



**THE WAY TO ORGANIZATIONAL LONGEVITY  
- Balancing stability and change in Shinise firms**

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## ABSTRACT

### THE WAY TO ORGANIZATIONAL LONGEVITY – Balancing stability and change in Shinise firms

The overall purpose of this dissertation is to investigate the secret of longevity in Shinise firms. On the basic assumption that organizational longevity is about balancing stability and change, the theoretical perspectives incorporate routine practice, organizational culture, and organizational identity. These theories explain stability and change in an organization separately and in combination. Qualitative inductive theory building was used in the study. Overall, the empirical data comprised 75 in-depth and semi-structured interviews, 137 archival materials, and observations made over 17 weeks. According to the empirical findings, longevity in Shinise firms is attributable to the internal mechanisms (Shinise tenacity, stability in motion, and emergent change) to secure a balance between stability and change, the continuing stability of the socio-cultural environment in the local community, and active interaction between organizational and local cultures. The contribution of the study to the literature on organizational longevity and the alternative theoretical approaches is first, in theorizing the mechanisms of Shinise tenacity and cross-level cultural dynamism, and second, in pointing out the critical role of: the way firms set their ultimate goal, the dynamism in culture, and the effect of history of the firm to the current business in securing longevity.

### KEY WORDS

Change; Culture; Organizational identity; Organizational longevity; Routines; Shinise firms; Stability; Qualitative research



# TIIVISTELMÄ

## TIE ORGANISAATION PITKÄIKÄISYYTEEN – vakauden ja muutoksen tasapainottelu shinise-yrityksissä

Tämän väitöskirjan tarkoituksena on tutkia shinise-yritysten pitkäikäisyyden salaisuutta. Väitöskirjan lähtökohtana on, että organisatorinen pitkäikäisyys perustuu vakauden ja muutoksen tasapainotteluun. Näin ollen väitöskirja pohjaa rutiinit käytäntöinä-, organisaatiokulttuurin ja organisaatioidentiteetin teorioihin, jotka selittävät niin yhdessä kuin erikseen vakautta ja muutosta organisaatioissa. Menetelmällisesti tutkimuksen lähtökohtana on laadullinen induktiivinen teorian rakentaminen. Empiirinen aineisto koostuu 75 puolistrukturoidusta tai syvähaastattelusta, 137 arkistodokumentista, sekä havainnoinnista 17 viikon ajanjaksolta. Empiiristen tulosten perusteella shinise-yritysten pitkäikäisyys pohjautuu kolmeen eri elementtiin: (1) yritysten sisäisiin mekanismeihin (shinise-sinnikkyys, vakaus liikkeessä ja muotoutuva muutos) vakauden ja muutoksen tasapainon turvaamiseksi; (2) paikallisen yhteisön sosio-kulttuurisen ympäristön jatkuvaan vakauteen; sekä (3) yrityskulttuurin ja paikallisen kulttuurin aktiiviseen vuorovaikutukseen. Väitöskirja kontribuoi organisaation pitkäikäisyyttä käsittelevään kirjallisuuteen sekä vaihtoehtoisin teoreettisiin lähestymistapoihin kahdella tavalla: Yhtäältä, se teorisoi shinise-sinnikkyiden sekä kulttuuritasot ylittävän dynamiikan mekanismeja. Toisaalta, se osoittaa miten kriittinen rooli liiketoiminnan pitkäikäisyyteen on (1) yritysten tavoitteiden asettamistavalla, (2) kulttuurin dynamiikalla ja (3) yrityksen historian vaikutuksella sen nykyiseen liiketoimintaan.

## AVAINSANAT

Muutos; Organisaatioidentiteetti; Organisaation pitkäikäisyys; Rutiinit; Shinise-yritykset; Vakaus; Laadullinen tutkimus



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Born into a mixed-marriage family with a Japanese father and a Finnish mother, and raised in both Finland and Japan, from a young age I have experienced my international background as both a burden and an advantage. In whichever country I lived I never fully belonged in the group of natives. However, because I was always different from others, being half foreign, I learned to understand, love and embrace both Eastern and Western cultures. Ever since I was young my broad dream has been to build bridges between the East and the West, and to help make the world a better place. To that end I consciously started to study hard when I entered junior high school in Japan. My results in the high school entrance exam allowed me into Uozu high school, one of the best in the province. I would like to thank the teachers at the school, especially Ms. Tomoko Kasahara who accepted me, believed in me and raised me. Your wisdom gave me a basis on which to build my life.

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Turku, 7 August 2015

Innan Sasaki



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- Article 2. Sasaki, I – Sone, H. (2015) Cultural Approach to Understanding the Long-Term Survival of Firms - Japanese Shinise Firms in the Sake Brewing Industry. *Business History*, Ahead-of-print, 1–17 ..... 127
- Article 3. Sasaki, I (2015): How does the micro-process of cultural change happen in a cross-level context? Japanese Shinise firms in their local communities. Conference proceedings from the conference of the European Group of Organization Studies (EGOS), July 2–4, 2015, Athens, Greece..... 129

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## PART 1 INTRODUCTION





# 1 INTRODUCTION

## 1.1 The phenomenon – organizational longevity

According to more recent Western and Japanese literature, the average life expectancy of firms is decreasing. In the case of a *Fortune* 500 firm, for example, it is estimated at between 40 and 50 years (De Geus 1997), and Schrör (2009) reported that only approximately half of newly established European companies survived for more than five years. Similarly in Japan, a company's life cycle has been estimated to span approximately 30 years, or in today's fast-changing business environment, only five years (Yokozawa 2000). Moreover, only one third of family-owned businesses, which tend to resist environmental change more strongly, are expected to survive to the second generation (Ward 2004), the life span shrinking with each successive generation (Jivraj & Woods 2002). Nevertheless, certain companies in a number of countries survive for decades or even centuries. France, for example, has an association called *Les Hénokiens* for financially sound companies with more than 200 years of history. In Japan there is a group of firms known as Shinise (established and long-standing companies).

It is said that Japan has more than 50,000 Shinise companies with lifespans exceeding 100 years, among which more than 3,000 have existed for longer than 200 years (Teikoku Data Bank 2009, 2014; Tokyo Shoukou Research 2009). Thirty-two of these firms are more than 500 years old, and eight have survived for more than 1,000 years. Although firms with Shinise features are common in some European countries, they are not easily found in other Asian contexts. According to the Teikoku Data Bank (2009, 2014), there are about 1,500 companies in Germany with more than 200 years of history, and about 300 in France and in Great Britain. According to a preliminary investigation via the ORBIS database, countries such as France (0.62% of the total number of firms in the country are Shinise firms), Switzerland (0.52%), Germany (0.45%), Netherlands (0.38%), Ireland (0.32%), United Kingdom (0.13%) and Belgium (0.11%) have relatively many companies with over 100 years of history (in 2011). Thus, the Shinise phenomenon would seem to apply specifically to Japanese and European companies.

How did these firms achieve their extraordinary longevity? This dissertation is a phenomenon-driven study, inspired by this empirical question. The starting point was an encounter with, interest in and investigation into the

Shinise phenomenon in Japan. Previous research in various disciplines has sought to enhance understanding of and to explain why some firms survive and others fail. However, to date no consensual explanation has been found (Napolitano, Marino & Ojala 2015). Moreover, despite the large number of extraordinarily long-living firms in Japan, relatively few Western scholars or managers are aware of the existence of Shinise firms. It was for this reason that unlocking the secret of longevity in these firms became the broad research topic of my dissertation. In addition, inspired by cross-cultural studies and the fact that Europe has the second-highest number of Shinise firms, I decided that comparing these firms in Japan and Europe would be my secondary research interest.

## 1.2 Defining a Shinise firm

‘Shinise’ literally means an old shop in Japanese. There are varying views in the Japanese literature on how to define a Shinise firm. The loosest definition adopts one criterion: ‘a firm that has survived for more than 100 years’ (Iwasaki & Kanda 1996; Teikoku Data Bank 2009; Yokozawa 2000). Other authors claim that it is not only the number of years of survival that determine business longevity, and that continuity in product lines (Hiramatsu 2004; Nagasawa & Someya 2009) and ownership (Hiramatsu 2004; Nagasawa & Someya 2009) are critical elements. Thus, different authors adopt looser or stricter definitions.

This study is phenomenon-driven, and in terms of methodology represents inductive theory building. Hence, the extant literature should be enriched by the empirical phenomenon (Pratt, Rockmann & Kaufmann 2006). Kyoto is said to be the Japanese city with the highest proportion of Shinise firms (Teikoku Data Bank 2009), so the business people and local governmental officials have their own view of what such a firm is. I therefore decided to seek the views of business and local-government representatives in Kyoto as valuable input in the discussion aimed at defining a Shinise firm. The following table summarizes what these representatives said. It is clear from the quotations that, as in the case of academics, practitioners and local-government officials have varying views, ranging from loose to more strict definitions.

Table 1 How the Kyoto informants would define a Shinise firm

<b>Informant in Kyoto</b>	<b>Basic standpoint</b>	<b>Quoted extract</b>
Representative of Kyoto Prefectural Government	Loose definition	<i>"[...] Hence, considering these historical events [facing two wars in the past 100 years], we define Shinise firms as the ones that have survived more than 100 years. Moreover, even if the field of business has changed, we consider them Shinise. It is because tradition cannot be created without innovation. Firms that just repeat the past are not considered Shinise. [...]"</i>
Vice president of firm F	Strict definition, emphasis on continuation of the business line	<i>"I think the point is whether the essence is continuing. There are different levels in changing the field of the business. I think if the product has been changing gradually, for instance from a coffee shop to a restaurant, I think there is a certain kind of continuation, but if the field is totally different, I don't think it can be called Shinise anymore."</i>
CEO of Firm D	Strict definition, emphasis on continuation of the family business	<i>"In Kyoto, the emphasis is more on culture than on the economy. This is the basic way of thinking of a family business. [...] The general purpose of a business is to make profit and contribute to the society. However, the purpose of a family business is to continue and contribute to society. [...] Without such mentality of a family business, it is impossible to be in a traditional sector."</i>

Given this inconsistency in the Japanese literature and among practitioners in how to define a Shinise firm, I decided to adopt a strict view with the intention to explore the reasons behind the longevity and continuity in these firms from as multifaceted a perspective as possible, based on path dependency. Thus, adopting a strict definition gave me access to many paths along which to investigate the historical continuity, compared to a loose definition based solely on years of survival. Consequently, I define a Shinise firm as *'a company that has survived for more than a century, preserving the main field of business, and not selling ownership of the company to outsiders.'* I define and operationalize organizational longevity in this dissertation according to the above definition. Moreover, in line with this strict definition, I distinguish organizational survival from organizational longevity: the concept of longevity is broader and incorporates (years of) survival and other elements of continuity.

As a consequence of taking the strict approach, my case firms turned out to be small and medium-sized organizations with continuing family ownership. According to my findings, Shinise firms in general tend to be SMEs on account of the family ownership and the corporate philosophy that restricts excess expansion of the business. However, the detailed relationship between a firm's growth and its longevity is not the focus of my study. Ito and Rose (2014) and Ito, Rose and Westney (2014) carried out such a study, concentrating on firms that had been under the same family ownership for more than 500 years. They define such firms as *millennium firms*. They compare the operational principles of these millennium companies with those of diversified multinational companies (DMNCs), and develop a model that incorporates the notions of space (product and international diversification) and time (temporal longevity) into the theory of the firm.

Finally, I should emphasize that business longevity is a relative term (Napolitano et al. 2015). In the Japanese context 100 years is considered a clean line to draw in defining a Shinise firm given that firms with 100 years of history have experienced enough tribulation (such as two World Wars). However, 100 years might not suffice to consider a firm a long-term survivor in countries that have not experienced extensive environmental turbulence. One hundred years could be considered a fine line in my study, in which the intention is to compare Japanese and European Shinise firms, because both parties have experienced two World Wars. In this sense, the definition of a Shinise firm I adopt could be considered a contextualized definition, which describes the phenomenon well in a Japanese and a European context, but might not be applicable elsewhere. Therefore, researchers conducting research outside Japan and Europe might need to re-consider what business longevity means in their contexts.

### 1.3 Current scholarly assumptions and their problematization

In the above sections I have explained and defined the phenomenon of interest – in other words *what* my study concerns. I will now deepen the discussion by identifying two stages in the problematization of current scholarly assumptions. According to Alvesson and Sandberg (2011), in order for a new theory to attract attention it is not enough for researchers to identify gaps in the literature; they also need to challenge the assumptions of existing theories in a significant way. The role of problematization is “to come up with novel research questions through a *dialectical interrogation* of one's own familiar position, other stances, and the domain of literature targeted for assumption challenging.” (Alvesson & Sandberg 2011, 252) There are different types and

levels of underlying theoretical assumptions, ranging from in-house assumptions, root metaphors and paradigms to ideological and field assumptions, depending on the depth (Alvesson & Sandberg 2011).

In the first stage, I will consider the field assumption. Field assumptions are “a broader set of assumptions about a specific subject matter that are shared by several different schools of thought within a paradigm, and sometimes even across paradigms and disciplines (Alvesson & Sandberg 2011, 254)”. I discuss the current state with regard to theories of the firm and its purposes, and propose an alternative assumption that the purpose of firms is to achieve longevity. In other words, I explain *why* it is worth studying organizational longevity. In the second stage of the problematization process I turn to a minor form of assumption, in-house assumption, defined as “a set of ideas held by a theoretical school about a specific subject matter (Alvesson & Sandberg 2011, 254).” I discuss the current state of theoretical approaches and assumptions in studies of Chinese firms, identify the problems, and propose alternative approaches. In other words I explain *how* organizational longevity could be studied.

### *1.3.1 Reasons for studying business longevity*

One might ask: *Why should companies survive? Why is organizational longevity more important than (short-term) profit making?* These questions are related to the fundamental assumptions regarding the purpose or the existence of the firm. Three basic institutions in today’s modern economic system are the market, corporate life and the state. The idea that markets are imperfect, and therefore firms and states need to actively participate in the economic system is behind the fundamental assumption of classic theory: that the only objective for companies is to maximize their profits through their perfectly rational actions. (Friedman, 1970; García-de-Madariaga & Rodríguez-de-Rivera-Cremades 2010)

However, in contrast to such classic political and economic theories of the firm, behavioral theories have adopted the cognitive assumption of bounded rationality, which Simon (1957) referred to as behavior that is intentionally rational, but only limitedly so. Scholars such as Cyert and March, Oliver Williamson, and Nelson and Winter have adopted the general characteristics of bounded rationality as a starting point in building theories of firm that incorporate behavioral assumptions (Simon 1979). However, most of these behavioral theories (Cyert & March 1963; Lawrence & Lorch 1967; Chandler 1960; Nelson & Winter 1982; Penrose 1959; Williamson 1996) still maintain that the firm’s goal is to attain profit maximization in the short run. What

differentiates these theories is their emphasis on the mechanism through which to achieve such a goal (Simon 1979). Table 2 below summarizes views on the purpose of the firm advocated by scholars representing behavioral theories.

Table 2 The purpose of the firm according to classical theories

<b>Authors</b>	<b>Purpose of the firm</b>
Chandler (1960)	Effective allocation of resources to serve the short-term and long-term functions and comply with developments in the market
Cyert and March (1963)	Five major goals: production, inventory, sales, market share, and profit
Lawrance and Lorch (1967)	Growth in profit, sales, new product development, and firm size
Nelson and Winter (1982)	Motivated and focused on improving profit
Penrose (1959)	Profit maximization, growth
Simon (1957)	Profit or utility maximization
Williamson (1995)	Profit maximization

Today's society highlights the limitations in placing profit maximization as the firm's primary goal. Competition in both local and global markets has become so challenging that the pressure to maximize profits has prevented some firms from respecting the law and ethical norms. Aggressive internationalization to developing countries has resulted in a lack of respect for the human rights of host-country workers. Even in developed countries the exaggerated pursuit of profit maximization and a lack of business ethics have resulted in financial crises that have sent global economies into recession and increased the number of unemployed people (García-de-Madariaga & Rodríguez-de-Rivera-Cremades 2010).

Given such limitations, streams of literature have emerged that reject profit maximization as the firm's primary goal. Although profit maximization is emphasized as the ultimate goal, at the same time according to the behavioral theory of the firm (Cyert & March 1963), organizational goals are imperfectly rationalized, and firms also develop and pursue non-economic goals through a process of interaction and coalition within firms (Chrisman, Chua, Pearson & Barnett 2012). The family firm is a good example of how non-economic goals are developed and adopted, sometimes more strenuously than economic goals, due to the involvement of the family (as a very strong coalition) in its

ownership, governance and management. Members of the family are willing to make decisions that are driven not by economic logic, but by dynastic motivational goals (such as family harmony, family social status and family and firm-identity linkage), and socio-emotional endowment such as philanthropic activities and the welfare of employees (Cannamo, Berrone, Cruz & Gomez-Mejia 2012, Casson 1999; Chrisman et al. 2012).

