-CEOs remain in the firm; and the higher level of attachment between the founder and the firm (Schein 1985, Wasserman 2003).

2.2 Psychological antecedents of Founder-CEO succession

Previous studies on Founder-CEO succession largely stem from the perspective of company shareholders, emphasizing aspects such as human capital, firm performance as well as stakeholder control power (Lee et al. 2020). Hence, these studies mainly focus on antecedents of founders' involuntary succession.

Founder-CEOs' high level of attachment to their firms is often testified by references such as their "baby" or "legacy", which may make it more difficult to relinquish control (Lee et al. 2020). Research shows that founders impose cultural blueprints on nascent organizations with an identity tied to the organization they founded (Lee et al. 2020, Baron et al. 2001). In that context, past research has not explored the antecedents of Founder-CEOs voluntary successions. This motivates further studies on how a Founder-CEO's psychological attachment may play part in the succession decision. In as recently as 2020, a US-based quantitative study examined how Organizational Identification affects a Founder-CEO's voluntary succession in post-IPO companies (Lee et al. 2020). This is, to the authors' knowledge, the first study initiating this viewpoint in the research field of Founder-CEO succession.

In the context of social enterprises, research implies that the centrality of the social mission leads to an additional intertwining of the founder's and the firm's vision. Although this is one of the characteristics distinguishing the social entrepreneur from its more traditional counterpart, the first study on Founder-CEO succession in social enterprises was only recently performed in 2019 (Bacq, et al.). The above-mentioned two recently arisen research streams support the relevance of further studies to understand how the psychological attachment of a Founder-CEO of a social enterprise might influence succession decisions.

3. THEORETICAL FRAMEWORK

3.1 Organizational Identification

Organizational Identification (OI) refers to the extent to which individuals' self-identity is intertwined with the identity of their organizations, or to which extent individuals define themselves in terms of their organizations' attributes (Ashforth, Mael 1989, Boivie et al. 2011, Dukerich et al. 2002, Joon et al. 2020). Described as, the *congruence of individual and organizational values* (Hall et al. 1970, Pratt 1998). Employees may experience a sense of oneness with their organization when their self-concept is similar to the characteristics of their organization (Ashforth, Mael 1989, Dutton et al. 1994).

This paper draws on major findings on the outcomes of OI theory (Edwards 2005, Hall et al. 1970, Pratt 1998, Riketta 2005). Firstly, a significant number of studies have found that the stronger an individual's OI, the more likely it is that the person will *act in ways beneficial for the company* (Boivie et al. 2011, Dukerich et al. 2002, Dutton et al. 1994). Secondly, since individuals with a high level of OI derive some of their self-concept from their organizations (Dutton et al. 1994, van Knippenberg, Sleenbos 2006), they are strongly attached and want to stay with them (O'Reilly III, Chatman 1986, Riketta 2005, Steers 1977).

In connecting OI to Founder-CEO succession, Lee et al. (2020) found that founders should have a high level of OI because they *shape the vision, values and identity* of the organization. Similarly, Founder-CEOs' identities are often tied to the firms they founded. Resulting in a perceived oneness with the organization and indication of a high level of OI (Powell, Baker 2014). Lee also found that a higher *number of co-founders* and *prior entrepreneurial experience* leads to lower OI and faster succession. This because with an increasing number of founders, each individual loses the feeling of their own responsibility for the creation and success of the organization. Prior entrepreneurial experience leads to lower OI since the individual is likely to identify with being a serial entrepreneur rather than with the specific organization (Lee et al. 2020). More *time invested in the organization* strengthens the OI and leads to reluctance for succession (ibid.).



Figure 3.1 An overview of the theories on Organizational Identification. Edited by Lemmel and Ribrant, 2022.

The theory on OI describes the attachment to and identification with the organization but it doesn't capture the effects of the social mission. To capture this, we have chosen to combine this theoretical framework with Prosocial Behavior theory.

3.2 Prosocial Behavior

The theory of Prosocial Behavior (PB) explains why people are driven to do good for others, the environment or generally a mission greater than themselves, but also what can be defined as the social mission driving social entrepreneurs (Benabou, Tirole 2006). The key properties of the model are that an individual's PB is a product of an endogenous combination of three types of motivations; *intrinsic*, *extrinsic* and *reputational* as can be seen in Figure 3.2 (ibid.). PB theory explains the human need of maintaining a conformity between one's actions, values, feelings, long term goals and

identities they seek to uphold, in front of others and themselves (so called self-image) (ibid.).

The three types of motivations are further explained as follows. *Intrinsic* denotes altruistic behavior, personal values and self-image concerns. *Extrinsic* covers monetary incentives as well as punishments such as fines and legal actions. *Reputational* is explained by gaining social approval as a result of a good deed.

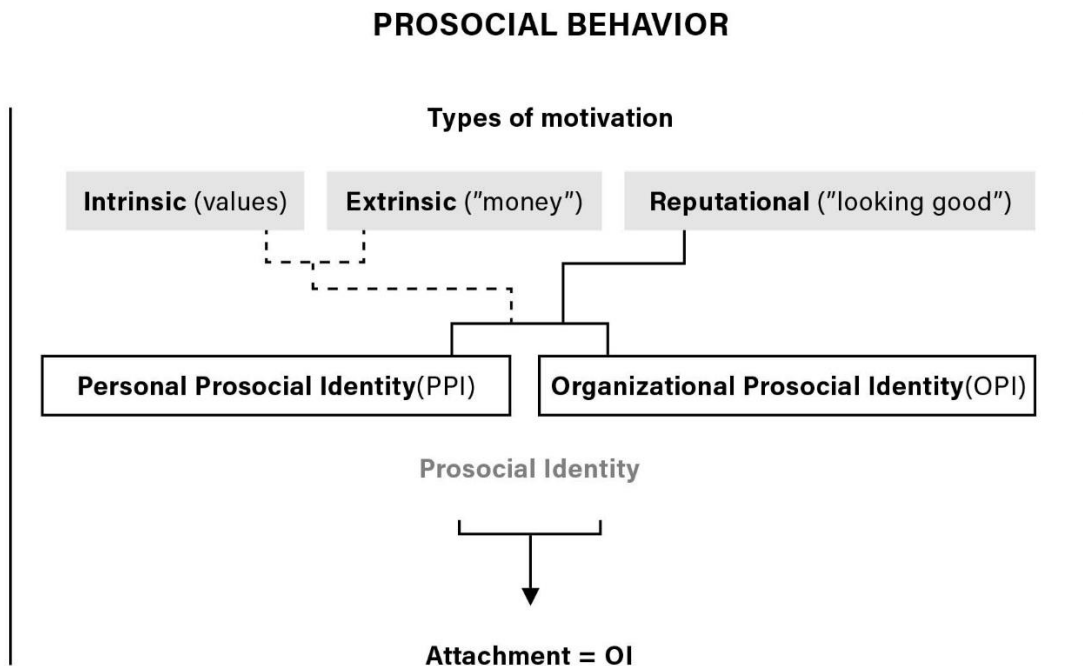


Figure 3.2 An overview of the theories on Prosocial Behavior. Edited by Lemmel and Ribrant, 2022.