Another stream of literature that emphasizes non-economic goals promotes corporate social responsibility (CSR) (Carroll 1979). Reflecting the logic in the literature on family businesses, CSR literature supports environmental and social responsibility in firms from the perspective of stakeholder theory, suggesting that success depends on interaction with several coalitions (stakeholders). Although the theory does not reject the objective of profit maximization as a necessary condition enabling a firm to achieve its goals, it refers to other non-economic goals as an equally or even more important objective (García-de-Madariaga & Rodríguez-de-Rivera-Cremades 2010).

The proposition put forward in this dissertation – that a firm’s purpose of achieving organizational longevity shares similar assumptions as theories of family business and CSR, in the sense that it rejects the idea that its ultimate purpose should be profit maximization. I rather see profit making as a necessary condition through which to achieve a higher organizational goal: organizational longevity. The core assumption I propose here is that making a profit rather serves as a tool with which to achieve this higher goal. As implied in the literature on family businesses and CSR, setting a non-economic goal as its ultimate purpose might open up a whole new perspective on the theory of the firm.

Making longevity the primary goal has numerous benefits. First, human capital in firms that prioritize longevity over short-term profit tends to have stronger commitment and closer relationships, and thus the potential for developing and sharing deep-rooted tacit knowledge. Such commitment is particularly valuable in times of economic crisis because it could serve as ‘survivability capital’ (i.e. “the pooled personal resources that [...] are willing to loan, contribute, or share for the benefit of the [...] business (Sirman & Hitt 2003, 343)”). Second, these firms are more effective and consistent in their long-term investment strategies due to the possession of patient capital (i.e. “financial capital that is invested without threat of liquidation for long periods.” (Sirman & Hitt 2003, 343) Third, they also typically have niche-product advantage in focusing on a single or a few related product lines (Motoya 2004). A niche-market strategy has certain advantages over product diversification, such as making business activities less complicated for smaller firms, making the product stand out from the crowd, and establishing higher trust among customers by focusing on the firm’s expertise. Moreover, according to the

literature on business longevity, firms with a long history tend to be concentrated in particular local regions, maintaining trust-based relationships with their suppliers and customers from the time of their establishment (Motoya 2004). These companies also tend to value their region of origin, maintaining reciprocal connections with members of the local community and enjoying long-term relationships with internal and external stakeholders, thereby creating, developing and maintaining social capital (Motoya 2004). Finally, firms with organizational longevity as their primary goal tend to have a long-term orientation and a strong culture based on family values, both of which help to ensure success into the next generation (Casson 1999). Although not limited to these benefits and insights, setting longevity as a primary objective and focusing more closely on the time dimension challenge the conventional assumption of the theory of the firm and offer an alternative perspective.

Consequently, I believe it is worthwhile considering organizational longevity a meaningful goal and purpose for a firm. However, in fairness it is important to point out some of the drawbacks. For instance, it is suggested in the literature that long-established firms tend to be limited in terms of size and growth due to the absence of outside managers and the limited access to external financial capital, largely attributable to the nature of family ownership and control (Casson 1999; Sirman & Hitt 2003). Following this discussion about *why* longevity should be considered among the main purposes of the firm, the next section addresses the *how* question, drawing from existing literature on business longevity.

### *1.3.2 Ways of studying business longevity*

Most of the research on business longevity has been conducted in the contexts of business history and management studies. Business historians have used a firm's survival as one indicator of its success in analyzing the evolution of long-living firms from a historical perspective. On the other hand, management scholars have investigated the critical success factors of such firms, seeking patterns explaining why certain companies have been able to survive for a long time. In terms of theoretical perspectives, some contributions have been emerging in the contexts of strategy research (emphasizing internal attributes) and organizational theory (focusing on the external conditions related to business survival) (Napolitano et al. 2015).

Strategists have been trying to explain organizational longevity in terms of internal factors, using theories such as the resource-based view of the firm (RBV) and organizational capabilities (Penrose 1959; Wernerfelt 1984). This



stream of literature in particular points out the strategic importance of the firm's core ideology, vision and identity as contributing factors to longevity (Collins & Porras 1994; De Geus 1997). (Napolitano et al. 2015.) Collins and Porras (1994), for example, found that the core values and purposes of visionary companies remain unchanged whereas their business strategies and practices adapt to the external world.

On the other hand, analyses in the domain of organization theory have focused on the effect of external conditions on survival. The core perspectives include organizational population ecology and evolutionary economics, typically in terms of the product and industry life cycle, and institutional characteristics and changes (Agarwal & Gort 2002; Hannan & Freeman 1977; Murmann 2003; Nelson & Winter 1982; Klepper & Simons 2002). (Napolitano et al. 2015.) Agrawal and Gort (2002), for example, see the relationship between the firm and the product life cycle in terms of industry and firm attributes. In spite of accumulating contributions from these various interdisciplinary theoretical perspectives however, the research results are not consistent. Thus, there has recently been a call to investigate business longevity from a multidisciplinary perspective that brings together internal and external aspects. (Napolitano et al. 2015.)

With regard to Japanese research on Shinise firms, a limited amount of work has been done, mainly in identifying the individual factors leading to longevity in certain firms. For example, Yoshimura and Sone (2005), Izumi (2008) and Teikoku Data Bank (2009) focus on the corporate philosophies and values of Shinise companies, whereas Hiramatsu (2004) and Samezawa (2004) concentrate on the education of human assets. Researchers such as Funabashi (2003), Yokozawa (2000) and Nihonkeizaishinbunsha (2010) carried out more comprehensive studies, but ended up listing the individual factors leading to Shinise longevity, without connecting them with general management theories or the adoption of useful theoretical frameworks (cf. Ito et al. 2014).

Given the current state of the research, which is highly divergent and reports mixed results in both Western and Japanese literature, the optimal choice at this point would be to adopt a multidisciplinary approach to investigating organizational longevity. According to Riviezzo, Skippari and Garofano (2015), for instance, who conducted a systematic review of the existing literature on business longevity covering the last three decades, there is a need for studies that give more holistic and overarching explanations from an inter-disciplinary perspective. However, according to Whetten (1989) there are two basic criteria that need to be taken into account before deciding on which concepts to include in explanations of social phenomena: comprehensiveness and parsimony. Rather than trying to include all possible relevant factors studied in the field, limiting the analytical focus to a selected

few may result in more robust theories (Whetten 1989). Given the phenomenon-driven nature of my study, the choice of theoretical focus emerged both during and after the data collection. However, at the same time having carefully read the Japanese literature, I began to identify a common thread. I noticed numerous indications that balancing stability and change might lead to organizational longevity, regardless of the focus on a particular firm's functional area (such as human resource management, production or marketing) or of whether the author focused on internal or external aspects of the firm's operations. The following table summarizes the key insights gained from earlier research in Chinese firms on balancing stability and change.

Table 3 Earlier research on longevity in Shinise firms with insights into balancing stability and change

<b>Authors</b>	<b>Focus of the study</b>	<b>Key insights into balancing stability and change</b>
Hiramatsu (2004)	Human resource management, the education of human assets	Cross-generational inheritance of traditional production methods and the role of modern technology in that. The importance of not forgetting the ‘human element’ in modern production facilities.
Kamata (2006)	R&D, production and marketing	Modern techniques for marketing traditional products. Collaboration of local universities and research institutes with Shinise firms.
Murayama (2008)	Analysis of Kyoto’s local industry and culture	The contribution of traditional Shinise industry to the development of modern high-tech industries.
Matsuoka and Tsujita (2012)	Analysis of tradition and innovation in Kyoto’s Shinise firms	The Shinise firms in Kyoto keep certain traditions but also engage in various innovative management activities such as new product development, the development of new customer bases and the diversification of business lines.
Nagasawa and Someya (2009)	The marketing and management of technology	The introduction of modern technology into production, while maintaining traditional products and production methods. The adoption of vertical, cross-generational marketing (keeping the tradition) in addition to conventional horizontal marketing (expanding the market share).
Samezawa (2004)	Human resource management, the education of human assets	The importance of having human assets who constantly improve and adopt new ideas at the same time as following old traditions. The fact that primogeniture is not the most important aspect of cross-generational management: the most talented person should inherit the business.
Yokozawa (2000)	Management in general, marketing, CSR	The importance of managing information and promoting innovation while maintaining one’s roots in the local community and continuing being a Shinise firm that exists for the sake of that community.

According to many of the Japanese studies, Shinise firms have survived through both adapting to the environment and engaging in innovative activities

at the same time as keeping up their traditions (Izumi 2008; Samezawa 2004; Yokozawa 2000). Samezawa's (2004) findings indicate that Shinise firms achieve this balance by making minor changes constantly that customers do not notice, so that in the end the accumulation of smaller innovations becomes the tradition. Similarly, Samezawa (2004) concluded in his study of Kongougumi (a Japanese construction firm with a history of more than 1,400 years) that one of the reasons why it could survive for so long was its flexibility, not only relying on traditional construction methods, but also integrating modern technologies. Nagasawa and Someya (2009) report similar findings from their single-case study of the well-known Japanese confectionary firm, Toraya: they concluded that the company's success was a result of combining traditional products and the associated brand effect with value creation through customer experience and technological expertise that enabled it to stand out from other firms. Matsuoka and Trujita's (2012) survey-based study highlights the innovative activities in which contemporary Shinise firms in Kyoto engage while keeping up their traditions. Finally, Murayama (2008) found that balancing tradition and innovation was a common characteristic of Shinise firms in general, particularly in the Kyoto area. On the basis of his analysis of Kyoto's industrial development he argues that the traditional sector produced the modern high-tech industries. At the same time, he suggests that the high-tech industries incorporate some aspects of the traditional industries. Similarly, Yokozawa (2000) emphasizes the importance of the Shinise firm's deep-rooted relationship with the local community in balancing stability and change.

Although these Japanese studies have various drawbacks in that they tend to be descriptive, and lack a rigid methodological approach as well as any connection to established theories, they draw the clear common conclusion that Shinise firms generally are able to balance various aspects of stability and change. On the basis of the previous works discussed above, and my own empirical data collection, I came to the basic assumption that *achieving longevity is about balancing stability and change*.

#### 1.4 The purpose of the study

In the previous two sections I explained *what* the topic of my study is (the phenomenon), *why* this topic should be studied, and *how* it should be studied. These three questions, *what*, *why* and *how* are key elements in robust theory development (Whetten 1989). Having set the framework of my study in the light of these questions, I will now introduce the research question that guides the overall dissertation. Drawing on the two stages of problematization, I have

formulated the research question as follows: *How have Shinise firms achieved longevity by balancing stability and change?*

The optimal starting point in addressing this broad research question is to conduct an inductive, ethnographic study: entering deeply into the field enables the researcher to narrow down the broad research question, find the optimal theoretical focus during the data-collection phase, and engage in inductive theory building (Eisenhardt 1989; Locke 2007). Thus, the purpose of the first phase of the dissertation is to conduct single-case ethnographic study of a Shinise firm based on a rather broad research sub-question:

*1. How are stability and change achieved in a Shinise firm (from the perspective of routine practice theory)?*

Aspects of organizational stability and change can be investigated through multiple theoretical lenses such as (1) routine practice theory, and theories of (2) culture and (3) organizational identity (cf. Birkinshaw & Gupta 2013). Following the ethnographic study conducted during the initial data-collection stage, these three sets of lenses came to be considered alternative theoretical perspectives explaining the balancing of stability and change in Shinise firms. In line with the inductive theory-building approach, the first sub-question was addressed from the perspective of routine practice theory. According to the theory, routines have internal aspects that dynamically interact, thus it turned out to be a useful basis on which to theorize organizational stability and change.

Second, in addressing the overall research question it is not enough to investigate longevity in Shinise firms merely internally. Historical, contextual elements should also be analyzed alongside the internal factors. More specifically, this involved investigating the historical acculturation between the Shinise organizational culture and local cultures. Given the recent development in conceptualizing culture as both stable and changing on both the organizational and the contextual level (Berry 2008; Sasaki & Yoshikawa 2014), I decided to examine the stability and change of Shinise firms both internally and externally by means of culture theory. Hence, the second research sub-question was the following:

*2. How and why can Shinise firms achieve long-term survival despite environmental turbulence (from the perspective of theories of culture)?*

Finally, complementing the second sub-question, it is necessary to investigate the micro-process behind the factors that remain stable or change in the internal and external elements of a Shinise firm. Whereas the second sub-question represents a historical (vertical) perspective on stability and change, the final sub-question addresses the cognitive micro-process of the inherent dynamism from more of a horizontal perspective. More specifically,

the micro-process is analyzed from the perspectives of cross-level cultural change and organizational identification. The literature on organizational identity was included because it deals extensively with the issue of balancing stability and change in identities (Chreim 2005). The third research sub-question is therefore:

*3. How does the micro-process of cultural change happen in a cross-level context (from the perspectives of the theories of culture and organizational identity)?*

The overall research question and the three sub-questions are addressed in three articles: (1) “Who wants to live forever? Rethinking organizational stability and change in a ‘Shinise’ company” by Sasaki, Zettinig and Sandberg (2015); (2) “Cultural Approach to Understanding the Long-Term Survival of Firms - Japanese Shinise Firms in the Sake Brewing Industry” by Sasaki & Sone (2015); and (3) “How does the micro-process of cultural change work in a cross-level context? Japanese Shinise firms in their local communities” by Sasaki (2015).

## 1.5 The structure of the thesis

The rest of the dissertation is structured as follows. First, in order to deepen the theoretical discussion on the basic assumption (that balancing stability and change leads to organizational longevity), Chapter 2 reviews the literature on organizational stability and change, and their role in achieving organizational longevity. Second, leading on from this, three sets of alternative theoretical lenses (routine practice theory, and the theories of culture and organizational identity) through which to assess organizational stability and change are introduced and discussed, and their similarities, differences, and inter-relationships are analyzed. The final discussion concerns the potential for combining these theories, and the difficulties involved.

Chapter 3 describes the methodology used in the dissertation: the research approach, the conceptual and empirical research processes, the data analysis, and the evaluation of the study. The chapter gives readers a view of the overall process of research and analysis I conducted during my doctoral studies, and how this process resulted in three separate research articles.

The empirical findings of the overall study are discussed in Chapter 4. First, the findings reported in the three articles are summarized and synthesized. The main findings are confirmed and validated through the introduction of findings from other contexts in order to enhance transferability and analytical generalization. Finally, the empirical findings are synthesized in order to obtain an answer to the overall research question of the dissertation.

Chapter 5 covers the theoretical and managerial implications, the boundary conditions, and suggestions for future research. I explain how my study offers contributions that confirm and extend the extant theories, and provide new insights, in the light of the overall research question. In particular, sub-section 5.4.1 (Future suggestions for research on organizational longevity from a theoretical perspective) offers insights into how the three sets of alternative theoretical lenses can be combined to purposefully answer the research question, thereby providing a contribution that complements but is independent of the three research articles.





## 2 THEORETICAL EXPLANATIONS OF ORGANIZATIONAL LONGEVITY

### 2.1 Longevity as a balancing act between stability and change

I discussed different approaches to investigating organizational longevity in the introductory section, and explained why I arrived at the basic assumption that it is about balancing stability and change. Following on from the literature review, in this first part of the theory chapter I intend to deepen the discussion about this basic assumption by defining organizational stability and change, and suggesting how balancing stability and change might lead to organizational longevity.

#### 2.1.1 *Organizational stability defined*

One easily gets the impression from reviewing the literature on management and organizations that there is a need to innovate and frequently change the core of a firm's business approach in order to achieve organizational longevity in turbulent environments (e.g. Denning 2005). Contradicting this popular view, my study is based on the assumption that an element of organizational stability is also necessary for a firm to achieve longevity. It is necessary explicitly to distinguish organizational stability from organizational longevity: at first glance the two concepts could be taken as synonyms. My study is based on the assumption that organizational stability is the element that leads to organizational longevity, which is the ultimate goal of a firm.

Organizational stability is defined as "*maintaining the status quo in organizational features and processes, including all aspects of acquired learning and accepted practices*" (Burchell & Kolb 2006, 33). It is generally associated with terms such as "centralisation, conflict reduction, conformity, consensus, consistency, continuity, control, formalisation, hierarchy, integration, maintenance, order, security, status quo and standardization" (Burchell & Kolb 2006, 33). Similarly, according to Farjoun (2010, 204), 'exploitation' is closely related to stability: "exploitation relates to economists' notions of static efficiency and stability [...], selection and low variance [...], and retention, repetition, and consistency [...]. It is associated with continuation of direction, local refinements and extensions of existing

competencies, technologies and paradigms, and reliability of experience, and it flourishes in stable, predictable settings.” ‘Long-term orientation’ is another related concept, defined as “the tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period” (Lumpkin & Birgham 2011, 1152). According to Lumpkin and Birgham (2011, 1150), a long-term orientation has three dimensions: futurity (the view that “focusing on and planning for the future has utility”), continuity (the idea that “durability and constancy across time contribute to value creation in the future”), and perseverance (“the conscientiousness required in the present to reach desired future states”). Thus the concepts of long-term orientation and continuity seem to be more time-sensitive than ‘stability’. In line with the terminology commonly used in the theoretical discussion on routine practice, culture, and organizational identity, I use the term ‘organizational stability’ as the principal concept, and depending on the theoretical and empirical contexts, use synonyms such as ‘continuity’ and ‘tradition’ interchangeably.

### *2.1.2 Organizational change defined*

The aspect of organizational change has been studied much more explicitly than organizational stability (Lewin 1947; Tsoukas & Chia 2002, Van de Ven & Poole 2005; Weick & Quinn 1999; Westover 2010). Change is empirically easier to articulate and analyze than stability because it is easier for humans to realize and observe what has changed, compared to elements that are static and often taken for granted. In fact, according to Van de Ven and Poole (2005), analyzing how change occurs in an organization, against the metric of time, establishes the opposite, in other words stability. For instance, in the case of organizational culture it is much easier to articulate surface-level artifactual elements of culture than deep-rooted basic assumptions shared by a group of people (Schein 2004). In line with this approach, organizational stability is captured in this study through observing what has changed.

Major conceptual developments in the literature on organizational change include the distinction between discontinuous (or episodic) and evolving (incremental) change (Weick & Quinn 1999). Other frequently used basic typologies include Van de Ven & Poole’s (1995) two dimensions of the (a) unit of change and (b) mode of change. Weick and Quinn (1999) added the ‘tempo of change’ to this as a meaningful distinguishing feature. Weick and Quinn (1999, 362–363) describe change in general and organizational change in particular as follows:

*“[A]t the most general level, change is a phenomenon of time. It is the way people talk about the event in which something appears to become, or turn into, something else, [...] In reference to organizations, change involves difference in how an organization functions, who its members and leaders are, what form it takes, or how it allocates its resources. [...] From the perspective of organizational development, change is a set of behavioral science-based theories, values, strategies, and techniques aimed at the planned change of the organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational members’ on-the-job behaviors.”*

As the above description suggests, the role of human agency in organizational change has attracted considerable interest in the literature. Lewin (1947) describes the process of planned change in three phases: unfreezing, changing and refreezing. Since then the focus has switched to the role of individuals in developing strategies for overcoming resistance to change and creating various change processes (Westover 2010). In line with this argumentation, I adopt the definition put forward by Thoukas and Chia (2002) that emphasizes the role of human agency in organizational change. Thoukas and Chia (2002, 567) define change (or organizational change) as follows: “[c]hange, we argue, is the reweaving of actor’s webs of beliefs and habits of action to accommodate new experiences obtained through interactions. [...] change is inherent in human action, and organizations are sites of continuously evolving human action.”

As in the case of stability, change is generally associated with terms such as “adaptiveness, continuous improvement, creativity, customisation, differentiation, diversity, flexibility, innovation, intrapreneurship, responsiveness and transformation” (Burchell & Kolb 2006, 33). In addition, according to Farjoun (2010, 204), ‘exploration’ is similar to change: “Exploration is closely related to change [...], variability, flexibility [...], and new directions [...]; is associated with innovation and dynamic, long-term efficiency [...]; and suits dynamic and ambiguous settings. Its signature is experimentation, variety in experience, substitution, and adaptiveness [...].” Again, I use the term ‘change’ as the principal concept, interspersed with the above synonyms, depending on the context.

### *2.1.3 Balancing organizational stability and change and longevity of a firm*

The literature review in this section covers research that (1) deals with balancing organizational stability and change and (2) argues that achieving such a balance leads to organizational longevity.

**Balancing organizational stability and change.** The concepts of stability and change, and associated concepts tend to be defined as opposites, separate and incompatible in the conventional literature on management and organizations. Going against this general notion, Farjoun (2010) argues that stability and change are fundamentally interdependent and mutually enabling rather than simply contradictory. This concept of ‘organizational ambidexterity’, defined as: “an organization's capacity to address two organizationally incompatible objectives equally well” (Birkinshaw & Gupta 2013, 291), further supports this argument. The terms ‘duality’ and ‘ambidexterity’ have conceptually similar nuances, although the respective levels of analysis are different (duality refers to the character of an object and ambidexterity to organizational capability).

The central argument in the literature on organizational ambidexterity is that a firm’s core activity is the management of tensions between competing objectives (Birkinshaw & Gupta 2013; Burchell & Kolb 2006; Leana & Barry 2000). For instance, interpersonal trust can facilitate the establishment of stable human relationships, which could lead to flexible and adaptive behaviors; a high level of concern for employees among managers can result in emotional stability that could give employees the courage to take more risky decisions; the introduction of new, innovative products may lead to organizational stability. (Burchell & Kolb 2006.) This list goes on, and ultimately any aspect of organizational operations could potentially be captured through the concept of organizational ambidexterity. As Birkinshaw and Gupta (2013, 290) state, “the study of ambidexterity *is* the study of firms or indeed organizations.”

The roots of the concept of organizational ambidexterity lie in the chapter of Robert Duncan’s (1976) book in which he describes the duality required to manage various organizational aspects. It was 20 years later that Tushman and O’Reilly (1996) wrote an article based on Duncan’s thinking, arguing that ambidexterity was a prerequisite for organizational success. More precisely, their point was that organizations had to have the “ability to simultaneously pursue both incremental and discontinuous innovation change results from hosting multiple contradictory structures processes, and cultures within the same firm (Tushman & O’Reilly, 1996, 24)”. Another influential piece of work is that of March (1991) in which he discusses the relationship between exploitation and exploration across time and space. “The paper develops an argument that adaptive processes, by refining exploitation more rapidly than exploration, are likely to become effective in the short run but self-destructive in the long run (March 1991, 71).” Gibson and Birkinshaw’s (2004) paper was another influential contribution in the field. Having conducted an empirical

study they suggested that the notion of ambidexterity mediated the relationship between the contextual features of an organization and its performance.

The advantage of organizational ambidexterity as an approach is that both stability and change are considered not only necessary for long-term effectiveness, but also mutually complementary (Birkinshaw & Gupta 2013; Leana & Barry 2000). This assumption proved extremely useful in the theory-building process related to my dissertation. Investigating the ‘balance’ of stability and change is about examining the relationship and interaction between these two aspects in the organization, therefore viewing them as separate constructs places limitations on the theory building. In the light of the above-mentioned assumption I was able to take the theory building one step further, identifying not only the ‘variables’ but also their relationships or mechanisms (Whetten 1989).

Another advantage of the ambidexterity approach is its generic and divergent nature. Of particular relevance are the assumptions that (1) the duality can be managed in diverse ways, (2) ambidexterity is a multi-level construct, and (3) the study of ambidexterity *is* the study of firms (Birkinshaw & Gupta 2013), which could be adopted in studying the balance of stability and change in Chinese firms. Consequently, as a starting point one could analyze the mechanism through which Chinese firms balance stability and change (1) from a variety of theoretical perspectives, (2) from a multi-level perspective, and (3) in connection with organization-level outcomes such as longevity. In sum, the above-mentioned assumptions established in the literature on organizational ambidexterity serve as extremely useful guidelines for my study.

**Balancing stability and change with longevity.** I now turn the focus to the connection between balancing organizational stability and change with the organizational outcome of longevity. There are some indications in Western management and organization theories that successful firms in a competitive environment operate in a state of structural chaos in which both continuation and innovation co-exist (Brown & Eisenhardt 1998). There is also implicit recognition in the literature that both stability and change contribute jointly to organizational effectiveness (Farjoun 2010).

The implications extend to longevity in addition to success and effectiveness. According to Farjoun (2010, 204), for example, “[u]nder the exploitation-exploration model, to survive and prosper organizations must balance the exploitation of current knowledge, routines, and capabilities with the exploration of new options, the search for new knowledge, and innovation [...]”, the implication being that balancing stability and change might lead to survival and prosperity. Burchell and Kolb’s (2006) theoretical study also advocates stability and change as two key, coexisting, interdependent

organizational dimensions that complement each other. As they state, “organizations continue to exist only to the degree that they are able to maintain a balance between flexibility [change] and stability” (Burchell & Kolb 2006, 33), implying that organizations in which stability and change co-exist tend to achieve longevity.

However, the weakness in the current literature is that although some theory-based studies imply that balancing stability and change might lead to organizational longevity, rigid empirical examination of the relationship is rare. One notable exception is Burgelman and Grove’s (2007) study published in the *Strategic Management Journal*, in which they suggest that organizational longevity depends on “matching cycles of autonomous and induced strategy processes to different forms of strategic dynamics, and that the role of alert strategic leadership is to appropriately balance the induced and autonomous processes throughout these cycles” (Burgelman & Grove 2007, 965). Their findings indicate that balancing induced (lining up potentially diverging strategies) and autonomous (experimenting and selecting new strategic initiatives) organizational processes is a very demanding task for managers because the weighting varies throughout the evolution process and needs to be balanced at all times without reducing either one to zero. Their study is impressive in the sense that a massive amount of data was collected by means of a single-case study. They collected qualitative data from formal and informal interviews, observations and archive documents, longitudinally over 38 years. One of the weaknesses of the study, however, is that it does not define clearly what corporate longevity is. The authors merely state: “the extent that corporate longevity depends on the capacity of a company to enter into and exit from businesses in the face of changing strategic dynamics [...]” (Burgelman & Grove 2007, 966), but do not give clear criteria for defining the concept.

Consequently, Western management literature contains a very limited number of studies dealing with the connection between balancing stability and change, and organizational longevity. As pointed out in the introduction of this dissertation, one reason for this could be that most scholars in the field see the organizational outcome as short-term profit maximization.

## 2.2 Alternative theoretical lenses

Chapter 2.1 extended the discussion on the basic assumption that balancing stability and change leads to organizational longevity. Borrowing ideas from the literature on organizational ambidexterity, I introduced more concrete approaches to studying the research question through (1) multiple theoretical

lenses and (2) a multi-level perspective. Continuing on from this, in the following I propose alternative theoretical lenses through which to study the balancing of stability and change in an organization.

First, the theory of organizational routines (Becker, Lazaric, Nelson & Winter, 2005) serves to establish the interplay between stability and change in an organization: routines are traditionally viewed as stabilizing factors, although recently they have been described as dynamic. Second, the literature on organizational identity extensively discusses the issue of stability and change: some researchers point out that both are necessary (Chreim 2005). Finally, although culture is generally considered to be relatively stable, and its dynamic features are under-investigated (Barney, 1986; Colin & Porras 1996; Lau & Ngo 1996), recent theories of cultural change refer to the co-existence of both stability and dynamism (Berry 2008; Sasaki & Yoshikawa 2014).

I analyze the balancing of organizational stability and change in my dissertation through these three sets of theories. This section begins with a discussion of the basic assumptions and their compatibility, and continues with a brief summary of the respective literature. In the concluding synthesis I identify the similarities, differences and inter-relationships. The three streams of research have distinct trajectories, but can be complementary in developing a more holistic understanding of how Chinese firms have balanced stability and change.

### *2.2.1 The basic assumptions of the alternative theoretical lenses and their compatibility*

Like many other organizational theories, the concept of organizational routines emerged from the Carnegie School (Cyert & March 1963; March & Simon 1958; Simon 1947). The theory is divided into two broad paradigms. Routines are seen as organizational capabilities on the one hand, and on the other hand more as operational mechanisms that change as a result of human enactment (Parmigiani & Howard-Grenville, 2011). I adopt the practice perspective in this dissertation, because it is better suited to explaining both stability and change in an organization, whereas the capabilities perspective typically focuses only on the stability aspect (Hansen & Vogel 2011). Below I discuss the basic assumptions behind the theory of routine practice.

Routine practice theory is grounded in sociology and places great emphasis on human agency as a source and means of change. Thus, routines are viewed as “effortful accomplishments” of human agents (Pentland & Rueter 1994, 488). This perspective does not necessarily posit that human agents act in accordance with bounded rationality but rather sees them as ‘situated’ in a

specific context, whose actions may or may not result in enacting routines. The focal level of analysis is in the routine itself, and from this perspective routines have many parts. The practice perspective thus largely concerns the everyday process through which routines operate internally (how the different parts interact). The methods most frequently used include longitudinal case studies and ethnographies (Parmigiani & Howard-Grenville, 2011).

Second, the discussion turns to the basic assumptions in theories of organizational culture. The concept of culture has its roots in anthropology and developed later in sociology (Denison 1996), and was imported into organizational studies in the late 1970s (Keesing 1975). Since then the literature has experienced a paradigm war between the functionalists and the interpretivists (Kondra & Hurst 2009; Schultz & Hatch 1996). Scholars in the functionalist camp rely mainly on value dimensions in their research. Although this stream dominates the current field, it has been criticized for not capturing the dynamism of culture. My view of culture tends to reflect the interpretivist paradigm, which allows the examination of both stability and change in an organization. I will therefore discuss the basic assumptions of culture in organizational studies from the perspective of interpretivism.

Interpretivists understand culture as underlying patterns of assumptions, values and beliefs in a certain group that form cultural configurations (Schultz & Hatch 1996). The main interest of researchers in this domain is to search for the underlying assumptions or meanings that order human experience (Denison 1996). Culture is considered the 'essence' on which surface-level behaviors are based. Therefore, the main research goal is to understand which cultural meanings are reflected in surface-level cultural expressions. The implication is that deep-rooted culture shapes human behavior. However, at the same time it is assumed that a variety of stakeholders establish meaning via socialization, interaction and the sharing of values, beliefs and basic assumptions (Denison 1996). The focal level of analysis is the underlying values, beliefs and assumptions, and the focal unit of analysis is the meaning system in which the group of people find themselves. The most frequently used methods are case studies and ethnographies (Denison 1996).

Finally, I will briefly discuss the basic assumptions behind organizational identity. The literature is part of the wide field of organizational studies (Alvesson, Lee Ashcraft & Thomas 2008). It is said that the macro-level theories exerting the most influence on modern organizational identity theory are those related to social identity and self-categorization (Tajfel 1979), stemming from the field of social psychology. The theories of structural identity and identity control (Stryker & Burke 2000), from the field of sociology, have also been influential. Like the theories of routine practice and culture, the theory of organizational identity spans two paradigms: the



essentialist (functionalist and institutionalist) and the social constructivist (Corley et al. 2006). The essentialists maintain that organizations are not just social collectives, but are individual social actors (Whetten & Mackey 2002; Whetten 2006). They reject the idea of organizational identity as individual-level cognition about “who the organization is” (Corley et al. 2006, 86), and emphasize its stability. According to the social constructivists on the other hand, organizational identity comprises the members’ shared understandings and interpretations of the organization’s central, enduring and distinctive characteristics (Alvesson et al. 2008; Ashforth 2008; Corley et al. 2006; Fiol 1991; Gioia et al. 2013; Howard-Grenville et al. 2013; Ravasi & Schultz 2006), incorporating dynamism in the form of identity change. Given my objective of explaining both organizational stability and change, I adopt social constructivism as my focal paradigm.

It should be noted to begin with that the concept of organizational identity refers not to the system itself, but to human self-understanding in relation to the system (Fiol 1991). Depending on the person’s role in the organization, his/her perception of what constitutes organizational identity might differ. Thus, the unit of analysis is in the contextual frame that links parts of the system to the whole (Fiol 1991). The focal level of analysis is thus the cognitive human mind (individual). The empirical work represents interpretive research, which typically provides a thick description of the process of identity formation, maintenance and change in the members of an organization (Gioia, Schultz & Corley 2002). The social constructivists see organizational identity as a “self-referential concept defined by the members of an organization to articulate who they are as an organization to themselves as well as outsiders” (Gioia et al. 2000, 126). The main focus of this perspective is on understanding the labels and meanings organizational members use to describe themselves and their core attributes (Gioia et al. 2000). Finally, change is seen as purposeful and adaptive to patterned human actions over time (Gioia et al. 2013). The following table summarizes the basic assumptions in the three theories.

Table 4 Basic assumptions

	<b>Routine practice theory</b>	<b>Cultural theories of the firm (interpretivism)</b>	<b>Organizational identity (social constructivism)</b>
<b>Main interest</b>	How routines operate and the internal dynamics	Searching for the underlying assumptions or meanings that order human experience	Understanding the labels and meanings members use to describe themselves and their core attributes
<b>Focal level of analysis</b>	The routine	The underlying values, beliefs and assumptions of the system	Cognitive processes of the human mind (individual)
<b>Unit of analysis</b>	Routines as parts	The focal meaning system	The contextual frame that links parts of a system to the whole
<b>Methodology</b>	Qualitative longitudinal case studies, ethnographies	Case studies, ethnographies	Interpretive research, case studies, narratives
<b>Behavioral assumptions</b>	Human enactment/human agency/humans with varying intentions, motivations and understandings	Meaning is established through socialization and interaction among various stakeholders. Culture is considered the 'essence' on which surface-level behaviors are based	Change as purposeful and adaptive according to patterned human actions over time
<b>Roots</b>	Sociology	Anthropology and sociology	Social psychology and sociology

Continuing from the above discussion of each basic assumption in the three theories, I will now assess their compatibility. It is clear that the three theories have some aspects in common, and some that are completely different. First, they could all be considered compatible in the sense that they have common roots in sociology, and thus share behavioral assumptions and methodology in the study of social phenomena. Given the common understanding that organizational stability and change result from human agency and human interaction, the three theories could be used in combination. Ideally,

combining these three streams of literature could give new insights into organizational longevity.