A part of the PB theory, focuses on *personal prosocial identity* (PPI) and *organizational prosocial identity* (OPI). PPI can be defined as self-conceptualization that involves helping, benefiting, and empathizing with others (acting in line with personal values), while OPI resides in the image of an organization expressing prosocial characteristics as the ones mentioned above (Cha et al. 2014). Intrinsic motivation contributes to a stronger creation of PPI than Extrinsic or Reputational motivation (ibid.). An individual exhibiting prosocial characteristics, heightens their own sense of PPI while an organization increases the sense of OPI when it shows prosocial characteristics towards

employees and society (Cha et al. 2014, Grant et al. 2008). As a result, individuals experience external prestige and membership pride creating a positive attitude towards the organization, strengthening the OPI (Santhosh, Baral 2015, Cha et al. 2014).

People develop strong PPIs and enforce the organization's OPI when they engage in prosocial activities in the context of organizations i.e., reinforcing the company's prosocial identity as a caring organization (Grant et al. 2008). People exhibit greater attachment to an organization with prosocial characteristics as a result of feeling grateful to the company for reinforcing their PPIs and pride in the company for holding a collective prosocial identity (Grant et al. 2008, Maignan, Ferrell 2001, Sen, Bhattacharya 2001). The greater an employee's interpretations of a company's actions as caring, the stronger the OPI. The stronger the OPI, the higher an employee's level of attachment to the company (Grant et al. 2008). Likewise, the greater a person's interpretation of their own actions within the company as caring, the stronger the person's PPI. The stronger the PPI, the higher the employee's level of attachment to the organization (ibid.).

3.3 The combined theoretical framework

Individuals are dependent on a congruence between PPI and OPI, when they align the PB has a positive relationship with OI (Cha et al. 2014, Foreman et al. 2002). This means aligning an individual's personal values with the values of the organization. Both PPI and OPI have a main effect relationship with OI (Grant et al. 2008, Kim et al. 2010). A match between personal and organizational prosocial identities results in higher employee OI (Cha et al. 2014). Cha et al. (2014) showed that OI increases as the difference between PPI and OPI decreases, i.e., the better the alignment between PPI and OPI, the larger the OI. The study also shows that people with low PPI may be motivated to behave prosocially, while working at a company with high OPI (Cha et al. 2014).

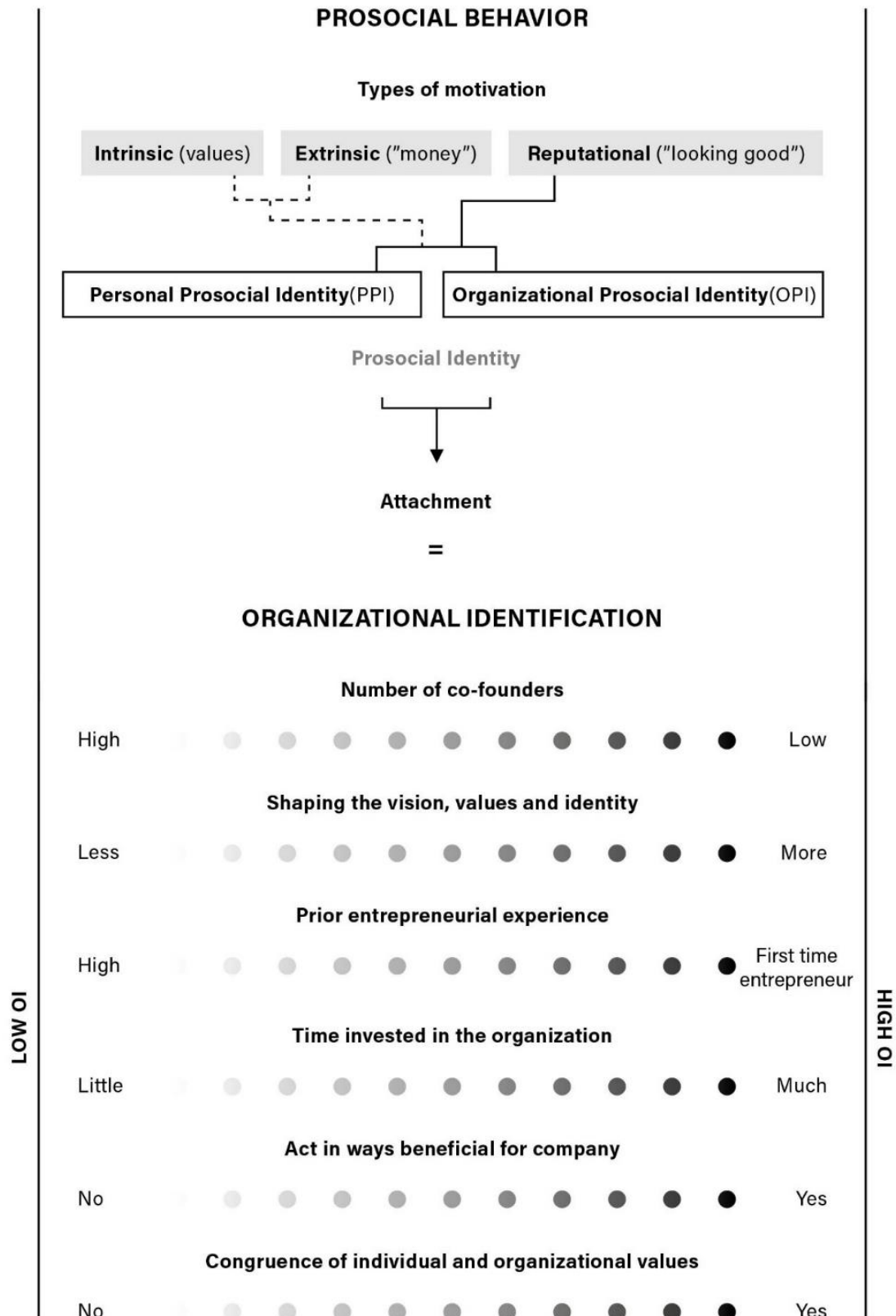


Figure 3.3 An overview of the combined theoretical framework of the thesis. Edited by Lemmel and Ribrant, 2022.

3.4 Theory discussion

Theories on Organizational Identification has attracted increasing scholarly and practical attention during the last three decades (Tsuchiya 2017). This has resulted in literature with a wide range of different approaches and theoretical angles within the field of management. However, publications have criticized the overly deterministic accounts of people's engagement processes (Alvesson et al. 2011, Tsuchiya 2017). Firstly, a tenet exemplifying a potential problem is the point that "individuals and organizations are constituted by a set of inherent and more or less stable attributes". Secondly, "the attributes of the individual are comparable with the attributes of the organization through a member's cognitive connection" (Alvesson et al. 2011, p. 261). Several studies point out cases falling beyond the explanatory power of the theoretical framework. It is evident that the theoretical lens of choice will steer the direction of our analysis as well as findings. We aim to mitigate this through the abductive approach, expanding the understanding and improve conclusions through a constant weaving between theory, literature, and empirics.