However, the three streams differ fundamentally in terms of their main interest. The focus in routine practice theory is on the routine itself, in culture theory it is on the underlying assumptions and meanings of the meaning system, and in organizational identity it is on the labels and meanings that members use to describe themselves and their core attributes. These variations in focal interest result in varying levels and units of analysis, which might make it difficult to apply these theories in combination.

Nevertheless, it is not impossible to combine theories based on different fundamental assumptions, provided that their “different underlying assumptions, research methods, and focal questions” (Parmigiani & Howard-Grenville 2011, 445) are respected. Even if the three theories in question have different main interests and units and levels of analysis, deeper scrutiny of them and their relationships might open up new insights and ways of combining them. Echoing the approach of Parmigiani & Howard-Grenville (2011), who made the effort to integrate two fundamentally different approaches to studying routines (with different basic assumptions), I will first briefly describe the basic concepts of the three theories, and then focus on their commonalities, differences and inter-relationships as identified in the literature review. Finally, I will summarize the most productive work investigating longevity in Chinese firms in which the theories are combined, and those in which the combination might be more difficult to achieve.

### 2.2.2 *Routine practice theory*

First I will briefly describe the basic concepts of the theory. John Dewey’s (1922) notion of habit as one of the core drivers of human behavior is said to have been the catalyst that initiated the study of organizational routines (Cohen 2007). Furthermore, Nelson and Winter’s (1982) book, *An Evolutionary Theory of Economic Change* is considered the most influential work on routines in terms of formulating the capabilities perspective and putting forward many of the ideas that are assumed to be consistent with the practice perspective (Parmigiani & Howard-Grenville 2011).

Examination of the paradigm differences between capabilities and practice may enhance understanding of stability and change in routines. Organizational routines are traditionally perceived as group-level entities or parts of an organization that constitute its performance programs (Cyert & March 1963), habits or skills (Nelson & Winter 1982; Stene 1940), genes (Nelson & Winter 1982), and repository of memory, grammars, or repertoires (Parmigiani &

Howard-Grenville 2011). Particularly from the perspective of capabilities (i.e. in the domain of organization and competence theory), which put more emphasis on the stable aspect, routines are regarded as things that foster a firm's competitive advantage in constituting the micro-foundations of capabilities or sticky routines (Hansen & Vogel 2011). Organizational capability (i.e. firm-level assemblages of lower-level routines (Nelson & Winter 1982) is considered a higher-level routine (Winter 2003), and successful organizations are understood to operate according to a three-level routine hierarchy (Nelson 1991): zero-level capabilities that represent operation-level capabilities, first-order capabilities that involve changes in relation to the zero-level processes (e.g. new product development), and finally higher-order capabilities that can modify or develop first-order (i.e. dynamic capabilities) capabilities. (Hansen & Vogel 2011.) Scholars such as Teece, Pisano and Shuen (1997) and Eisenhardt and Martin (2000) further developed this concept of a routine hierarchy into the notion of dynamic capabilities.

Practice theory has a much shorter tradition, and unlike the capability perspective focuses on how routines operate, in other words the internal dynamics. Proponents of the theory describe routines as two parts, emphasizing the actors' influence on their co-constitution and focusing interest on how they emerge and change (Parmigiani & Howard-Grenville 2011). Given that practice theory covers both stability and change, I decided to apply it in my study of Chinese firms.

Feldman (2000) challenged the traditional stability-focused capability perspective on routines, proposing that they could be open to continuous change. Practice theory "opens the black box of organizational routines and conceptualizes them as being made of interacting parts," whereas the capabilities perspective "leaves the black box intact and focuses on the routine as a whole" (Feldman & Pentland 2008, 302). Referring to the practice perspective, the same authors define an organizational routine as "a repetitive, recognizable pattern of interdependent actions, involving multiple actors" (Feldman & Pentland 2003, 96), describing the internal dynamism as operating through interaction between the performative and ostensive parts of the routine (Feldman & Pentland 2003). The ostensive aspect is the "abstract, generalized idea of the routine or the routine in principle (Feldman & Pentland 2003, 101)", whereas the performative aspect is defined as the "the actual 'enactment' of organizational routines by human agents at a certain time and space. (Feldman & Pentland 2003, 94)". According to these definitions, routines are, at least to some extent, "effortful accomplishments" by the human actors who are involved in carrying them out (Pentland & Rueter 1994; Becker et al. 2005). The performative aspects are said to be guided by the

ostensive aspects, and to create, maintain, and modify them (Feldman & Pentland 2003; Dionysiou & Tsoukas 2013). It is frequently posited in the literature that routines are created when their performative and ostensive aspects become mutually constituted through interaction (Birnholtz, Cohen & Hoch 2007; Cohen 2007; Feldman & Pentland 2003, Feldman & Orlikowski 2011; Turner & Rindova 2012). Mutual constitution implies that “structures are the product of human action, yet, human action is constrained and enabled by these very structures” (Parmigiani & Howard-Grenville 2011, 421). Accordingly, even apparently stable routines are products of the effortful accomplishments of human agents, and both stability and change are the results of the same dynamic process (Parmigiani & Howard-Grenville 2011).

The theoretical discussion thus far indicates that routines shed light on both stability and change, and that firms can be ambidextrous in this respect. The practice perspective supports the notion that routines are simultaneously stable and evolving, thus providing a microfoundations and key mechanisms to how firms are able to balance stability and change. (Parmigiani & Howard-Grenville 2011.) However, exploring the internal dynamism of routines does not serve to explain organization-level stability or change. Rerup and Feldman (2011) are among the few scholars to link the micro-process of routines and organizational interpretive schemata, showing that trial-and-error learning could connect the two through a micro-foundation of observable action. Rerup and Feldman (2011, 578) define organizational interpretive schemata as “a set of shared assumptions (Balogun & Johnson 2004), values (Gioia, Thomas, Clark & Chittipeddi 1994), and frames of reference (Bartunek 1984) that give meaning to everyday activities and guide how organization members think and act (Elsbach, Barr & Hargadon 2005)”. In the same work they distinguish between the espoused and enacted aspects of organizational schemata, arguing (p 579) that interpretive schemata comprise the espoused aspect, which is “an assembly of tenuously connected [ideas] that a person draws on in novel situations when behavior is unscripted”, and that the enacted aspect is “*constituted* of observable actions that transform the intention into realized cognition and action”.

Schemata are deeply embedded in individuals, although the concept is transferable to the organization-level cognition its members share (Harris 1994; Labianca et al. 2000; Parmigiani & Howard-Grenville 2011). The work of Rerup and Feldman (2011) is particularly insightful in that it gives some insight into how group-level routines can change the higher-level organizational elements, thereby enabling researchers to use multi-level perspectives to theorize stability and change in a firm. Thus, routines and organizational interpretive schemata serve to explain one type of

organizational stability and change, which is why I chose to explain the balancing activity Shinise firms from this theoretical angle.

### 2.2.3 *Theories on culture in firms*

I will now give a brief summary of theories of culture in firms. Nineteenth-century anthropologists were among the first to systematize the concept of culture (Keesing 1975). Until the early years of the twentieth century the great majority of cultural anthropologists maintained the definition given by Edward B. Tylor in his influential book first published in 1871, *Primitive Culture*, which established the premises of modern anthropology. In recent years, however, the concept has become highly diverse, encompassing a range of topics (Keesing 1975; Jenks 1993; Wallace 1961; Gertrude & Philip 1964). For some people, culture is learned behavior, whereas for others it is just an abstraction from behavior. For some it exists only in the mind, but according to others it consists of material things and events in the external world (White 1959).

The theory of culture was introduced into the domain of organizational studies in the late 1970s, based on some concepts from anthropology (Pettigrew 1979). However, it was only after Hofstede's (1980) seminal work that culture became a popular research topic in the field of management and organization studies, and the national culture was established as the most frequently studied aspect. Hofstede's work became the classic against which newer works on cultural differences were validated (Ailon 2008), although many criticize it for ignoring the dynamism in culture, focusing too strongly on values, and for the common use of Home Country Nationals (HCN) as a proxy for national culture together with the assumption of its monolithic nature (Ailon 2008; Brannen & Doz 2010; Caprar 2011; Earley 2006; Tung & Verbeke 2010). There is extensive variation in how culture is defined, but in general scholars describe it in terms of values, beliefs, norms, and practices that are shared within a certain group of people (Gould & Grein 2008; House, Javidan, Hanges & Dorfman 2002; Leung, Bhagat, Buchan, Erez & Gibson 2011; McSweeney 2009; Schein 2004; Smircich 1983).

As discussed above, there are paradigm disagreements in culture studies. For example, functionalism and interpretivism differ with regard to the analytical framework used in studying focal organizations (Schultz & Hatch 1996). Functionalists tend to create causal modes of analysis by pre-defining variables and mapping the causal relations between them, often connected with organizational aspects such as strategy, technology, and the environment. Examples of analytical frameworks include the analysis of competing cultural

dimensions developed by Denison and Mishra (1995; focusing on adaptability alongside mission, involvement, and consistency) and Kalliath, Bluedorn & Gillespie (1999), and the dimensions of national culture proposed by Hofstede (1980; 1991), GLOBE (House et al. 2002), and Schwartz (2006) (Schultz & Hatch 1996). Functionalist analysis makes it possible to compare large numbers of cultures by ‘freezing’ them and representing their characteristics in cultural dimensions (Schultz & Hatch 1996). Although this stream of research dominates the current field in business management, it has been criticized for not capturing the dynamism of culture. On the contrary, it is considered to be relatively stable, guiding the day-to-day operations in organizations (Barney, 1986; Colin & Porras 1996; Lau & Ngo 1996), which unlike formal institutions can change overnight (North 1990). Nevertheless, culture does change through people’s behaviors and attitudes (Hatch 1993; Kondra & Hurst 2009; Shenkar 2001; Schwartz 2006; Taras, Steel & Kirkman 2012; Tung & Verbeke 2010).

Interpretivism, on the other hand, follows an emergent path, on which the constructs describing culture are not pre-defined. Interpretivists are interested in the process of sensemaking and meaning creation, and view culture in terms of symbols, meanings and practices that are created and reproduced through the interactions of members of a certain group (Brannen & Salk 2000). The resulting theorization is highly relevant to the dynamic process of culture creation and formation (Brannen & Salk 2000; Schultz & Hatch 1996). Language, for instance, is one of the key aspects of culture that produces meanings by going beyond spoken words to incorporate objects, symbols and behaviors, thus capturing its dynamic and interactive nature from the interpretivist perspective (Brannen 2004; Brannen, Piekkari & Tietze 2014). The remaining theoretical discussion focuses on cultural stability and change in the interpretivist paradigm, the aim being to facilitate analysis of the various aspects and their relationships in Chinese firms.

First, cultural stability and change could be seen in terms of separating values and behaviors (cf. Schein 2004), and understanding the inherent processes as generative systems that are constituted through the interaction of values and practices. Several researchers suggest that current cultural studies are too fixed on values, and neglect the behavioral and attitudinal outcomes (Earley 2006; Javidan et al. 2006; Kondra & Hurst 2009). It is also acknowledged in the literature that organizational behaviors are guided by the values held by the members. However, it may be that the behavioral aspects of culture modify the value aspects. Thus, in emphasizing the behavioral and attitudinal aspects of culture it is possible to go one step beyond the conventional perception of it as relatively static: scholars typically see values,

beliefs, and assumptions as guiding behavior and facilitating shared meaning, thereby realizing organizational stability. (Sasaki 2015.)

Second, analyzing cross-level interaction of different cultural levels (Kirkman, Lowe & Gibson 2006) could enhance understanding of stability and change. Culture as a concept comprises a host of cultures on the national, intra-national, and organizational level (Brannen & Doz 2010; McSweeney 2009; Shenkar 2001; Tung 2008; Tung & Verbeke 2010). Reflecting the general definition of culture, national culture is defined as shared beliefs, norms, values and behaviors held collectively by people in a nation (cf. Hofstede 1980; House et al. 2002; Schwartz 2006). Furthermore, despite the variation in definitions, many scholars acknowledge that organizational culture comprises shared beliefs, norms, values and behaviors held collectively by people in an organization (cf. Hatch 1993; Schein 2004; Sinclar 1993; Smircich 1983). Although relatively few studies adopt the local culture as the unit of analysis (Sasaki & Yoshikawa 2014), culture on the local-community level is generally defined as the existence of a unique set of local resources, practices and values that are shared among people and businesses in a certain region, and which are distinct from those in other local regions (Becattini 1990; Jones, Felps & Gregory 2007; Mizzu & Montanari 2008; Oinas 1998; Pilon & DeBresson 2003; Saxenian 1994).

It is evident from this brief list of concepts that culture is nested in various levels and groups. People encounter a host of national, intra-national, organizational and national cultures, and their interactions and inter-relationships may influence them in distinct ways (Kirkman et al. 2006; McSweeney 2009). Although some studies point out the significant interaction effect of national and organizational cultures, for instance (Sarala & Vaara 2010; Sirmon & Lane 2004), Berry's (2008) acculturation theory is one of the few widely accepted theories in the social sciences that conceptualize how culture changes in cross-level settings: the effect of cultural change is examined through interactions between ethno-cultural minority groups and society at large. Two dimensions formulate Berry's four typologies (integration, assimilation, separation and marginalization): the maintenance of the minority group's traditional identity and culture, and the extent of interaction between the two groups. The former symbolizes individual stability and continuity, whereas the latter symbolizes adaptation and change in one's culture. It appears from these extant studies that one of the key ways to capture both stability and change in culture is through theorization in a multi-level context and the interaction in that context.

Finally, the concept of cultural strength could be related cultural dynamism (Saffold 1988; Sasaki & Yoshikawa 2014; Schein 2004; Weick 2001). A culture is considered to be strong when its members (1) intensively and (2)



widely share common perceptions of the *values* that guide *behaviors* in the group (Barnes, Jackson, Hutt and Kumar 2006; Bogaert, Boone & van Witteloostuijn 2012; Bowen & Ostroff 2004; Danison & Mishra 1995; DelCampo 2006; Duh, Belak & Milfelner 2010; Kimberly, Amundson, Schroeder & Morris 1995; Kotrba, Gillespie, Schmidt, Smerek, Ritchie & Denison 2012; Saffold 1988; Sørensen 2002; VanVianen, Annelies, De Pater, Bechtoldt & Evers 2011). Findings from previous studies indicate that firms can attain sustained competitive advantage and a positive performance if they have a strong organizational culture, comprising well-established values, beliefs, norms, habits and symbols (Barney 1986; Colin & Porras 1996). Members of a high-performing organization share attitudes toward its objectives and a commitment to corporate values (Lau & Ngo 1996). The strength of a culture is assessed in terms of its homogeneity and intensity (Calori & Sarnin 1991). A strong corporate culture may result in a strong resistance to change (Welch & Welch 2006): strong cultures tend to be homogeneous and less tolerant of deviant behaviors, and thus less likely to change. Thus, a strong culture is associated with a stable culture. On the other hand, weak cultures are more tolerant of deviant behaviors and are more flexible: they may be more adaptive, encourage radical innovations and entrepreneurial risk taking, and exploit new opportunities (Dosoglu-Guner 2001). A weak culture can therefore be associated with a tendency to change. It could be concluded from this discussion that conceptualizing culture as strong or weak, and then analyzing the relationships, is a useful pathway along which to theorize the balance of organizational stability and change in Chinese firms.

Overall, I have introduced three ways in which to capture stability and change in culture: (1) separating values and behaviors and understanding the inherent processes as generative systems that are constituted through the interaction of values and practices; (2) theorizing culture in a multi-level context; and (3) conceptualizing culture as strong or weak, and analyzing the relationships. The weakness of the current literature is that the process of cultural change is neglected (Joardar, Kostova & Ravlin 2007). Given its rich potential in terms of theorizing organizational stability and change and their relationship, I argue that culture theory is an appropriate basis on which to study the Chinese phenomenon.

#### 2.2.4 *Organizational identity*

Finally, I will briefly summarize theories of organizational identity. Albert and Whetten (1985, 265) originally defined organizational identity as the “central,

distinctive and continuous elements of an organization". Subsequent studies in the social sciences have defined the phenomenon in various ways, from the rather narrow (including just the core attributes of identification such as self-definition, importance and affect) to the rather broad (including values, beliefs, goals, stereotypic traits, knowledge, skills, abilities, and behaviors) (Ashforth, Harrison & Corley 2008).

The concept of organizational identity (or identification) overlaps with organizational culture, image and organizational commitment, for instance (Alvesson, et al. 2008, 5). The conceptual similarities with and differences from organizational culture and routines are discussed in detail in the findings section, and the discussion in this section is limited to the similarities, differences, and inter-relationship with the concepts of image and organizational commitment. First, organizational identity is, by definition, self-referential (Albert & Whetten 1985), whereas an organizational image is created through projection to an external audience (Gioia et al. 2000; Hatch & Schultz 2002). Examples include constructed external images, projected images, desired future images, corporate identity, transient impressions and reputation (Gioia et al. 2000). Moreover, whereas organizational commitment reflects the strength of the relationship between individuals and the organization, both remaining separate (Johnson, Morgeson & Hekman 2012), organizational identification reflects the sense of oneness, and measures the perceived oneness with the organization and oneself (Ashforth, Harrison & Corley 2008). Finally, it should be noted that the collective characteristics of a company refer to *organizational identity* and the process through which organizational members come to define and connect with it is referred to as *identification* (Corley et al. 2006).

Having clarified the basic concept of organizational identity, I turn my focus to how it serves to explain the balancing of stability and change in Chinese firms. I mentioned earlier that the field of organizational identity is divided into two epistemological camps, the essentialist (functionalist or institutionalist) and the social constructivist (Corley et al. 2006), and that the social constructivists are better able to theorize both stable and changing aspects of organizations. The debate between the two is related to whether organizational identity refers to a collective actor or a collection of actors (Whetten 2006). In other words, views on the inter-relationship between individual-level and collective-level identity are not unanimous (Corley, Harquail, Pratt, Glynn, Fiol & Hatch 2006). From the social-constructivist point of view, however, the concept of individual identity can be transferred to the organizational level because the concepts are similar enough on the deep structural level, and it is thus worthwhile posing questions that produce reflection on the nature of collective identity (Gioia et al. 2002). Social

identity theory supports this view, advocating that albeit collective-level and individual-level identities are distinct, they are conceptually related (Ashforth & Mael 1989).

According to the social-constructivist understanding, identities are to be found not only on the individual and the organizational level but also in wider social groups such as local communities and nations. Howard-Grenville, Metzger & Meyer (2013, 113) studied identities on the local-community level. Borrowing from the literature on organizational identity they built a theory of collective identity resurrection, defining collective identity rather simply as an “expression of who we are”. Anteby and Molnár (2012, 519) define national identity as “the shared belief that a given organization helps a nation retain its “grandeur” or [...] a country’s “radiance” [...]”. They suggest that national identities can be disconnected from geographical boundaries and be largely imagined by members of the organization. Accordingly, organization-level constructs influence the formation of larger-level identities. The following discussion adds depth in pointing out the significance of this multi-level notion of identities in understanding stability and change in organizational identity.

According to studies conducted by social constructivists, identity may change through organizational practices (Gioia Patvardhan, Hamilton & Corley 2013), identity gaps (the cognitive distance between the perception of the current and ideal identities) (Reger et al. 1994), identity threats (a mismatch between members’ perceptions and external perceptions of identity) (Elsbach & Kramer 1996), and meaning voids (the state of not knowing what it means to be who we think we would like to be) (Gioia, Price, Hamilton & Thomas 2010). Moreover, Gioia et al. (2000) explain identity change through its relationship with the organizational image. They distinguish between ‘identity endurance’ and ‘identity continuity’, the former implying that identity remains the same over time and has some permanence, and the latter that its stability lies in the labels, but the meanings and interpretations of the labels change quite frequently. They further argue that instability is adaptive in response to environmental demands, which are reflected primarily in the organization’s external image. Accordingly, identity is a social construct that is created from repeated interaction with others, and thus cannot be enduring as such but is continuous while shifting in interpretation and meaning. Furthermore, social-identity theorists refer to identity change through repeated interactions of in- and out-group relations (Gioia Schultz & Corley 2000; Ybema, Keenoy, Oswick, Beverungen, Ellis & Sabelis, 2009).

However, according to Ashforth et al. (2008), although these studies indicate that organizational identity changes, they do not show the *process* through which change happens. Although very few studies have succeeded in

theorizing the process, the extant literature suggests that one way would be to examine the cross-level interplay between individuals and organizations in identity formation and change (Ashforth et al. 2008; Humphreys & Brown's 2002). For instance, Ashforth et al. (2008) theorized identification through the concepts of affinity and emulation. Affinity refers to an individual's congruence with the organizational identity, and emulation to how that individual changes to become congruent (Ashforth et al. 2008). In addition, concepts such as sensemaking and sensegiving are frequently used in the theorization of identity formation and change (Mantere, Schildt & Sillince, 2012; Weick, Sutcliffe & Obstfeld, 2005). Indeed, recent empirical work by Howard-Grenville et al. (2013) and Ravasi and Schultz (2006) shows that sensegiving and sensemaking can generate an embedded dynamic that is mutually recursive and constitutive. However, one apparent weak point in the literature on organizational identity is that it does not explicitly relate identity change and endurance to organizational stability and change (Ullrich, Wieseke & Van Drick et al. 2005).

Although very limited conceptual and empirical work has been done on theorizing the process of stability and change in the domain of organizational identity, the above discussion sheds some light on the concepts of organizational stability and change and their relationship through a multi-level examination of identities.

## 2.3 Synthesis

### 2.3.1 *Similarities in the theories*

Despite their distinct backgrounds, the three streams of literature (routine practice theory, organizational culture, and organizational identity) have been integrated into the wider field of organizational studies. During the course of theoretical maturation they came to share certain similarities. First, all three concepts are multi-dimensional. The multi-dimensionality is most clearly evident in the theory of culture, which is addressed in the literature on management and organization on the national, intra-national and organizational level. Although only a few studies have been carried out, it is recognized in the field that the interaction between the different levels of culture might influence a firm's operations (Kirkman et al. 2006; McSweeney 2009; Sarala & Vaara 2010; Sirmon & Lane 2004).

In a similar vein, inherent in the umbrella theory of organizational identity are multi-level concepts such as personal identity (Alvesson et al. 2008), identity on the local community level (Howard-Grenville et al. 2013), and

national identity (Anteby & Molnàr 2012). What connects the different levels is the identification process (i.e. individuals might identify with organizational or national identities, and organizations might identify with local-community and national identities) (Gioia et al. 2002).

Finally, routine practice theory posits that ‘group-level’ organizational routines influence and are influenced by higher-order elements such as organizational capabilities, and firm-level constructs such as interpretive schemata (Salvato & Rerup 2011), and that firm-level outcomes such as organizational stability and change can be achieved through this interaction.

It is clear from a comparison of the various concepts used in the three theories that interpretive schemata, organizational culture, and organizational identity are organization-level concepts that members generally *share*. On the other hand, personal identity and routines remain on the individual or group level, and are not necessarily shared with other group members.

Second, each of the theories can be seen in a two-dimensional light. This is most clearly visible and operationalized in routine practice theory. Routines are said to be in a continuous state of change through the interaction between their ostensive and performative aspects. The ostensive aspects guide the performative aspects, whereas the performative aspects actively modify the ostensive aspects (Feldman & Pentland 2003; Dionysiou & Tsoukas 2013). These interactive processes co-constitute routines.

Organizational identity has internal and external dimensions, and according to Gioia et al. (2000) can change through its relationship with the organization’s image. Thus, whereas the organization’s internal and self-referential identity serves to maintain its central and distinctive attributes, any changes may be attributable, in part, to its external image among relevant stakeholders. Accordingly, Clegg, Rhodes and Kornberger (2007, 497) conceptualize identity as a process of “becoming”, meaning that it emerges from the process of interacting with other multiple external identities.

Similar distinctions are evident in the field of culture. By definition, culture comprises invisible values aspect and visible behavioral aspect. Values aspect guide the behavioral aspects (Schein 2004; Smirchich 1993), whereas the behavioral aspect may modify and change the values aspect. Hence, the process of cultural change could be described as a set of generative systems that form through the interaction of values and practices, as in the case of routine practice theory. (Sasaki 2015.)

Third, inherent in each theory is both stability and change. Contrary to the traditional perspectives on routines based on capabilities, routine practice theory clearly posits that routines do change. The change happens not only internally (on the same operational level) through interaction between the ostensive and performative aspects, but also in accordance with the literature

on organizational identity, through multi-level interaction with the organization's interpretive schemata (Rerup & Feldman 2011). A relevant detail in routine practice theory is the notion of routine change as endogenous change, and the assumption that human agency is the main focus of attention. Routines are acknowledged as "effortful accomplishments" (Pentland & Rueter 1994, 488) that managers or employees tend deliberately to introduce, so any changes are, to some extent, connected to the personal visions, goals and interests of the actors carrying them out (Becker et al. 2005).

Similarly, the theory of organizational identity includes stable and changing perspectives. As mentioned, the field is divided into two camps: essentialists who see it as enduring, and social constructivists who see it as changing through multi-level interaction (Corley et al. 2006). The latter advocate that identities change through individual-collective level interaction and interaction between internal and external perceptions of the organization's identity.

Finally, paradigm disagreements in the field of culture are between the functionalist and interpretivist perspectives (Schultz & Hatch 1996). Scholars taking a functionalist stance tend to operationalize culture as static, whereas the interpretivists see it as dynamic. Although the process is rarely studied (Joardar, Kostova & Ravlin 2007), cultural change could be theorized, for instance, in terms of separate values and behaviors, in a multi-level context, and focusing on the strong and weak aspects of culture.

In sum, the three theories have commonalities in that each one (1) has multi-level dimensions, (2) could also be viewed as two-dimensional and (3) includes both stable and changing aspects.

### *2.3.2 Differences and inter-relationships across theories*

Having explored the similarities in the three theoretical streams, I now consider the differences and inter-relationships. I will begin with the three organization-level constructs (interpretive schemata, culture, and identity). It is clear from a comparison of the definitions that they overlap. For instance, inherent in interpretive schemata is a set of shared assumptions, values and frames of reference (Rerup & Feldman 2011), which are key components of organizational culture (Hatch 1993; Schein 2004; Sinclair 1993; Smircich 1983), and could also be considered "central, distinctive and continuous elements of an organization" (Albert & Whetten 1985, 265). Similarly, key concepts of culture are embedded in the wider formulation of organizational identity (cf. Gould & Grein 2008; House et al. 2002; Leung et al. 2011; McSweeney 2009).

How, then, do they differ? One striking difference is that organizational identity cannot be operationalized in a similar way as organizational culture and interpretive schemata, both of which constitute a values (and espoused) aspect and a behavioral (enacted) aspect. According to Fiol (1991), whereas organizational culture serves as a general standard against which the meanings of organizational identities are understood, identities are inherently relational, incorporating and differentiating new contextual understandings. Scholars such as Christensen (1995), Gioia et al. (2013), Hatch and Schultz (2002), and Ravasi and Schultz (2006) maintain that although key assumptions, values and behaviors are essential parts of an organization's identity, the role of identity is to express cultural understanding, and it does not in itself equate to values: organizational identity is textual, explicit and instrumental, whereas culture is contextual, tacit and emergent.

Given that definitions of organizational culture and organizational interpretive schemata are highly convergent, one might assume a similar relationship between interpretive schemata and organizational identity, the latter being the instrument through which the meanings of the espoused and enacted aspects of the interpretive schemata are expressed and transmitted.

However, upon closer inspection of their essence and function, organizational schemata appear to be conceptually more similar to organizational identity. A schema is basically understood as residing in individual cognition (Elo, Benjowski & Nummela 2015), its main function being to help individuals to transverse, orient and identify with a certain group, and to influence interpretations of the past and present, and of future expectations (Harris 1994; Labianca et al. 2000). Thus, in terms of function, it is more relational than contextual. As in the case of organizational identity, as a concept a schema can be transferred to the organizational level (Harris 1994; Labianca et al. 2000), and can co-exist in parallel with several other schemas (Hall 2003). According to Harris' (1994, 312) definition, an organizational schema is "the knowledge and impressions regarding organizational groupings [...] as entities [...] somewhat abstracted from their individual members [...]". Finally, as in the case of organizational identity, once a schema is established it tends to endure and is resistant to change (Labianca et al. 2000). Consequently, it is extremely difficult on the basis of the above discussion to distinguish the concept of organizational interpretive schemata from the other two concepts based on its definition, essence and functions.

Second, I consider how these organization-level concepts relate to lower-level concepts such as routines and personal identity. Routines are referred to as habitual or patterned actions reflecting a tacit culture, whereas organizational culture could be understood to result from the sharing of meanings through interactions, routines and everyday procedures (Kondra & Hurst 2009).

Similarly, according to Fiol (1991), organizational identities derive from behavioral routines, the patterns of which formulate and enhance them. When organizations announce a new identity in an attempt to pursue strategic change, they may not bring about the change until it is routinized, because identity is deeply embedded in the routines (Gioia et al. 2013). An established organizational identity might also influence the formation of routines. It is suggested in the limited amount of literature that routines may relate similarly to both organizational culture and organizational identity. However, this cannot be the case given that the two concepts are distinct in their nature and function. Therefore, how routines relate differently to organizational culture and organizational identity constitutes a gap in the literature. In addition, although not referred to in the literature, the personal identities of organizational members might also influence the formation of routines.

In sum, whereas definitions of organizational interpretive schemata, organizational culture, and organizational identity are very similar, their characteristics and functions are distinct. It is particularly difficult to distinguish the concept of organizational interpretive schemata from the two other concepts based on its definition, essence and functions. Second, although it is acknowledged that organizations are embedded in various cultures, structures and routines (Scott 1995), very little is known about how routines link to higher-level organizational entities such as culture and identity, or about how individual-level constructs such as personal identity interact with routines as a group-level construct.

### *2.3.3 Opportunities and challenges in the synergistic use of the three theoretical lenses to enhance understanding of organizational longevity*

Having examined the basic tenets of each theory separately, and cross-compared them, I conclude that they all independently have the potential to explain the interplay of organizational stability and change. In combination they may have more explanatory power in terms of how balancing stability and change might lead to organizational longevity. To conclude this chapter I identify where such combined work might best be achieved, and where it might be more difficult.

It is posited in Chapter 2.2.1 on basic assumptions and compatibility that the three theories have a common base in the form of behavioral assumptions and methods. However, it is also pointed out that using them in combination might be hard on account of their varying main interests, and levels and units of analysis. Deeper analysis nevertheless revealed certain commonalities in terms of multi-level dimensionality, an identified relationship between two



dimensions, and the inclusion of both stable and changing aspects. These similarities ease the constraints in the basic assumptions. For instance, the potential to transfer the concepts of identity and schemata to the organizational level eases the restrictions concerning the basic assumption of different levels of analysis.

With regard to possible combinative work, the most productive way forward could be to combine the theories of organizational identity and culture. Of particular significance is the dual-aspect perspective on culture, as invisible value and as visible behavior. Although the extant literature provides insights into the relationship between organizational culture and organizational identity, this perspective establishes a higher-level foundation on which theories of culture and organizational identity can be applied in a complementary manner to analyze the micro-process of cultural change (Sasaki 2015). The detailed discussion in Chapter 4 (Empirical Findings) explains the mechanism through which these two theories could be combined. What I wish to make clear here, is that these two theories could be combined to explain organizational stability and dynamism *because* they differ in terms of interest, and level and unit of analysis. Consequently, the incompatibility of the basic assumptions facilitates the complementarity.

With regard to the analysis of differences in and inter-relationships between the three theories, as mentioned, it is relatively difficult to combine the concepts from routine practice theory with the other two theories. Further effort is needed in this domain in order to increase the power to explain how stability and change are balanced in a Shinise firm. The concluding chapter of the dissertation includes a more concrete discussion on future research potential. In sum, I suggest that viewing these theories as complementary rather than contradictory might be beneficial in terms of theory building aimed at enhancing understanding of how stability and change are achieved in Shinise firms.



## 3 RESEARCH METHODOLOGY

### 3.1 Research approach

The starting point of the research was my encounter with and interest in the phenomenon of longevity in Shinise firms. The overall research question of the dissertation (*How have Shinise firms achieved longevity by balancing stability and change?*) was inspired by the phenomenon, and was later refined based on a literature review. Therefore, the overall research approach could be described as inductive theory building, the main objective of which is to include new theory from empirical data that does not just describe the empirical phenomena but also identifies the main constructs and their relationships in the form of a theory (Welch, Piekkari, Plakoyiannaki & Paavilainen-Mäntymäki 2011). My dissertation as a whole follows the typical process of inductive theory building: the first step was to develop a substantial body of observations, the second was to formulate valid concepts and establish relationships between them, and then to contrast them with extant theories, and the final step was to identify the theoretical domain and boundary conditions (Eisenhardt 1989; Locke 2007).

Phenomenon-driven studies tend to take the qualitative approach (Welch et al. 2011). It is appropriate in this study of Shinise firms given its acknowledged suitability in investigations of extreme and unique phenomena that have not been studied in depth (Eisenhardt 1989; Stake 1995). There are ample studies of longevity in Shinise firms in Japanese contexts, but systematic data analysis and robust theorization are lacking in the literature. Thus, given rich qualitative data addressing ‘how’, ‘who’, and ‘why’ questions it should be possible to arrive at a holistic understanding of this complex phenomenon in Shinise firms (Eisenhardt 1989). Moreover, the choice of qualitative research is appropriate given the alternative theoretical lenses chosen. As discussed earlier, routine practice theory, theories of organizational culture (from an interpretivist perspective) and identity (from a social-constructivist perspective) all adopt the qualitative approach.

Although the overall dissertation is based on inductive theory building, each of the research articles included in it represents a distinct approach in the domain of qualitative research, depending on the sub-question and the theoretical lens. Grounded theory building and a single-case ethnographic

approach (Glaser & Strauss 1967; Locke 2001) are combined in Article 1 in order to ensure detail and richness in the investigation.

Article 2 is based on a multiple case study combined with historical data analysis. This was chosen so as to explain the temporal sequence of events in a retrospective manner, and in interpreting the history to make a theoretical contribution (Moore & Reid 2008; Pattigrew 1979).