4. METHODOLOGY

4.1 Philosophical grounding

Building on the purpose to explore how psychological aspects, such as Organizational Identification and Prosocial Behavior, may play part in the event of a Founder-CEO succession in social enterprises, the thesis enforces an interpretivist epistemology. By such, the study aims at the deeper understanding, rather than an explanation, of human behavior (Bryman, Bell 2015). Hence, the thesis interest lies in the subjective inner aspects of the succession event, indicating the believed differentiator between different people undergoing such decisions. As the interpretivist orientation implies the researchers' understanding of subjective meanings of social actions (ibid.), the authors embrace their active role as interpreters in the context of this study.

The focus on interpretations serves as the basis of the ontological position of the thesis, characterized as constructionism. Accordingly, the observatory orientation holds socially constructed entities, phenomena such as organizations and culture, formed and constantly revised by the actions and understanding of humans. This contrasts to the objectivistic position claiming the existence of social phenomena as independent of human interaction (Bryman, Bell 2015). Therefore, constructivism embraces the subjective perspective of each individual in the social context. This is needed to develop an understanding of the researched phenomena.

4.2 A research design based on abductive reasoning

Consistent with the epistemological and ontological orientation of this thesis, the study is pursued qualitatively. As the study aims at a deepened understanding of data that cannot likely be observed nor measured with instruments, the lone viable mean of uncovering such a phenomenon is by asking individuals. This methodology allows for discovery of perceptions, attitudes and motives, rarely expressed openly in organizational contexts (Bryman, Bell 2015). Further, as the thesis targets the study of Founder-CEO successions after its event, the qualitative approach is suitable to obtain the retrospective reconstruction of the events from the interviewees' perspective. The vitality of the latter perspective is emphasized using semi-structured interviews,

enabling rich and detailed answers to emerge that might be relevant for the study (ibid.). By the research aim of this thesis, the interest lies in the interview subjects' interpretations, thereby valuing nuances instead of measurable data. It is recognized that the less structured nature of this qualitative approach implies less focus on the reliability and validity of the method than its quantitative counterpart. Although the semi-structured technique hampers the comparability of the individual interviews, it was reasoned as predominantly inherent to the researched phenomena. Thus motivated, that comparability was sufficiently facilitated using an interview guide. Moreover, enabling the profound mapping of the unexplored area in which this thesis intends to contribute. The semi-degree of comparability constitutes a necessity, as the performed study is cross-sectional.

The cross-sectional data collection based on in-depth interviews offers observation of multiple cases at one point in time. The design enables the study of a range of variables among the interviewed individuals, without influencing them. In that way, the multi-case study aims at mapping out prevailing characteristics of the whole population, to conclude an answer to the research question. By the nature of the phenomenon studied, different aspects of the succession event in an enterprise varies for each case. Consequently, a single case study would not provide a profound understanding of the phenomenon's similarities and differences in a broader setting.

The theoretical tradition of hermeneutics constitutes one of the founding pillars of the interpretivism paradigm, and thus forming the lens for the social phenomena examined in this thesis. Similarly, hermeneutics forms the basis of the abductive conduct of the study. The hermeneutic philosophy views the process of understanding as a continuous dialogue between the data and the researchers' preunderstandings (Bryman, Bell, 2015).

In accordance, the study is formed based on abductive reasoning. This research approach accounts for an iterative interplay, weaving back and forth between data and theory. The strategy mitigates the risk of the authors confirming their preunderstandings and instead be open to the possibility of unexpected data discoveries (Alvesson, Kärreman, 2007, Bryman, Bell, 2015). The approach allows for a logical process

alternating between making observations and seeking the hypothesis to explain what has been observed (ibid.).

4.3 Sample selection

4.3.1 The interviewees

The qualitative study consisted of interviews with 16 individuals, all previously involved in the process of Founder-CEO succession in a total of seven social enterprises. In the initial process of selecting the sample, social enterprises that had undergone a Founder-CEO succession were identified through a screening using the database Business Retriever. Seven Swedish social enterprises were selected randomly. In addition to the case studies, a pilot interview with a recruiter was performed.¹

In each case study, various individuals involved were interviewed to understand different perspectives of the succession event. To the extent conceivable, the individuals consisted of the Founder-CEO, the succeeding CEO and Chairman of the Board. The Chairman of the Board offered a valuable perspective of the succession as the role involves the obligation of the dismissal and appointment of a CEO in an enterprise, including responsibility of the process. All interviewees were contacted by telephone, subsequently receiving an e-mail with further information after the approval of an interview. An overview of all interviewees is presented in Table 4.1.

In the presentation of the interviewees, the authors denominate all individuals with male-typical names. The objective is to mitigate the potential designating identification of the female interviewees, who accounted for a smaller share than the male interviewees. The number of founders for each enterprise are stated in line with its implications within the theoretical framework. The denominated names also start with the same letter as the letter of the company, to facilitate the understanding of the empirics.

¹ See 4.4.1

Table 4.1 Overview of interviewees ²

Company**	No.	Interviewee*	Role	No. of founders
Company A	1	Anders	Founder	6
	2	Adam	CEO	
	3	August	Chairman of the Board	
Company B	4	Bertil	Founder	3
	5	Benjamin	Chairman of the Board	
Company C	6	Christofer	Founder	4
	7	Carl	CEO	
Company D	8	Daniel	Founder	6
	9	David	CEO	
Company E	10	Elias	Founder	2
	11	Erik	CEO	
Company F	12	Fredrik	Founder	2
	13	Filip	Succeeding CEO	
	14	Felix	Chairman of the Board	
Company G	15	Gustaf	Founder	2
Company H	Pilot	Hugo	Recruiter	

² * = Fictive names used throughout the study; ** = Company names anonymized throughout the study.

4.4 Qualitative empirical data collection

4.4.1 The interview process

Consistent with the qualitative semi-structured outline of the performed interviews, an interview guide was developed beforehand and used as the body of the interview process. The interview guide was formed based on leading elements emerging from the conduct of the theoretical framework and literature review. Given the novel character of the research stream and application of theoretical context, the authors predicted that supportive themes would develop from the empirical proceedings in line with the abductive approach. Hence, the possibility to deviate from the interview guide enabled flexibility, follow-up questions to relevant discussions or clarification of the interpretation of responses. In addition, the interview guide questions were designed not to imply the theoretical background. As advocated by Bryman and Bell (2015), the interview was opened by an initial briefing and diverse discussions to build trust. The authors waited with direct questions on more sensitive topics until the end of the interview. In the early process, a pilot interview was conducted with a senior employee of a recruitment agency with experience in the recruitment process of external CEOs to traditional and social enterprises. The interview helped pilot the interview questions as well as an initial insight into an external view of the phenomena, which helped entail slight revisions to the interview guide.

Throughout the interview conduct, the authors took turns in leading the questions meanwhile the other person took notes. This allowed for the interviewer to take notice of non-verbatim data meanwhile the notetaker keeping close attention to the discussion and possible interesting follow-up questions. In addition, it contributed to a clear and gentle experience for the interviewee without confusion. Both authors participated in all interviews, which were also held in Swedish. Thereby, the quotes presented in the later empiric's section as well as the interview guide³, have been translated to English with the aim to reflect the correct meaning. It is acknowledged that this may impact nuances of the interpretation and presentation. After each interview, the authors

³ Appendix 1

discussed post-interview questions⁴ as well as the subtle meaning of body language, reactions and pauses, without affecting each other's attention to possible themes or findings.