A multiple case study was combined with a social-constructivist approach in Article 3 so as to highlight the informants' and the researcher's roles in the production, construction and interpretation of meaning and knowledge (Stake 1995). I considered this to be necessary given the theoretical perspective focusing on internal dynamism in the process of cultural change, and also the longitudinal, retrospective nature of the empirical study in which the informants were asked to recall past events or tell stories about past events they had not witnessed. Data in longitudinal, retrospective research is collected on only one "occasion", during which information concerning an earlier time is obtained. Hence, the strategy cannot be called "purely" longitudinal (Goldstein 1979). However, retrospective research material was used in combination with rather extensive archive data (Goldstein 1979; Wright 2011), given that the extremely long history of these firms makes the already difficult longitudinal approach impossible (Ito, Rose & Westney 2008).

Finally, the decision to conduct multiple case studies rather than a single one (Articles 2 and 3) was made after serious consideration of the tradeoff between the depth and breadth of the data (Welch et al. 2011). From both a historical and a social-constructivist perspective, the preferred choice was a single-case study, which provides in-depth understanding of the phenomenon (Dyer & Wilkins 1991). On the theoretical level, however, multiple case studies were preferable because of the need in both articles to achieve a deeper understanding of the role of industrial cluster in the local community.

## 3.2 Research process

### 3.2.1 *Conceptual research process*

Before discussing the empirical research process I will briefly explain my research process on the conceptual level. Conceptual research, which focuses on description and explanation, has received less recognition as a research method (in comparison with empirical research) in the wider body of literature on organizations and management (Meredith 1992).

My conceptual-level research began at the end of 2009 with the specification of my research topic and the preliminary collection of secondary

data. Having discovered the phenomenon of extreme longevity among Shinise firms, I went through the existing literature on organizational longevity and the Shinise phenomenon in both Western and Japanese management literature, trying to find a useful research focus. On the basis of this initial literature review I came to the conclusion that balancing stability and change might enhance organizational longevity, which could serve as the basic assumption in my dissertation. I proceeded to conduct a literature review of possible theoretical trajectories that could help to clarify this basic assumption. The initial alternative theoretical perspectives included the wider resource-based view, the evolutionary theory of the firm, and wider cultural theories of the firm. Later on, through iteration between the empirical data and the theory, the theoretical lenses were refined to include routine practice theory, cultural theories of the firm and organizational identity theory. This iteration between the literature and the data lasted from early 2010 until almost the end of the research process in mid-2014. Consequently, my dissertation integrates three different theoretical approaches to describe a single phenomenon.

This type of theory building is known as ‘philosophical conceptualization’, which is one of three types of conceptual models (the other two are conceptual description, and taxonomies and typologies) (Meredith 1992). A conceptual model is “a set of concepts, with or without propositions, used to represent or describe (but not explain) an event, object, or process” (Meredith 1992, 5). As the definition indicates, such models do not have as much explanatory power as conceptual frameworks, the goals of which are to explain a phenomenon through the relationships identified among the various elements (conceptual induction), and further to provide guidelines for managers (conceptual deduction) (Meredith 1992). Philosophical conceptualization is more appropriate for the purpose of integrating distinct theories to describe and represent the phenomenon of organizational longevity, however. More advanced conceptual frameworks are developed in the research articles.

### 3.2.2 *An overview of the data-collection process*

Coinciding with the literature review, primary empirical data collection began in late 2010 in Japan. Details of the three phases are given in the following sub-sections. In brief, the first article was formulated in *Phase 1*, based on the data collected thus far. *Phase 2* continued the data-collection process, which took place in early 2013 in Kyoto, Japan. The data collected during this phase constitutes the empirical material on which the second and third articles are based. The final set of data was collected during *Phase 3* in Europe, in the city of Bruges, Belgium, during early 2014. Table 5 below summarizes the process.

Table 5 The data-collection process

	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Total</b>
<b>Interviews</b>	15	47	13	75
<b>Archival material</b>	11 documents (plus photographic material)	106 documents (plus photographic material)	20 documents (plus photographic material)	137 documents (plus photographic material)
<b>Observation period</b>	12 weeks	3 weeks	2 weeks	17 weeks

Figure 1 illustrates the contextual setting of the study. Article 1 reports the first and deepest ethnographic investigation that provided the initial empirical and theoretical insights into the whole study. Articles 2 and 3 cover separate industries in the same local context of Kyoto, Japan. The final data set, representing the confectionary industry, was collected in the city of Bruges in Belgium. Overall, the data was collected in multiple contexts. Having data from different contextual settings allowed me to verify and substantiate the findings reported in each research article. These findings are summarized in Chapter 4, and validated by means of comparison among the different industries and intra-national regional contexts. This type of analysis enhances the potential for analytical (or theoretical) generalization of the findings. The black arrows represent possible future research directions (discussed in section 5.4).

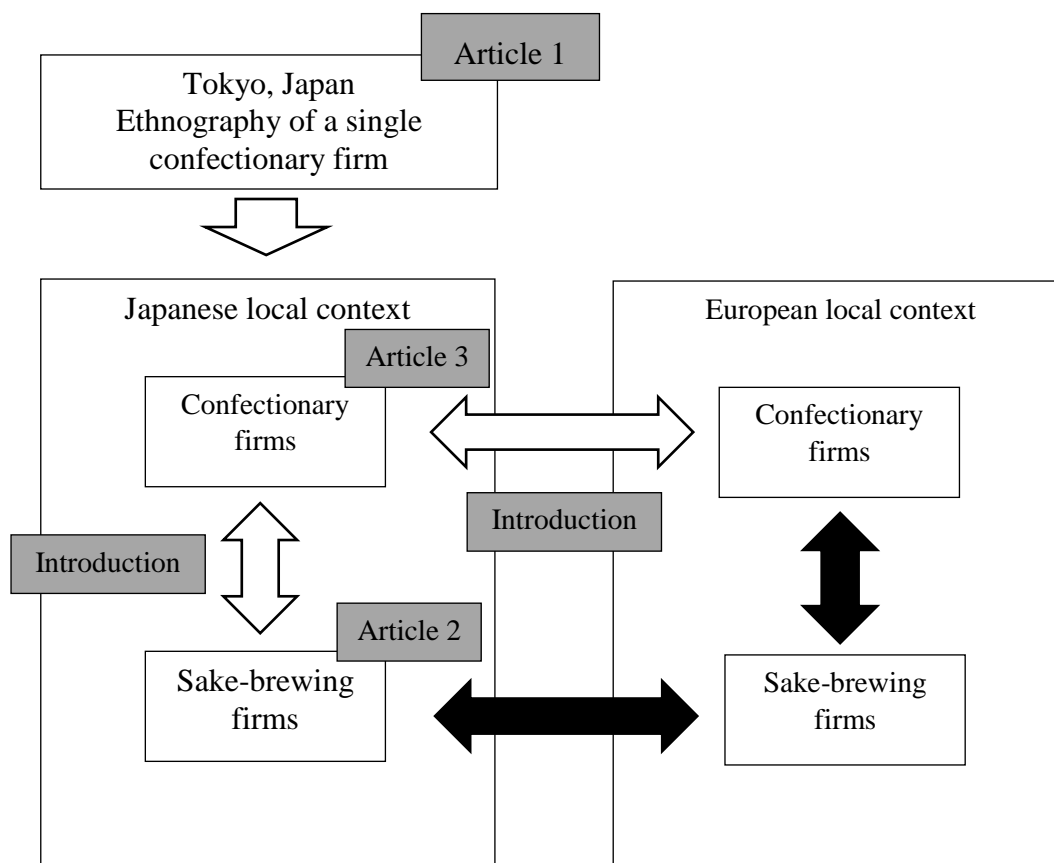


Figure 1 The contextual setting of the study

The intra-national region was chosen as the level of analysis because previous studies on Shinise firms indicate that they tend to be concentrated in local regions, rather than nationwide (Motoya 2004; Sone 2010; Teikoku Data Bank 2009). The choice of cities that best suited the research question (i.e. Tokyo and Kyoto in Japan and Bruges in Belgium) was based on the previous literature (the Teikoku Data Bank 2009) and the researcher's investigation using an existing database (ORBIS).

### 3.2.3 Phase 1

I collected the first set of ethnographic data during my three-month stay in the case company, working part-time. I decided on the Japanese context because of the high number of Shinise firms, and on Tokyo as the local context because it has the highest number of Shinise firms in Japan (Teikoku Data Bank 2009; Tokyo Shotoku Research 2009). Other Shinise firms and officials referred to the chosen case firm as exemplary, thus potentially yielding findings that could be applicable to other Shinise firms.

The selection of the case company was based on theoretical sampling (Miles & Huberman 1994), and the following three criteria were set:

- a company with more than 100 years of history;
- an immutable main field of business since its establishment; and
- the maintenance of ownership within one family.

Comprehensive data were obtained among managers and employees from various ranks and departments and companies in the neighborhood, both formally and informally. Triangulation of data sources is inherent in the ethnographic approach, which combines data-collection methods such as archives, interviews, questionnaires, and participant observation (Bloor & Wood 2006). This is particularly suited to investigations of relatively understudied, new and distinct phenomena, as it enables exploration of complex, culturally embedded behavior, interactions, and artifacts from an insider's perspective (Bloor & Wood 2006; Moore 2011).

Semi-structured and un-structured interviews constituted the primary data source. The semi-structured interviews followed the themes in the interview guide, the content of which changed during the course of the investigation in the firm: different guides were used with different people in the organization. Appendix 1 gives an example of an interview guide I used in the final interview I conducted with the president of the firm (the empirical data from this interview reflect to Article 1). The transcriptions of the semi-structured and un-structured interviews as well as my own observations were documented daily in my ethnographic field diary, in both structured and unstructured formats.

### 3.2.4 Phase 2

I chose the city of Kyoto as the research site for the second phase of data collection: according to the Teikoku Data Bank (2014), Kyoto is the city with the highest proportion of Shinise firms in Japan (4% of all firms in Kyoto). Although Tokyo has more absolute numbers of Shinise firms than Kyoto, according to research reported in the Teikoku Data Bank (2009) the local concentration, and thus local industrial clustering, are more evident in Kyoto. Sake brewing was chosen as one industrial context because it has a longer history than all other industries in Kyoto. Kyoto also has a high number of Japanese-style confectionary (*Wagashi*) firms. I chose the Japanese confectionary and sake-brewing industries because, first, the manufacturing sector has more companies with a long history than the service sector, and second, within the manufacturing sector, food and beverage production is a field with many Shinise firms regardless of the nation and the region.



As in phase 1 of the data collection, the selection of case companies relied on theoretical and snowball sampling (Miles & Huberman 1994), and the same three criteria were applied. As a result, I gained access to six sake-brewing firms and seven Japanese-style confectionary firms.

I began by collecting on-line and published secondary materials that explained the social and economic history and the current state of sake brewing and confectionary production in Kyoto. Reflecting the research methodology used by business historians and in qualitative, multiple case studies, I obtained my data from multiple in-depth interviews, rich archive materials and my own observational field notes. (Jick 1979; Moore & Reid 2008; Pattigrew 1979; Van de Ven & Huber 1992) In addition, in order to obtain a holistic understanding of the longevity of the case firms from the perspective of the local community I collected data from representatives of local institutions and citizens.

In terms of content, the second phase of the data collection was based on the theoretical and empirical understandings gained from the first phase. For example, much of the data collected during the first phase related to the critical role of the corporate and local culture of Shinise firms, represented in constructs such as the firm's purpose and values, identity, behavior guided by the firm's values, and strategic goals and the behavior guided by them. As a result, the interview guide in this phase contained large number of questions related to organizational and local cultural perspectives (see Appendix 2: the empirical data from this interview is reflected in Articles 2 and 3).

### *3.2.5 Phase 3*

Having collected the data from Kyoto, I began to consider a potential comparative study in a specific Western local community. According to previous studies, significant proportions of Shinise firms operate in European countries. Having conducted a preliminary investigation via the ORBIS database I estimated that countries such as France (0.62% of all the firms in the country), Switzerland (0.52%), Germany (0.45%), The Netherlands (0.38%), Ireland (0.32%), The United Kingdom (0.13%) and Belgium (0.11%) had relatively many companies with over 100 years of history.

Among these countries, bearing in mind potential comparison with Kyoto's confectionary industry, I chose Belgium. Belgium is interesting in the present context because of its rich history and heritage of chocolate production that dates back to the 17<sup>th</sup> century. It began to import raw cocoa from its colony The Belgian Congo. This led to the development of the Belgian chocolate industry, which became world famous following the invention of the praline, a

chocolate shell with a soft filling. The inventor, Jean Neuhaus, is often referred to as Belgium's most famous chocolatier (Neuhaus, homepage 2015). In 2012 there were approximately 400 enterprises in cocoa, chocolate and sugar-confectionery manufacturing in Belgium, and the sector continues to grow (Euromonitor International 2015; Statista 2015).

The city of Bruges in particular caught my attention. It was one of the largest economic centers in Western Europe in the 13th and 14th centuries, its last high point being in the 15th century. Its blossoming was attributable in part to its location: situated halfway between Northern and Southern Europe, it was a commercial hub. The first stock exchange was in Bruges, for example. Practitioners in every trade belonged to a guild, a control body that regulated the work of its members and set quality standards. Some of the guilds are still functional (Jacques Martin, Ferry, Casterman 2011). The Bruges archives refer to chocolate production in Bruges at the end of the 17<sup>th</sup> century, and several people started to make hand-made chocolate and chocolate products between 1840 and 1865 (Choco-story 2011). According to the manager of the Choco-story museum (2014), there are currently 50–60 chocolate shops in Bruges (this number is changing), which is the biggest concentration in the world in proportion to the population.

As with the data collection conducted in Japan, I collected secondary materials first. The primary data were collected between January and May in 2014. One problem I faced in attempting to gain access to Belgian Shinise firms was that many companies with more than 100 years of history were no longer family businesses. According to the manager of the Choco-story museum (2014), there were large chocolate companies in the 19<sup>th</sup> century, but many of them faced acquisitions both domestically and internationally. Consequently, I decided to focus on local, small-sized firms that were still under family ownership. The majority of the 50–60 local firms in Bruges have been in existence for less than 60 years, and I could find only a few that were over 60 years old. The oldest firm had been in existence for 85 years. I chose to study firms with more than 60 years of history, which were family businesses, situated in the city of Bruges. These firms did not meet the 100-years criterion, and thus cannot be considered Shinise firms. Nevertheless, the data help to verify and confirm the findings on the Shinise phenomenon in Kyoto. Whereas the study settings in Kyoto and Bruges are similar in that they are both industrial clusters of traditional confectionary manufacturers, and the focal selected case companies are family businesses that have had the same product lines since their establishment, the striking difference is that the firms in Kyoto have longer histories. Hence, the two sets of empirical findings should be consistent in some respects, and differ in others, specifically with regard to the key dimension – the history of the focal firms. In this sense, the

data from Bruges is valuable in terms of controlling for the similarities. This comparative analysis is discussed in Chapter 4. Table 6 below lists the key characteristics of the two case firms and the nature and amount of data collected from each one.

Table 6 The case companies in Bruges

<b>Firm</b>	<b>Jan De Clerck Chocolaterie – Confiserie</b>	<b>Spegelaere Chocolatier</b>
<b>Size (number of employees)</b>	Approximately five	Approximately five
<b>History</b>	Founded in 1929	Founded in 1954
<b>Ownership</b>	Family ownership for three generations	Family ownership for two generations
<b>Archival data</b>	Internal document (1)	None
<b>Number of interviews</b>	One (the CEO)	Two (the CEO and his wife)
<b>Observation</b>	Visiting the store and tasting the products	Visiting the store, and tasting the products

As I did in Kyoto, I collected data from representatives of local institutions and citizens. Table 7 summarizes the nature of these data. I also interviewed representatives of firms with less than 60 years of history in order to capture the dynamism of the local community as a whole. Moreover, in order to compensate for the fact that the two case firms in Bruges did not meet the Shinise criterion of having been in existence for 100 years, I collected data from a firm with one-hundred-plus years of history operating in another industry and located in Bruges.

Table 7 Data collected from the local community in Bruges

<b>Informant</b>	<b>Interviews</b>	<b>Archival material</b>	<b>Observation</b>
<b>Choco-story museum</b>	One (with the manager)	Leaflets (5) Book (1)	Visiting the museum
<b>Center of Tourism in Bruges</b>	Two (with tourist guides)	Documents (3)	None
<b>Handmade in Brugge</b>	One (with the manager)	Homepage	None
<b>Historium museum</b>	None	Brochure (1) Books (2) Numerous photographs	Visiting the museum
<b>Bruges Guild of Chocolatiers</b>	One (with the leader)	Homepages (2)	None
<b>A Shinise embroidery firm (with more than 110 years of history)</b>	One (with the CEO)	Homepage Documents (1)	None
<b>Other local chocolatiers with shorter histories:</b>	Two (with the CEO and the CEO's daughter)	Homepage	Visiting the shop, product tasting in the café, and purchasing chocolates
<b>(A) Firm with 17 years of history</b>			
<b>(B) Firm with 28 years of history</b>	One (with the CEO)	None	Visiting the shop and purchasing products
<b>(C) Firm with 10 years of history</b>	One (with the CEO)	Homepage	Visiting the shop and purchasing products
<b>(D) Firm with 23 years of history</b>	One (with the wife of the CEO)	Homepage	Visiting the shop and purchasing products
<b>Representatives of local shop employees</b>	Five (with local shop employees)	None	None
<b>Others</b>	None	Online articles (10)	None

Finally, in terms of content the data collection in the third phase was based on the findings from the second. For instance, although many of the interview

questions were taken from the guide used in the second phase, organizational identity was added (see the interview guide in Appendix 3).