Due to the ongoing Covid-19 pandemic at the time of the pursuit of the study and writing of this thesis, all interviews were conducted through digital video meetings. This has contributed to the choice of interviewees not being restricted due to geography. By verbal as well as written approval of the respondent, all interviews were recorded. After the conduct of thirteen interviews, the authors found empirical patterns, similarities and deviations repeating themselves. Thus, an additional case study including three individual interviews were performed, after which the authors concluded that empirical saturation had been reached.

4.4.2 Measuring of OI

In this thesis conducting a qualitative study, the level of Organizational Identification is mostly interpreted and coded from the interview data, but we have also used a quantitative measuring instrument, the Mael Scale. It is an established measuring instrument for an individual's Organizational Identification (Mael, Tetrick 1992, Riketta 2005). It is constructed by six questions with the answering possibilities of numbers on a scale reaching from one to five, where a higher number indicates a stronger OI. The tool constituted one element of the interview content.⁵

4.4.3 Data encoding

The empirical data resulting from the qualitative interviews were processed using voice and text analysis, with all interviews transcribed promptly on a total of 128 text pages. The initial process of open coding was performed individually, to not influence each other and widen the range of interpretations (Bryman, Bell 2015). In line with a grounded theory building approach (Gioia et al. 2012), the authors initially identified similarities and differences in the data by coding general patterns into first order

⁴ Appendix 1

⁵ Appendix 1

concepts. Supported by the theoretical framework, the thematic analysis was narrowed to second order themes and ultimately into aggregated dimensions (ibid.). An overview of the empirical findings is visualized in Figure 5.1.

4.5 Method discussion

4.5.1 Trustworthiness and authenticity

To uphold trustworthiness and authenticity throughout the qualitative conduct of the study, central criteria considered are credibility, transferability, dependability, and confirmability (Bryman, Bell 2015). Developed by Guba and Lincoln, the assessment aligns with the thesis' constructivist view of social reality, in contrast to the general realist evaluation of quantitative research (Lincoln, Guba 1985, Bryman, Bell 2015). Case-studies are often met with criticism of producing context-dependent (practical) knowledge, considered less valuable than context-independent (theoretical) knowledge. This is rebutted by Flyvbjerg (2006), providing arguments highlighting the role of context-dependent knowledge to provide rich expertise in a certain area. Nevertheless, a nuanced view of a phenomenon is often provided by the synergy of both context-dependent and context-independent knowledge (ibid.). As described in section 1.2, previous research on Founder-CEOs is predominantly explored quantitatively. Abebe (2020) suggests that qualitative research on Founder-CEOs is likely to add rich value to the extant literature. In particular, a demand for multi-case studies is emphasized to help advance extant theory and ground new theory (ibid.).

4.5.2 Ethical considerations

A vital aspect of the qualitative conduct of the study is the ethical considerations. Consequently, such aspects are accounted for throughout the purposeful collection of empirics as well as the methodical collection of empirics. All interview prospects received both an oral and written presentation of the research project⁶, the study's procedure as well as the confidential anonymity of all participating interviewees. In accordance with the General Data Protection Regulation in Sweden, all participants signed their consent to their involvement in the study and the temporary storage of

⁶ Appendix 2

personal data. The assured protection of the interviewees' integrity is believed to support the likelihood of truthful answers. Also, information about the participants' rights were repeated at the beginning of each interview.⁷ Nonetheless, as multiple individuals from each organization partook in the study, there is no assurance that they did not discuss their participation and interviews by own initiatives.

⁷ *Appendix 1*

5. EMPIRICAL FINDINGS

5.1 Overview of empirical findings

The interview subjects consisted of individuals from seven social enterprises having undergone a voluntary Founder-CEO Succession. The following diagram serves as a road map for our empirical observations, with 1st-order concepts grouped and merged into broader 2nd-order themes, followed by aggregate dimensions (Gioia et al. 2012).

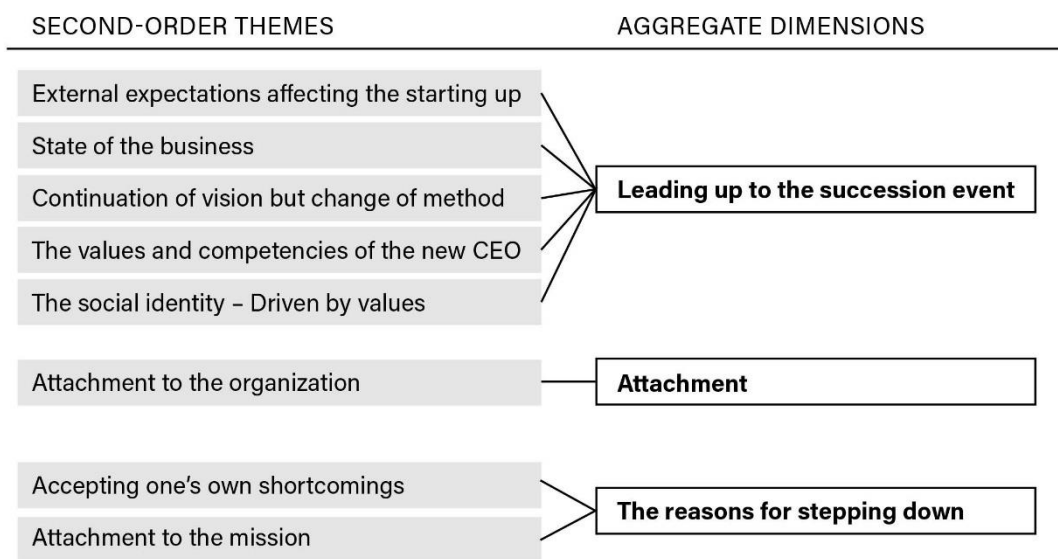


Figure 5.1 An overview of coded empirical findings. Edited by Lemmel and Ribrant, 2022.

5.2 Leading up to the succession event

5.2.1 External expectations affecting the starting up

The data reveals a clear theme in thinking: the current societal challenges, together with the discourse and business environment, place pressure on the business sector in general, and the entrepreneurial scene in particular, to provide greater social value. Especially being a shift in expectations as well as opportunities and access to capital. Bertil explains: *“There is a change in pressure for creating social value today. That pressure is needed.”* Some years ago, I would only be allowed into meetings discussing capital if I had an oil rig. Today I would only be allowed in if I have a project

creating positive planetary impact". Benjamin mentions: "Some years ago, it was almost considered hippie to work with sustainable business. Today it is a hygiene factor and sustainable solutions have seen an upswing with the creation of this arena".

Although, the data captured concern regarding the negativity it might bring. Benjamin explained: *"Hype is good since it enables the emergence of business, but it is also dangerous. Not every entrepreneur is driven by the right things".* Fredrik said: *"It is positive for your share price if you get an ESG-stamp which makes you wonder if everyone does it for the right reasons".*

Company D talked about the external expectations as an enabler but also something that attracted the new CEO. Daniel said: *"Many social enterprises today are profitable, which you wouldn't have seen without access to capital".* The new CEO David explained: *"We are helping solve an actual global problem which is good for a social mission, but it also brings an opportunity to sell globally and create value for our shareholders. It made me attracted to take on the CEO role".*

This might suggest that the social entrepreneurship sector has risen because of increasing financial access and public pressure to do so.

5.2.2 State of the business

The data implied that most of the transitions occurred in a similar stage on the organizational lifetime scale. It was repeatedly stated that the companies went through a transition phase before the succession, where new competencies were needed. The initial interview by Hugo stated: *"Generally, when there is time to scale-up, there isn't sufficient knowledge of leading a company through the new phase".* Four of the interviewed companies went through the Founder-CEO succession event in the transition between the "start-up" and the "scale-up" phases and realized the need for change in leadership required for the different phases.

The succession event was either preceded by some type of dysfunction or the realization of the need for other competencies in steps ahead. Company D was not in the scale-up

phase, but experienced dysfunction and Company E instead realized the need for change to avoid staying *“fat and happy”*. Similar statements to this one by Felix, have been repeatedly stated: *“Founder-CEOs that have a strong attachment to what they do, tend to overstay which is not good for the company”*. This implies a strong attachment to the role. It also implies that moving from a start-up to a scale-up phase or experiencing dysfunction could be the indication of a need for succession in these companies.

5.2.3 Continuation of vision but change of method

Our data implies that change was limited in most of the cases. The vision and values remained intact while the daily operations changed with the new leadership. Gustaf stated *“Company leadership had to change. What changed was the leadership style and strategy, while it was important to keep the vision and values”*. This implies that throughout the succession events, the strong vision guiding the company was rarely changed, while leadership style and daily operation changed. In all cases it was known before the succession event that the vision would remain.

5.2.4 The values and competencies of the new CEO

Data shows a theme that the Founder-CEOs were initially scared of leaving the responsibility of their legacy to someone else but could step down if they knew that the new CEO had matching values with the company or that they knew about their competence. Christopher mentions this: *“I was afraid we had to change the mission and the business plan, but with Carl we won’t deviate from the fundamental values”* as well as Elias speaking about Erik: *“We have the same values and I know about his competencies”*.

The strong values of the companies also helped attract new CEOs with matching personal values. Like Adam: *“I wanted to work with a company that matched my personal values. To not have my heart in my work is not an alternative for me”*.

This could imply that an enabling factor for the succession is the knowledge of the new CEOs values aligning with the organization’s. For Company D, the founder did not

mention values while the CEO seemed to be a little more value-driven. Daniel said: *“I have known him for a while and was aware what he is capable of”* while David said: *“I haven’t always been driven by values. This opportunity was a coincidence, but having a good mission brings with it meaningfulness in what you do.”*

5.2.5 The social identity – Driven by values

A clear theme emerging from our data was the interviewees expressing the importance of being driven by their personal values and aligning them with the organization’s. Bertil says: *“I became curious about the large-scale seriousness of the effects of greenhouse gas emissions from seeing the environment change [...] I realized that I wanted to dedicate my life to work in environmental technology.”* *“The company is a vehicle for doing something in line with your values”*. Benjamin said: *“Company B is a value driven company for real. The values have not been invented to look good in the annual report, they are a part of Bertil’s personality”*.

This is strengthened by our initial interview where Hugo states: *“[Social entrepreneurs] are convinced and their work becomes their lifestyle because the personal values and the work have become intertwined. The engagement becomes stronger, you live and breathe your company, your mission”*

It suggests, a common denominator for social entrepreneurs is being driven by their values and their company’s values aligning with their own seems to be important for some enterprises but not all. The ones not finding it important initially, were being driven by the good business opportunity or the reputational value of a sustainable idea today, like Company D where Daniel says: *“We saw a great business opportunity that responds well to the times [...] The social aspect was nice to have in place, but it was not a decisive factor”*.

In Company C, the social mission was not initially present, but the Founder-CEO was convinced later by a co-founder with sustainable values. Christofer says: *“The social aspects were not driving forces initially but came a few years after the start from a co-founder. I was initially driven by the business opportunity”*. The different reasons for

doing good is described by our initial interview with Hugo: *“In these types of companies there are some that have an inner will to do good, those who do it for the reputation and those who do it for the economic opportunity...”*

5.3 Attachment

Looking at the responses from the Mael Scale, the Founder-CEOs show higher levels of OI than the new CEOs except in Company D. This implies that the Founder-CEOs feel stronger OI than the other roles. In the case of Company D, the opposite is shown.

Codename	Anders	Adam	August	Bertil	Benjamin	Christofer	Carl
<i>Personal insult?</i>	4	3	4	5	3	3	2
<i>Very interested in others' opinions?</i>	3	5	1	5	3	1	3
<i>We or they?</i>	5	5	5	5	5	5	5
<i>Company's successes are personal successes?</i>	4	2	5	5	4	5	3
<i>Personal compliment?</i>	5	5	3	5	2	5	4
<i>Feel embarrassed about criticising media story?</i>	3	3	5	5	4	3	3
Average	4,0	3,8	3,8	5	3,5	3,7	3,3

Codename	Daniel	David	Elias	Erik	Fredrik	Filip	Felix	Gustaf
<i>Personal insult?</i>	4	3	5	2	5	5	3	4
<i>Very interested in others' opinions?</i>	2	4	5	5	4	4	3	4
<i>We or they?</i>	5	5	5	5	5	5	5	5
<i>Company's successes are personal successes?</i>	4	4	4	5	5	4	3	5
<i>Personal compliment?</i>	4	4	5	5	5	4	3	5
<i>Feel embarrassed about criticising media story?</i>	3	4	5	2	4	2	3	4
Average	3,7	4,0	4,8	4	4,7	4	3,3	4,5

Table 5.1 An overview of empirical results of the Mael Scale.

For number of founders in each enterprise, see Table 4.1.

5.3.1 Attachment to the organization

Among the findings are many signs of emotional attachment to the organization. All the Founder-CEOs except Anders were first time startup-founders. Although Daniel had led some previous entrepreneurial projects. Anders describes: *“I have always seen myself as an entrepreneur and I identify myself with being a serial-entrepreneur”*. The ones that had invested more time in the company and put their own touch into the formation of the company, felt a stronger attachment. Benjamin described: *“It’s Bertil’s personality to run this company, he has done it for so long, he is emotionally attached and therefore it was hard to step down”*. The ones with a higher number of Co-founders expressed less attachment than the ones with a lower number. Daniel expressed: *“We were many founders but not everyone had the ambition to operationally put blood, sweat and tears into it”*.

In all cases except company D, the succeeding CEOs expressed a lower attachment to the organization. Fredrik said: *“I perceive the company’s successes and failures as my own”* while Filip said: *“You have to separate the action from the person and not judge yourself on the performance of something where you don’t control all the factors”*. Although in company D, the attachment seemed to be less strong by the founder making it easier to step down, and stronger from the new CEO. The new CEO David said: *“I got to put my own touch on a lot of things when I took over. You know exactly how much time and effort goes into putting us in the position we are now”*. On the subject of emotional attachment to the organization, the Founder-CEO Daniel stated: *“I wouldn’t say emotional attachment, to me it’s more important that the firm succeeds financially”*.