### 3.3 Data analysis

#### *3.3.1 Inductive theory building (Article 1)*

The data analysis began in late 2010, almost concurrently with the data collection. Given the phenomenon-driven nature of the study, data-analysis methods typical of grounded theory building and ethnographic research were implemented (Glaser & Strauss 1967; Locke 2001). The process involved merging all the data, constructing narratives, openly coding the narratives using NVivo 9.0 software (Locke 2001), grouping the data into first-, second-, and third-order codes and themes (Creed DeJordy & Lok, 2010; Strauss & Corbin 1998), and interpreting the codes against the existing literature. It was particularly useful to have three researchers coding the data and comparing the results. The efforts of all three co-authors resulted in highly reliable and robust data analysis (cf. Yin 2003).

The most challenging aspect of the analysis was the final phase of comparing the emergent codes and themes with the existing literature, and trying to find a novel theoretical contribution. Iteration among the various theoretical approaches such as dynamic capabilities, evolutionary economics, and routine practice theory finally produced a relevant fit with routine practice theory. More than a mere fit was required, however, given the need to identify a research gap in the literature following the data analysis. This was very difficult because of the absence of an initial theoretical framework. Hence, the inductive theory building turned out to be highly exploratory, involving massive data collection and analysis, and complex methodology. All in all, the three researchers were engaged in the process of iteration between data and theory for more than two years.

#### *3.3.2 Historical analysis (Article 2)*

In accordance with the second research sub-question, the data analysis for the second article was more descriptive, namely historical analysis, meaning the systematic analysis of primarily archival historical evidence. The most common type of qualitative historical analysis involves coding and categorizing histories into event time strings. One of its advantages is that it allows complex inter-dependent relationships to be traced over time, and

facilitates analysis of the long-run effects of particular choices or decisions (Jones & Khanna 2006).

In line with these principles, the data-analysis process comprised four stages. First, we wrote an historical description of the overall development of Kyoto's sake-brewing industry; second, we analyzed each case firm's history and developed chronological case histories; third, we conducted a cross-case analysis (Eisenhardt 1989); and finally, we compared the empirical findings with the theory of acculturation and identified some new theoretical insights.

One of the challenges of historical analysis (compared with conventional analytical methods), given the descriptive nature of the data, is to find a novel theoretical contribution (cf. Jones, Luuven & Broadberry 2012). In an effort to deal with the problem we defined our fairly well established theoretical approaches, namely organizational culture and local culture, before beginning the data analysis, based on an extensive literature review and findings from the first data-collection phase. Furthermore, complementing the archive materials, we analyzed and coded extensive in-depth interviews with managers and employees in the case firms, local institutional representatives and local people, as well as our observational field notes. Thus, in combining the historical analysis with case-study methodology (Eisenhardt 1989) we were able to present findings that were both empirically and theoretically interesting.

### *3.3.3 The social-constructivist approach in multiple case studies (Article 3)*

A different qualitative-analysis method, the constructivist approach was adopted in the third article. The respective analytical methods reflect the differences in the research questions. The overall objective in the first article was to shed light on an unstudied new phenomenon, whereas in the second article the aim was to enhance understanding of how the case firms and the local community evolved in a vertical time flow. Finally, the focus in the third article is on narrowing a theoretical gap in the literature using the Shinise phenomenon as a context. Although the research question is less time-sensitive, we considered the context ideal for studying the process of cultural change because of the strong organizational culture rooted in the local community with its own strong culture, thus constituting a highly integrated context in which cultural change happens.

Given the extreme longevity of Shinise firms (and the necessarily subjective remembering of the past by informants) and the theoretical gap in question (the internal dynamism in processes of cultural change, which involves relatively subjective data interpretation), the social-constructivist approach seemed to be more relevant than conventional multiple-case-study

methodology. The focus of the data analysis in the social-constructivist tradition is on making sense of the textual material in a subjective manner (Weick 2005). In other words, I as a researcher produced and interpreted the text (cf. Wright 2011). The analysis involved both categorization and connection (Maxwell & Miller 2008).

As in all of the articles, the final phase of comparing the empirical findings with the existing theory turned out to be critically important. In the case of the third article the research gaps in the focal literature were rather clear, and therefore the provision of novel theoretical insights was easier than in Articles 1 and 2. These new theoretical insights were presented in the form of ‘thick’ narratives, reflecting socially established codes and meaning structures (Lincoln & Guba 1985; McGaughey 2004; Stake 1995). Consequently, although they provided a rich understanding of the cases, generalizable outcomes could not be claimed (Stake 1995).

### 3.4 Evaluation of the study

Reliability, validity and generalizability constitute the basic framework within which to evaluate quantitative research in the social sciences and business (Marschan-Pekari & Welch 2004, 291). However, the same criteria are not appropriate in the case of qualitative research given the different philosophical standpoints and goals of the two methods (Eriksson & Kovalainen 2008). Whereas the aim in quantitative research is typically to achieve generalizability through the testing of hypotheses, qualitative research tends to focus on theory building through the exploration, description and enhanced understanding of complex phenomena. It has been suggested that the quality of qualitative research should be evaluated against Lincoln and Guba’s (1985) four trustworthiness criteria, which they developed to correspond with the evaluation criteria of quantitative research. In the following I briefly discuss each of the four criteria and evaluate my study accordingly.

First, “credibility” is similar to internal validity. Essentially, credibility questions how well the findings of the study fit with the reality (Lincoln & Guba 1985). There are a variety of ways in which researchers can enhance credibility: they should, for instance, use established research methodology; make sure they are familiar with the cultural context of informants in advance of entering the field; aim for triangulation with regard to informants, data sources and investigators; maintain engagement throughout the process; ensure informant trustworthiness by means of iterate questioning and member checking, for example; provide a thick description of the phenomenon; and

examine previous research findings to evaluate the accuracy of their own (Linclon & Guba 1985; Shenton 2004).

I used established methodologies, and maintained credibility by using the same data-collection method in different local contexts in the second and third rounds. Given my half-Japanese and half-Finnish background I was familiar with the cultural context, and I was fluent in the local language. Researcher, data-source and informant triangulation characterized all the data-collection phases. I maintained engagement in the first phase during my three months of ethnographic research. Informant trustworthiness was ensured primarily by means of informant and data-source triangulation. The archive material in particular helped significantly in ensuring the credibility of historical events that the informants either could not remember accurately, or had not witnessed given the extreme longevity of the case firms. Archives facilitate the “tracing’ of events and people back in time (Mills & Mills 2011, 349)”, and the study of “a range of factors that are beyond, but may be complementary to, the techniques of observation and interviewing (Mills & Mills 2011, 349)”. Finally, I produced a thick description of the phenomena and always evaluated my findings in the light of previous research (cf. Eisenhardt 1989).

Second, “transferability” is similar to external validity and generalizability. In quantitative terms this concerns the extent to which the findings of the study can be applied to other contexts or populations. This criterion is interpreted in a specific way in most qualitative studies, the purpose of which is to enhance context-specific understanding of the phenomenon, and to achieve analytical (or theoretical) generalization so as to fit the findings from particular cases to the theory (Yin 2009). This type of generalization is powerful in the sense that it can explain situated dynamics and enhance understanding of other situations while being historically and contextually grounded (Feldman & Orlikowski 2011).

With regard to my study, Shinise firms are interesting because they are extreme cases among conventional firms due to their long history. There is thus no point in generalizing the findings to a wider population of firms, and the generalization should be on the theoretical level. Multiple cases from multiple contexts were investigated in the second and third data-collection rounds, a study design that allows a certain amount of ‘replication logic’ (Eisenhardt 1989), thereby fostering transferability of the empirical findings. In addition, although generalizability does not have to be established in qualitative studies, it is necessary to define the boundary conditions to ensure transferability. This is discussed in detail in Chapter 5.

Third, “dependability” corresponds to reliability, which essentially means in the positivist paradigm seeking to establish that the same results would be obtained if the same study with same methods and context were repeated by



other researchers (Shenton 2004). In order to establish such dependability, or consistency in the findings (Lincoln & Guba 1985) in qualitative studies it is recommended that details of the research approach, and the data collection and analysis are included in the research reports (Shenton 2004).

With a view to establishing dependability, I have described the research strategy, and the data collection and analysis in detail in earlier sections. Interview guides (see the appendices for some example) were used so that same study could be repeated. Although the interviews in the first data-collection phase were not audio-recorded (it may be difficult in the collection of ethnographic data to record conversations that take place daily on an informal basis), those on the second and third phases were. This helped to establish some degree of dependability (cf. Saunders, Lewis & Thornhill 2007). I also documented the narratives on the day they were collected in order to enhance dependability.

Finally, “conformability” is related to objectivity, the aim being to ensure that the results obtained represent the objective reality as presented by the informants and not the subjective interpretations of the researcher (Shenton 2004). Although this aspect is important, the purpose in many qualitative studies is not necessarily to achieve objectivity, but to include subjective interpretations of the researcher to some extent (Stake 1995). This applies in particular to the social-constructivist approach to case studies, in which the subjects ascribe meaning to their own behavior, and researchers are part of the world they study (Maréchal 2010).

Although the social-constructivist approach “allows” objectivity to be ignored, it may result in problems such as “the problematic status of empirical data and delimitation of phenomena; the problematic status of the researcher resulting from subject-object interdependency or inbetweenness; methodological relativism; the emergence and contingency of research design; and problematic ethics of result evaluation” (Maréchal 2010, 224). In order to avoid these potential problems the social constructivist needs primarily to decide on the following points: “a. how much to participate personally in the activity of the case; b. how much to pose as expert, how much comprehension to travel; c. whether to be neutral observer or evaluative, critical analyst; d. how much to serve the needs of anticipated readers; e. how much to provide interpretations about the case; f. how much to advance a position; g. whether or not to tell it as a story” (Stake 1995, 103). In other words, the role of the researcher has to be made clear.

My role as a researcher during the first data-collection phase was that of a participant observer (Eriksson & Kovalainen 2008). Hence, I was involved in the activities of the case firm at the same time as observing and evaluating them. I was not a participant in the second and third phases, merely observing

and evaluating activities and events in the case firms and the local community. The reports of my findings were primarily based on information obtained by the informants, but I cannot deny that my own interpretations of my observations are included. Repeated data and researcher triangulation helped to reduce researcher bias and the potential drawbacks of allowing subjectivity (cf. Lincoln & Guba, 1985) in most phases of the data collection and analysis, with the exception of the results reported in Article 3, of which I am the sole author. Finally, efforts were made to ensure that the chain of evidence – from the data collection and analysis to the findings, discussion and conclusion – is well documented for the readers (Yin 2009).

## 4 THE EMPIRICAL FINDINGS

The purpose of this chapter is to present the empirical findings from the three phases of data collection, and the data analyses conducted for each research article. The first section summarizes the findings reported in the three research articles, respectively. Article 1 relates to the first research sub-question: *How are stability and change achieved in a Shinise firm (from the perspective of routine practice theory)?* Article 2 addresses the second sub-question: *How and why can Shinise firms achieve long-term survival despite environmental turbulence (from the perspective of theories of culture)?* Article 3 focuses on the third sub-question: *How does the micro-process of cultural change happen in a cross-level context (from the perspectives of the theories of culture and organizational identity)?*

The focus in the second section is on transferability and analytical generalization with regard to the main findings. I compare the results relating to Kyoto's confectionary and sake industries (cross-industry comparison), and those concerning the confectionary business in Kyoto and Bruges (cross-regional comparison). The aim is to confirm and validate the three sets of findings from a wider, multi-context perspective.

Finally, I synthesize the empirical findings in the light of the overall research question addressed in this dissertation: *How have Shinise firms achieved longevity by balancing stability and change?*

### 4.1 The findings reported in the three articles

#### 4.1.1 Article 1 (Sasaki et al. 2015)

The findings fall into three categories as a result of grounded theory building: continuity in the Shinise firm, top-down changes, and bottom-up changes. *Continuity* was evident in the companies' philosophies and mottos, their willingness to exist indefinitely, their recruitment and human resource management policies, and their established relationships with employees and other key stakeholders. These purposes, values and identities were reflected in behaviors that convey the continuity. Examples of such behaviors include ceremonies, rituals, signs and actions reflecting company values, the maintenance of ownership and management within the family, and *kodawari*

(i.e. particular things that are unique to the company, and have been resolutely protected) with regard to raw materials, products and production processes.

*Top-down changes* in the case firm concerned the way in which strategic goals were formed and implemented by top management. Strategic goals and visions concerning profit and productivity (e.g. the hygiene project, the establishment of new distribution channels and supplier consolidation, and diversification and the identification of new markets) were communicated and implemented by means of engaging top managers in discussions about what needed to/could be changed, and building organization-wide incremental support. An interesting aspect of these top-down changes was the existence of a dialectic process in which the major changes mentioned above were associated with the founder's words and philosophies. Thus, the change elements were always balanced with the constancy elements.

*Bottom-up changes* resulted from the initiatives of empowered employees, who shared ideas and renewed activities collectively. The role of the craftsmen was particularly powerful on account of the senior-junior social classification of employees in the organization. The nature of these changes was evolutionary, meaning that they tended to be incremental and eventually led to large revolutionary changes. Examples include kaizen activities and the instance of the tree of waste.

In our theory-building effort we re-constructed these three phenomena as follows: continuity as '*Shinise tenacity*', top-down changes as '*stability in motion*', and bottom-up changes as '*emergent change*'. The aim was to connect the data with the theory of routine practice. The central proposition of this study is that each of these phenomena, and the interaction between them explain stability and change in the Shinise firm, and provide insight into its Eizoku management (i.e. how stability and change secure long-term survival).

In order to capture the concept of Eizoku management we considered the three phenomena and their interaction on two theoretical levels: shared organizational schemata (organization level) and organizational routines (routine level) (cf. Rerup & Feldman 2011). Although the construct of *emergent change* largely confirmed existing routine practice theory (Feldman 2000; Dionysiou & Tsoukas 2013), *stability in motion* and, in particular, *Shinise tenacity* not only extended the current reach of the theory, but also gave new insights on aspects such as intrinsic finality, core values, organizational identity and an action frame of reference. On the organizational level of interpretive schemata, *Shinise tenacity* (and the mechanism of stability in motion) safe-guarded certain organizational aspects against change, providing the limits for emergent change. Each of these phenomena and their interaction mechanisms shed light on how stability and change were achieved in a Shinise firm from the perspective of routine practice theory.

#### 4.1.2 Article 2 (Sasaki & Sone 2015)

The evolution of the sake-brewing firms was categorized into four chronological phases based on a historical analysis of Kyoto's sake brewing industry as a whole and of the five case firms. *Phase 1*, from the founding of the firms until the Toba-Fushimi War of 1868, covers the founding context. Common to all five case firms was that they eventually converged in Fushimi to produce sake. From a cultural perspective this period was one of 'assimilation' of the organizational cultures by the local culture. At the time, the Imperial Family (as a symbol of longevity, continuity and prosperity in Japan and Kyoto) and nobles still lived in Kyoto, attracting the best craftsman from all fields who would provide them with the best products. The founding fathers of the case firms formed their respective corporate cultures during this period.

*Phase 2*, from Meiji-Isin (1868) until the beginning of the Second World War, and especially the Pacific War (1941), began with the first threatening event for the case firms: the Toba-Fushimi War (a Japanese civil war that broke out in the city of Kyoto). Fushimi sake brewers had to cope with dramatic societal changes and increased the value of their firms by changing product lines, adopting modern business structures, introducing innovations, and expanding market shares. Interestingly, these firms decided to stay in the founding location and retain their established human relationships despite the fact that the Imperial Family and nobles had moved to Tokyo. They took the lead in reviving the cultural value of Kyoto and the reputation of Fushimi nationwide. Hence, from the cultural perspective this period was one of 'reversed dominion' by the organizational cultures of these firms.

*Phase 3*, from the beginning of the Second World War, especially the Pacific War (1941), until the oil crisis and the peak in domestic demand for Japanese sake (1975), was a particularly trying time for most of the case firms, largely because it was difficult to procure rice, from which Japanese sake is made. However, the so-called post-war Japanese economic miracle heralded the golden age of sake brewers, too. Whereas the case firms gained market share by means of catchy TV commercials, unique product innovations, and effectively using the 'made in Kyoto' brand, they resisted excess growth by upholding the corporate values of thrift and humility, and due to the limited market size of Kyoto in comparison with those of Tokyo, Osaka, and Nagoya. The prosperity they achieved during this period was partly attributable to their good use of the Kyoto brand name. Thus, they also enhanced the cultural value of Kyoto as a whole. In cultural terms this period was characterized as 'enhancing the value of the local culture'.