All the Founder-CEOs except for Company D, referred to the company as “their baby” during the interview. Amongst this, there are many signs of the founders acting in ways they thought were most beneficial for the company. All Founder-CEOs were still involved in some way but decided that stepping down was better for the company. Bertil stated: *“It is scary to leave your baby to someone and don’t know if that person will take good care of it”*. Benjamin expressed: *“Many founders are doing the wrong thing by not leaving because they are so emotionally attached that they don’t see clearly. That will instead harm their baby”*.

All the Founder-CEOs stayed in the company after receding. Felix said: *“Fredrik is still in the company and does what he is good at to contribute”*. For Company D the founder was still on the board but the only one on the way out. David describes: *“Daniel is still on the board and has supported me in my role”*.

5.4 The reasons for stepping down

5.4.1 Accepting one’s own shortcomings

One theme found as an enabling factor of the succession were the Founder-CEOs realizing and accepting their own shortcomings such as having insufficient knowledge of how to lead a company through the coming phase. Fredrik explains: *“I’m convinced that the new CEO is better than me in those areas but we can have a partnership and work together”*. Anders stated that *“Everyone came to me for advice since I was*

involved in everything. I became a hindering factor and had to step down for the company's best. Now I contribute in other ways". Christofer said: "My ambition has always been to bring the company forward and therefore I can't be the hindering factor. I need to work with what I'm best at for the sake of the company".

There were repeated statements about the Founder-CEOs being prestigeless hence stepping down. As Benjamin said about Bertil: *"Bertil has an enormous strength in being prestigeless. He is not good in skills that are the best for this phase, and knows that"*. This is in line with our initial interview stating that the strength of being prestigeless could have a connection with behaving prosocially. Hugo said: *"A person taking a step aside is a reflecting and insightful person with the capability of viewing themselves from the outside. Putting the best of the organization in front of their own position and prestige. That often comes from being driven by something larger than themselves."*

This suggests that one reason for the Founder-CEOs of social enterprises, to step down from the role voluntarily, could be the realization of one's own shortcomings.

5.4.2 Attachment to the mission

Lastly, the empirics show that the Founder-CEOs are willing to step down from the role because they are more strongly driven by the social mission rather than tied to the role per se and want the organization to succeed in that mission. They are willing to go to other companies working for the same mission which also implies a stronger attachment to the mission than the organization per se. Filip said: *"When starting a social company, there is a driving force with a great belief that you can fix [the social problem]. The attachment to what you do, becomes even stronger with the social mission and seeing yourself as a climate hero"*. Elias said: *"You must subtract yourself from the calculation even though you are emotionally attached to the company. You must see past your own ego because it is more important that the company becomes successful and can fulfill the mission"*. Benjamin stated that: *"Bertil is able to see beyond his ego and wants to make a difference for the environment with the company. Therefore, he understands that he needs to change role when he is not the best for a certain role anymore"*.

The data suggests that the Founder-CEOs tend to see their companies more as enablers of their mission than the most important thing. Bertil stated: *“In a way I can do more than the company. It was my vehicle to realize my vision, but now I have learned a lot to take with me to another vehicle”*. Carl expressed: *“Christofer has an even stronger connection to the mission [than to the company]”*

Daniel did not express any attachment to a mission, but David stated that: *“You definitely get a stronger attachment to the mission since you feel that you help save the world”*.

6. ANALYSIS

6.1 Different types of motivations and the alignment of PPI and OPI

The external expectations and trend of today enables social enterprises to emerge because of the increased access to capital and for making people dare to take the step towards doing something in line with their values. Although, it also creates a business opportunity for people not driven by values. The ones acting in line with their values are primarily intrinsically motivated while the ones viewing the increased access to capital as a business opportunity are mostly extrinsically and reputationally motivated (Cha et al. 2014). We can see this in Company C and D. The fact that C and D were more reputationally and externally motivated can be described by the presented business opportunities because of the trends.

Acting in line with values within the organization indicates alignment of PPI in the founder and OPI in the organization creating stronger OI (Cha et al. 2014, Foreman et al. 2002, Grant et al. 2008, Kim et al. 2010). The strong OI expressed (*see table 5.1*) by the intrinsically motivated majority of our cases (Company A, B, E, F and G) can be explained by this alignment driving attachment hence Organizational Identification. The founder of Company C being convinced to act prosocially by the other founder can explain the lower level of OI seen in the results of the Mael Scale since he had a weak PPI not aligning with the OPI (Cha et al. 2014). In company D the extrinsic and reputational motivation of the Founder-CEO tells us that he doesn't have a high level of PPI hence it can't align with the company's OPI (*ibid.*). This can explain the lower levels of OI expressed by Company D, making it easier for the Founder-CEO to step down from the CEO-role. As a strong intrinsic motivation creates a strong PPI and working within organizations that have a high level of OPI, together creates alignment of the prosocial identities, which in turn leads to high Organizational Identification (*ibid.*). This can explain the high level of OI shown by the intrinsically motivated Founder-CEOs.

Company D's Founder-CEO was not driven by intrinsic motivation and values from the start of the company and followed the trend (Cha et al. 2014). That trend made him

create a value driven purpose for the company hence a strong OPI which helped attract the new CEO who was a little more value driven, intrinsically motivated and had a higher level of PPI which in turn led to alignment of OPI and PPI, leading to higher levels of attachment and OI in the new CEO as we can see from the Mael Scale. This could imply that value driven companies have an easier time than traditional enterprises attracting people with PPIs aligning with the company's OPI hence the possibility to grow more attached.

In the cases of external and reputational motivation, we also saw that as a result of not having a strong OI, the caring for the "baby" hence doing what is best for the company was not the primary reason for stepping down but instead it was the dysfunction making the Founder-CEOs understand that them, holding on to their position would be bad for them from a reputational and external point of view (Wasserman, 2012, Cha et al. 2014). This can be explained by our combined theoretical framework.

Following the phase of dysfunction, a change was needed to improve performance (Wasserman, 2012). The Founder-CEOs having a hard time letting go indicates a high level of OI because of strong attachment to the organization and the mission as indicated by Lee et al. (2020). Having an easier time letting go because of knowledge of the new CEOs aligning values and continuation of vision, indicates that the Founder-CEO cares about the alignment of PPI and OPI and indicates intrinsic motivation (Lee et al. 2020). This indicates that the knowledge of the probable continuation of vision was an enabling factor for the Founder-CEO succession in intrinsically motivated social enterprises (ibid.). It also indicates a high level of OI since that transition is something they believe beneficial for the company (Dukerich et al., 2002; Dutton et al., 1994; Boivie et al., 2011). In accordance with earlier research, the succession per se should indicate low OI but in this case, it seems to be the opposite.

Company D is only experiencing dysfunction and the Founder-CEO trusted the new CEO's competencies in line with Wasserman (2012). This does not indicate the need of aligning values and therefore no contribution to OI (Cha et al. 2014). The strong values that helped attract new CEOs with matching values indicates a higher likelihood of alignment of the PPIs of the new CEOs and OPIs of the company after the succession.

This leads to a stronger OI which could indicate a larger likelihood for future success of the firm in accordance with Wasserman (2003).

Bertil describing the values part of his personality, is a strong indication of internal motivation and intertwining of the identity and organization, implying large attachment (Cha et al. 2014). More specifically, it indicates that his identity is intertwined with what the organization does, the social mission, adding a new dimension to previous research on both OI and PB with the combined theoretical framework (ibid.).

Previous research has only found that alignment of PPI and OPI creates a strong attachment to the organization (ibid.), but our findings could indicate that the alignment causes a strong attachment to the organization and the mission. This makes the person identify with doing good for a specific social mission.

6.2 Conditions needed for succession with strong and weak OI

The succession occurred because of the transition from the start-up phase to the scale-up phase or as a consequence of dysfunction in the company in accordance with Wasserman (2012). This is in line with previous research on Founder-CEO succession, having found that a transition between the startup and scale-up phase often entails a succession in most cases (Kaehr et al. 2019). Dysfunction coupled with a transition into the scale-up phase was found in Companies: A, B, C, F & G, while only dysfunction can be found in Company D and the need for change can be found in Company E. The succession because of transition into the scale up phase could indicate that the need for change is due to the success of the company since the reason for a transition most often is growth stemming from a positive development. By contrast, succession due to only dysfunction could indicate relatively worse performance of the company since the lack of transition often indicates lack of growth and the need for better performance (Wasserman 2012). This was the case in Company D.

Since all companies with high OI, except for company E, had a succession with a preceding transition from the start-up to the scale-up phase stemming from positive development, the transition between these phases could be an enabling factor for CEO succession in social enterprises with high OI.

Company E found a need for change in their company without dysfunction or a transition. This indicates high OI since it is a change believed beneficial for the company (Boivie et al., 2011, Dukerich et al., 2002, Dutton et al., 1994), which can be confirmed by their high OI results in the Mael Scale. Although this measure requires self-critical thinking and adaptability, to realize that there will be a need for new competencies in the future while the company is still performing well. For the Founder-CEO it requires the realization and acceptance of his own shortcomings.

That Founder-CEOs tend to stay too long because of attachment, can be explained by a strong OI (Lee et al. 2020). The Founder-CEOs' strong OI is explained by having strong ties between their identities and the companies they founded (Ashforth, Mael 1989, Dutton et al. 1994). Overstaying might be bad for the organization since the competencies for guiding the organization through the next phase are rarely in place which resonates with Wasserman's findings (2012). Those findings are strengthened by the empirical findings in this study which could indicate that it is also true for these types of social enterprises.

6.2 Prosocial Behavior and Organizational Identification

6.2.1 Identification with the organization

As the Mael Scale indicates, the founders tend to have higher OI than the new CEOs except for one case where the founder was more extrinsically motivated and the new CEO had values more aligned with the company (Cha et al. 2014). The intrinsically motivated founders also have higher numbers in general indicating that they have a generally higher level of OI. This suggests that Founder-CEOs tend to display a self-identity more intertwined with the identity of the organizations, than the succeeding CEOs (Ashforth, Mael 1989, Boivie et al. 2011, Joon et al. 2020). This can be explained by the strong creation of PPI created by the intrinsic motivation, the strong OPI created by having value-driven companies with a social mission and the strong alignment of PPI and OPI creating strong OI (Cha et al. 2014, Foreman et al. 2002).

The findings explain other factors related to the level of OI expressed. In accordance with previous research, the number of co-founders affected the level of OI (Lee et al. 2020). Those with a higher number of co-founders expressed weaker signs of attachment as well as lower numbers according to the Mael Scale, based on the empirics. The participation in shaping vision, values and identity had a positive correlation with observed levels of OI (ibid.). The empirics shows that the larger time commitment to the company created higher levels of OI (ibid.). The ones with previous entrepreneurial experience showed lower levels of OI which can be explained by a stronger identification with being a serial-entrepreneur rather than with the specific organization which can also be found in the empirics (ibid.). The ones being first time founders expressed a higher level of OI in line with previous research (ibid.). High levels of OI could also be explained by acting in ways believed beneficial for the baby which is found in our data (Boivie et al., 2011, Dukerich et al., 2002, Dutton et al., 1994). In line with existing literature, the Founder-CEOs tend to remain in the enterprise, but in other functions. Still having influence over the company (Wasserman 2005).

6.3 Special for this study

6.3.1 Accepting one's shortcomings and identification with the mission

Now a high OI should in accordance with previous research make Founder-CEOs reluctant to step down although they all step down voluntarily in these cases (Lee et al. 2020). All of our intrinsically motivated Founder-CEOs stepped down because it was the action deemed most beneficial for their baby (Lee et al. 2020, Boivie et al., 2011, Dukerich et al., 2002). Our empirics imply that the intrinsically motivated Founder-CEOs have an almost stronger attachment to and therefore identification with the mission of doing good, in line with their personal values, than to the identification with the organization.

An interesting finding is that value driven social entrepreneurs seem to have a significantly large understanding of their own shortcomings and show signs of prestigelessness in contrast to many other Founders-CEOs of traditional enterprises and in contrast to previous research on the subject (Lee et al. 2020). This suggests that one

reason for the Founder-CEOs of social enterprises, to step down from the role voluntarily, could be the realization of one's own shortcomings.

This could imply that a large effect the social mission has on the succession event is that intrinsically motivated social entrepreneurs have a higher identification with the cause than with the organization per se, making them care enough about the organization's possibility to contribute to the cause, to look past their own prestige, accept their shortcomings and step down from the CEO role. This pattern could, as stated by our initial interview, come from being driven by something larger than themselves, as the social mission contributes with (Benabou, Tirole, 2006).

6.3.2 The odd case out

Because of the aforementioned factors affecting the OI, new CEOs should express a lower level of attachment to the company than the Founder-CEO (Lee et al. 2020) which they in our data do in all cases but one. In our odd case, Company D, he did not.

Company D being found as the odd case out, further strengthens our theory and results. This, as Founder-CEO are more extrinsically and reputationally motivated, he doesn't express signs of OI which makes him able to step down easily (ibid.). The new CEOs' higher OI despite still being a little extrinsically motivated, can be explained by the new CEO's intrinsic motivation that led him to apply for the job and having been highly involved in the reshaping of the company's vision, values and identity as well as having invested a lot of time (Cha et al. 2014, Lee et al. 2020).

7. DISCUSSION

7.1 Main findings

How does the primacy of the social mission affect the decisions preceding a Founder-CEO succession in a social enterprise?

The primacy of the social mission has a considerable impact on the Founder-CEO succession in social enterprises. Different forms of motives drive these organizations' social missions, and the variation of motivations explains the Founder-CEOs' various levels of attachment to and identification with the company. This study shows that intrinsic motivation strongly contributes to a high level of organizational identification, which should make Founder-CEOs reluctant to leave their positions, but in these social enterprises, they step down easily because their identification with achieving a social mission in line with their values is even stronger. These findings could be interpreted as contrasting the theory but since it still describes attachment to and identification with the social mission being achieved by an organization, instead of an organization per se, we argue that this study contributes with a novel perspective, deepened understanding and contribution to existing theory.

7.2 Discussion and practical implications

Past research on Founder-CEO succession have rarely considered the psychological ascendants of Founder-CEOs voluntary succession decision. Meanwhile, the high psychological attachments of Founder-CEOs and their firms, constitute one of the clearest distinctions towards later-stage CEOs. This is particularly evident in social enterprises, as the primacy of the social mission creates an additional dimension on the linkage between the Founder-CEO and the firm. As previously described, it opens an interesting research gap targeted by this thesis. With its aim and pursuit, the study contributes to the research field of Founder-CEO succession, Organizational Identification and Prosocial Behavior. This study has enhanced the understanding of the succession event for different stakeholders of social enterprises, i.e. entrepreneurs,

venture capitalists, angel investors, board members, shareholders and so on. Deepening the understanding of what social enterprises need to be successful.

7.3 Limitations with the study

Although the qualitative as well as interpretative nature of this study's conduct, enable a deeper understanding of the researched phenomena, there are factors limiting the transferability of the findings. Firstly, the scope of the Bachelor Thesis is limited yet rewarding. Secondly, the social enterprises studied are all situated in Sweden, a small market on a global scale. Thirdly, the last decade's rapid rising of social entrepreneurs created a diverged and broad spectrum of social enterprises. This is positive in the context that it allows for a diverse population and thus possible interesting findings. Although, it might also be used as an argument against the transferability of found empirical phenomena.

7.4 Suggestions for future research

The above-mentioned limitations of this thesis, opens for further studies to contribute to an increased understanding of the empirical findings presented here. Additionally, it might be interesting to widen the research interest of the implications of Organizational Identification and Prosocial Behavior on Founder-CEO succession in social enterprises yet not included in the definition used here. These include social enterprises that pursue its social mission based on a non-profit-business model. Another perspective worth noting, would be to investigate potential differences between industries, as well as factors such as sex, educational background and other, could have an influence on the succession decision.

7.5 Conclusion

The Founder-CEO succession in social enterprises is affected by multiple factors but it can be argued that the results of their performance has the potential to have an impact on the ability of our world to tackle global challenges. This study was conducted on the notion that the success of social enterprises is a prerequisite for these types of companies to have a positive impact on said challenges. The more we learn about the

elements that affect these types of organizations, the more likely they are to have an impact. This study connected the theories of Organizational Identification and Prosocial Behavior to study how the primacy of a social mission affects the Founder-CEO Succession decisions in social enterprises. The main finding conflicted with previous research on Founder-CEO Succession and Organizational Identification, suggesting that a difference occurs in the context of social enterprises specifically. This contributes to the understanding of identification and motivation in social enterprises. The mechanisms affecting them are essential to understand in the large context since they contribute to innovations in the transition to a sustainable society. These findings, we argue, contribute to a better understanding of what social enterprises must do to succeed.

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Appendix 1 - Interview questionnaire, translated to English

Questionnaire

Ethics

1. This study is our Bachelor thesis in management at Stockholm School of Economics.
2. The participation in this study is voluntary and you can leave this interview at any time without disclosing the cause to us.
3. You as a participant and your company will be anonymized and we will not disclose any participants in the study to each other.
4. Do we have permission to record the interview for our own use so we can transcribe it afterwards?
5. Before we start, do you have any questions for us?

About the individual

1. Could you tell us a little bit about yourself?
2. For how long have you been at Company X?
3. What other work experience do you have and do you have previous entrepreneurial/professional CEO experience?
4. Could you tell us a little bit about your role?
5. What do you like the most about your job? Why?
6. What do you like the least about your job? Why?
7. If you could change anything about your job, what would it be?

Social mission

1. What made you start a startup/want to take over/want to engage in a social enterprise? What attracted you and what drives your engagement?
2. How does your role today reflect your values?
3. Does the social mission of the company make you feel an attachment to the company?

4. Do you think that the social challenges we are facing today have affected the start-up scene? In which way and why?
5. What role do entrepreneurs play in regard to creating social value according to you? Why?
6. Do you feel like there is a pressure on startups to be more value-driven and create a social impact?
7. Do you see any potential conflicts of interests running a business with a social mission as well as a profit seeking mission?

About the company

1. Tell us a bit about company X?
2. When was it founded?
3. Why was it founded?
4. How many Co-founders?
5. How would you describe the organizational identity of the company? and what does it stand for?
6. Describe your attachment to the company and if there has been a difference in level of attachment during your time at the company?
7. Do you think what the company stands for is unique?
8. How does the decision-making process look in the company? Is there an equal spread in influence?

About the succession event

1. Can you describe the process of the CEO Succession?
2. What made the CEO step down? / What factors made you realize that you needed a step down?
3. Did it involve some sort of shock?
4. What phase was the company in when you realized that a transition was needed and what phase were you in when the transition happened?
5. Was it a voluntary succession? Not? Why? **To Board members:** Did you encourage/make the CEO to step down? Why/why not?
6. What were the driving forces for the Founder-CEO to step down?
7. What were the restraining forces hindering the CEO to step down?
8. What determined the selection of the new CEO?

9. What was important in that selection?
10. Is there a difference in the vision/mission/culture of the company prior to vs. after the succession? How?
11. Is there a difference in the focus/decision making process/how operations are carried out in the company prior to vs. after the succession?
12. Was certain values/merits/behaviors important in the selection of the new CEO?
13. (If the Founder-CEO is still in the company) How is the company affected by having a strong unofficial leaderfigure that created the company's vision, still in the company?

To board members:

14. Did you encourage/make the CEO to step down? Why/why not?
15. Were there some type of dysfunction in the company that highlighted the need for this transition?
16. Was the Founder-CEO aware that he/she needed to step down? Was he/she reluctant to do so?

Organizational Identification Test - Mael Scale

1. When someone criticizes company X, does it feel like a personal insult?
2. Are you very interested in what others think about company X?
3. How do you refer to your company when talking about it? Do you say "we" or "they"?
4. Do you feel like the successes of the company are your personal successes?
5. Does it feel like a personal compliment when someone praises Company X?
6. Would you feel embarrassed if a story in the media criticized Company X?

Post-interview questions

- How did the interview go?
- How did we feel about the interview?
- Was the respondent comfortable with the questions?
- Did the respondent take the interview in a quiet background environment?

Appendix 2 - Information to interview subjects

More information about the research project:

We are studying the third and last year of the Bachelor's program in Business and Economics at the Stockholm School of Economics. This semester we are writing a Bachelor Thesis in Management, where we have found an interesting topic, related to our common interest in entrepreneurship and sustainability.

The thesis focuses on Founder-CEO Succession in Social Enterprises, which refers to a company's first CEO succession event where the former CEO is also the founder of the company. We conduct a qualitative study (interviews) with various social (sustainable) companies that have undergone this first succession event, we interview founders, succeeding CEOs and board members.

Previous research on Founder-CEO succession shows that the event often includes an externally recruited CEO, and represents both an interesting as well as important phase in the life and growth of a company. The research that studies this phenomenon in social (sustainable) companies is new and becomes particularly interesting as the social aspect often represents an additional dimension influencing decision-making. Investigating this step is a piece of the puzzle in research on how social enterprises grow and contribute to a more sustainable society. For social enterprises, we refer to the following relatively broad definition: Social enterprises create innovative solutions to societal challenges based on business methods.

All participants in the study remain anonymous, and all notes/recordings of interviews are deleted after the completion of the thesis and are only used for our internal analysis.