During *phase 4* (from 1976 to date), although the Japanese economy as a whole faced recession after the oil crisis, other alcoholic drinks became extremely popular in the domestic market. The case firms coped with the problem by internationalizing and cooperating with local authorities to promote their products. Nowadays they actively inform and influence public opinion to reflect on and value Kyoto's traditional culture. At the same time, local politicians are keen on helping the case firms because of their long-lasting cultural values, and their role in attracting and boosting tourism, protecting local employment, and providing a basis on which younger firms can prosper. Thus, from the cultural perspective this phase is characterized as one of '*reciprocal integration*', reflecting the reciprocal cooperation between the firms and the local community.

Our findings imply that although the Shinise firms' organizational culture and the local culture retain elements of continuity, their relative strengths and roles have fundamentally changed. Thus, this historical analysis of the sake brewing industry and the theoretical insights into the interaction between the organizational and local cultures show how and why Shinise firms achieve long-term survival despite environmental turbulence from the perspective of theories of culture.

#### 4.1.3 Article 3 (*Sasaki 2015*)

The focus in Article 3 is on micro-processes of cultural change. Four aspects are reported. The first concerns the '*firm's culture and identity, and its relationship with the local community*'. Values characterizing the organizational culture included honesty, putting the customer first, thinking about continuation rather than profit, not expanding the business, maintaining a strong identity rooted in craftsmanship and high product quality, maintaining the family business, and pride associated with all of these. Whereas the values and identities were maintained through long-term trust relationships associated with family ownership (such as successor and craftsmanship training), continuity and change were achieved through the introduction of modern technologies.

The firms engaged in sensegiving in the local community by being actively involved in local activities and keeping local people informed about their traditions and culture. As a result, many local people felt proud of the Shinise firms, and identified with them. This led to the development of a local community with values that supported Shinise values.

The second aspect concerns the '*local community's culture and identity, and its relationship with the Shinise firms*'. The *values* of the local community

indicated an appreciation of continuity, the prioritizing of culture over profit, and the valuing of both continuity and change. Its *identities* stemmed from its pride in the Imperial Family and the nobility, and the traditions and history associated with its many temples, shrines and natural resources.

Local politicians in Kyoto were particularly supportive of Shinise firms in terms of sensegiving. They saw their role as creating a stage on which these companies could prosper and be freed from the pressure to achieve economic efficiency. In addition, the local community assumed the role of gatekeeper, approving and selecting which firms would be ‘insiders’. As a result of this active involvement the firms had a strong attachment to the local community, identifying with it and its values, customs, and traditions.

On the theoretical level these first two sets of evidence indicate cross-level processes of cultural change, characterized by four mutually applicable terms: *involvement, sensegiving, identification, and value adjustment*.

Third, there were ‘*instances smoothening the interactions in the local community*’. Local-community norms made the *identification* phase smoother. For example, encouraging a focused niche-market strategy based on high-quality products and long-term business relationships helped to avoid excess competition among the firms.

Finally, ‘*events external to the local community*’ appeared to play a role. Happenings in the Tokyo area, new trends in tourism and other external factors influenced the *identification* phase of cross-level cultural change. Consequently, the four cross-level processes shed light on the final research sub-question: How does the micro-process of cultural change evolve in a cross-level context (from the perspectives of theories of culture and organizational identity).

## 4.2 Confirmation and validation of the empirical findings

### 4.2.1 Similarities and differences across industries

As shown in Figure 1, which illustrates the contextual setting of the study, the research questions as well as the theoretical and empirical settings discussed in Articles 2 and 3 were formulated based on the empirical findings reported in Article 1. For example, reflecting the notion of Shinise tenacity, the analysis in Articles 2 and 3 emphasize the organizational culture of Shinise firms. Similarities in findings related to the firms’ purpose, values, identity and behaviors are evidenced in all three articles. In a way, the single case was expanded to a multiple-case study in the industry-level analysis. However, only with in connection with Article 1 that one could not confidently say that

the findings reported in the three articles apply across industries. There is thus a need for a more careful cross-industry comparison. The focus in this section is on the findings reported in Articles 2 and 3. The aim is to raise the level of analysis by comparing two distinct industries in the same local context.

Articles 2 and 3 are distinct in terms of temporal context. Article 2 documents the acculturation patterns (resulting from the acculturation process) of the sake-brewing firms and the local cluster as a whole, based on the differences in strength between the organizational cultures and the local culture. The documentation is conducted chronologically, focusing on the vertical flow of time. The focus in Article 3, on the other hand, is on the internal dynamism and the process of change (the mechanism) between the organizational cultures and the local culture, the assumption being that 'integration' (among the acculturation patterns) is happening at the present time. Thus, the two articles analyze the same phenomenon (interaction between the organizational and local cultures) from different angles, complementing each other.

Before turning to the two industries it is necessary to compare the attributes of the case firms. The sake-brewing firms ranged in size from 10 to 520 employees, and the confectionary firms from four to 200 employees. Thus, although the former were generally larger, both sets of firms could be categorized as small or medium-sized enterprises (SMEs). In terms of history the brewing firms ranged from approximately 120-380 years, and the confectionary firms from approximately 130-325 years. Hence, on this attribute, too, the two sets of firms are similar. On the question of ownership, most of the sake brewers maintained a direct lineage of family ownership, as opposed to approximately half of the confectionary firms.

Among the similarities in the firm-level attributes were, first, their corporate philosophies. The confectionary firms emphasized values such as: (1) balancing continuity and change, (2) not expanding the business, (3) craftsmanship and highly specialized product quality, (4) honest business activity and putting the customer first, (5) continuing the family business, (6) thinking about continuation rather than profit, and (7) maintaining long-term relationships with key stakeholders. The most frequently mentioned values in the brewing firms were: (1) fostering harmony and happiness in society, (2) ensuring employee wellbeing, (3) maintaining focused business lines, (4) not focusing on short-term profit making, (4) producing high-quality products, and (5) constantly innovating.

Thus, although there were slight differences in wording and emphasis (e.g., the brewing firms placed more emphasis on contributing to society at large and safeguarding the well-being of their employees, whereas the confectionary firms seemed to focus more on giving value to their direct customers; and the



confectionary firms seemed to emphasize the importance of family ownership more than the brewing firms), the above characteristics were not mutually exclusive. It was therefore difficult to detect industry-level differences in terms of values and corporate philosophies, and the slight differences could have resulted from differences in the firm-level attributes.

Second, similar levels of effort were put into successor education in both the sake-brewing and the confectionary firms. The case firms in the sake-brewing industry maintained a patriarchal system, regardless of size and the level of modernization. It was common for grandparents or parents to hand down corporate philosophies and values to the next generation. The general rule under this system was that the oldest son of the family took over the business, typically having worked outside of the firm for a certain period of time, and then coming back. He was then required to work with his father for a given period of time before being inaugurated as the new CEO. Internal continuity not only in the family lineage but also in the organizational culture was maintained throughout the generations through this patriarchal system. The following two citations exemplify what the CEOs and managers of the case firms said about it:

*“When a firm is not a family business, each new CEO tries to bring their own color, and thus the corporate culture differs in each generation. However, in our case, the CEO is the same for about 30 years, so it is impossible to have multi-culture in the firm.” (CEO of Yamamoto-Honke)*

*“In modern firms, the management changes every three or four years. These managers think only in a three-to-four-year time horizon. This is Americanized way of thinking centered only on numbers. In Shinise firms this kind of management is admonished. It is against the way of thinking expressed in the word “sompouyoshi” (A saying meaning not to seek high profit in the short term but to believe that profit or loss depends on the gods, and to live for the sake of the company’s stakeholders such as sellers, buyers and society as a whole).” (Production and distribution managers of Kinshi Masamune)*

The confectionary firms ensured succession in a similar way, as the wife of the current CEO of one of the case firms stated:

*“[...] My husband is the eldest son of the firm. He has a younger brother with an age difference of seven years. There was extensive discrimination between the two sons in the family, such as in the height of the food table (Japanese ozen table), and in the order of taking a bath), so as to make it clear who is the successor. My husband said that he never felt unwilling to take over the*

*business because he had been educated into it since he was very small.” (Wife of the CEO of firm E)*

On the other hand, whereas the sake-brewing firms did not mention much about craftsman education, the confectionary firms seemed to have more established methods. According to a representative of firm E, traditional systems of educating successors and craftsmen are still practiced today:

*“In the past, the craftsman started his career by delivering and marketing the firm’s products for two years altogether. After that he was allowed to enter the real workplace. The next stage was to boil bean paste. This training continued for three years. Altogether, it took about 10 years to fully train a craftsman. However, the training period has now been shortened to five years. In the past, the most recently qualified craftsmen used to sleep in one big room with many others, when their career developed they shared a room for two people, and were finally given a single room. They used to live on company premises until they got married. They only had two days of holiday per month, and minimal wages (the firm paid their living costs, as they lived there). After their training period, some craftsmen established their own shop (i.e. bekke). In such cases, with company approval the new firm normally takes the first part of the company’s name, with its own name below it. Previously when the craftsmen became independent, the company provided land, buildings and everything necessary to open a business, which is why they did not have a salary when they were apprentices.” (Wife of the CEO of firm E)*

Finally, there were many similarities in how the two industries related to the local community. For example, the firms in both were highly attached to the local community (they were not considering moving their headquarters, for example), shared its values, customs and traditions, and contributed to it in one way or another (such as jointly organizing festivals, engaging in charity and voluntary activities, educating local people about their traditions and culture, boosting local employment, promoting Kyoto’s culture to the rest of the country and the World, and paying taxes).

In conclusion of this brief comparison, there are many similarities in the internal mechanisms of ensuring continuity (such as the unchanging corporate philosophies and values since foundation, the mechanism of preserving family ownership and craftsman training), and in how the firms relate to the local community. There were differences in emphasis in aspects of the corporate philosophies and values, and craftsman training, but they were minor. It could therefore be concluded that the empirical findings reported in Articles 2 and 3

are not industry-specific, and that many of the firm-level attributes of Shinise firms are transferable to other traditional industries.

#### *4.2.2 Similarities and differences across local regions*

The cross-industry comparison described in the previous section was restricted to the local community of Kyoto, and does not in itself imply that the empirical findings could travel across differing local contexts. The comparison in this section is therefore between the findings reported in Article 3 and the data from Bruges, Belgium. The regions of Kyoto and Bruges are similar in the sense that they are both intense industrial clusters of traditional confectionary industries, and both cities have a long and rich history as cultural and business centers.

However, closer scrutiny of the firms in the industrial cluster reveals that the ones in Bruges with more than 100 years of history are no longer family businesses, having faced acquisitions both domestically and internationally in the 19<sup>th</sup> century. Thus, as explained in the methods section, I focused my analysis on family firms even though they have shorter histories: between 10 and 85 years among the case firms in Bruges as opposed to 130-325 years in Kyoto. Strictly according to the definition, these family firms do not represent the Shinise phenomenon. However, the data help to verify and confirm the findings from Kyoto in that, although the two local regions have much in common, the two industries seem to have distinct path dependency in their historical development: Kyoto's confectionary industry seems to have achieved much more prolonged continuity (path dependency) than the chocolate industry in Bruges. Consequently, the empirical data should reveal distinct differences.

In terms of firm size, the case firms from Kyoto have between four and 200 employees, whereas those from Bruges employ fewer than 10 people. Thus, the empirical comparison here focuses only on the three Shinise firms from Kyoto with just a few employees.

The empirical findings reveal various similarities and differences between the two clusters. The similarities are in the firm-level attributes of values and identities. Both sets of firms value aspects such as (1) an honest business approach and a customer-first orientation, (2) thinking about continuation rather than profit, (3) the cultivation of long-term trust relationships, (4) achieving a balance between continuity and change, (5) focusing on craftsmanship and product quality, (6) the importance of family ownership, and (7) successor education and (8) craftsman training together with

traditional production methods. These turned out to be surprisingly similar in the two cross-cultural industrial clusters.

On the other hand, there was a difference in emphasis with regard to the involvement of the local firms in the activities of the local community. In comparison with the case of Kyoto, the local firms in Bruges, for instance, engaged in fewer sensegiving activities, and as a result the local community did not identify with them strongly enough. For instance, they rarely organized charity and voluntary activities, or local festivals, and did not spread the word to local people about tradition and culture.

On the other hand, the local community in Bruges seemed to actively demonstrate involvement with the firms in the form of sensegiving activities, and the local firms seemed to identify with the local community. In particular, the sensegiving role of the guilds turned out to be critically important. The first guilds appeared in the 14th century. There used to be 12, each for a different profession. The guild master had many disciples, which meant that many skilled craftsmen used to gather in Bruges. The guilds facilitated cooperative activities between the firms and helped to curb excess and unnecessary competition in the local community. As the manager of the Choco-story Museum put it:

*“Indeed there have been conflicts between the chocolate firms, but the formation of the guild has helped to make the firms cooperate more. Now they work in the same direction, we have the common goal of making Bruges a better city [...] This does not happen in other cities in Belgium, where they compete and are in conflict with each other.”*

The involvement of local professional unions was much less prominent in the Kyoto context, for example, and local politicians assumed an extensive cooperative and sensegiving role in local firms.

The second difference concerned the acceptance and adoption of local-community values: the firms in Bruges seemed to be less enthusiastic than those in Kyoto, possibly due to anti-cultural behaviors in the local community. Such behaviors included aggressive M&A activities that weakened local embeddedness and strengthened the tendency towards separation or marginalization between the organizational and local cultures. These behaviors might have been needed due to the globally competitive nature of the industry and the need to achieve large economies of scale. Therefore, although Bruges as a city has a long and rich history as an international center of culture and business, giving up family ownership, and engaging in domestic or international M&As through mergers with multi-national chocolate firms reduced the level of local embeddedness and cultural-value-enhancing

activities among local industry as a whole. The following extract from the interview with the CEO of a Shinise embroidery firm (with more than 110 years of history) operating in Bruges supports this finding. His opinion is clear:

*“Our central identity is the firm in Bruges. We are here or nowhere. We are very proud of who we are and where we are, and the heritage of this place, so we try to choose the strategy of staying in this location (for example by making the quality of the product very high), rather than choosing a strategy to move somewhere else. We are putting our shoes in the soil here (and not somewhere in the stock exchange). I think it’s a good idea to stay away from the stock exchange as far as you can. [...] Our business goal is definitely long-term survival. We plan business in 50 years and not in quarter terms. Most businesses chase after short-term profit and are easily affected by the volatility in stock prices. However, in my opinion, this is totally stupid. These people do not know anything about business. Our goal is to pass the business on to the next generation in as good a shape as possible.”*

These empirical findings indicate that historical length matters to the firms in the local industrial cluster. In other words, the historical length of the case firms seems to have had an impact on today’s processes of cultural change and local acculturation patterns. More specifically, one of the implications from these findings is that a firm that lacks historical continuity might find it more difficult to engage in sensegiving activities among the local community. Firms embedded in a local community with a long and rich historical background easily become assimilated. In the case of Bruges, the strong presence of guilds has many positive aspects, but it may make local firms over-dependent on them, inhibiting individual firms from actively ‘giving’ to the local community. Another implication is that a lack of historical continuity due to M&A activities makes such firms culturally separate or marginalized from the local community. The identification of distinct differences in the two local regions, with firms of varying historical length, confirms that the findings reported in Article 3 cannot be applied to other industrial clusters of firms with shorter histories.

### 4.3 Synthesis of the empirical findings

This section addresses the overall research question of the dissertation: *How have Shinise firms achieved longevity by balancing stability and change?*

Article 1 on the internal dynamics of Shinise firms reports a duality of organizational continuity and change. Three types of mechanism, Shinise tenacity, stability in motion, and emergent change secured a balance between continuity and change in the firm. ‘Shinise tenacity’ is identified in particular as a distinguishing feature with regard to conventional firms of average age: as an organizational interpretive schema it provides intrinsic finality, core values, organizational identity and an action frame of reference that guides the balance between stability and change. Consequently, interaction among the three types of mechanism enhances the potential for long-term survival in these firms. In addition, it seems from the cross-industry comparison of the similarities and differences that the Shinise firms in the sake-brewing and confectionary industries are similar in terms of organizational culture, their internal mechanisms for ensuring continuity, and in how they relate to the local community. The findings reported in Article 1 (from a single-case study of a confectionary firm) might therefore be applicable to other Shinise firms operating in different traditional industries.

Taking account not only of the internal functions of Shinise firms, but also of their longevity in relation to the external environment yielded further insights. As reported in Articles 2 and 3, Shinise firms form a cluster in certain intra-national regions, and become very committed to this location: there is a need for elements of continuity in both the organizational and the local culture. For example, the local culture in the case of Kyoto, comprising pride in once having been the capital, the heritage of the Imperial Court and nobility, and humility and thrift, survives to this day. As pointed out in Article 2, although economic and political environmental change and adaptation may be inevitable, the socio-cultural environment of the location should encompass elements of continuity and stability that have aspects in common with the firms’ organizational cultures.

The findings reported in Article 3 complement those discussed in Article 2 in pointing out that the maintenance of continuity in both cultures facilitates interaction between the organizational and the local cultures. Stages in the process of cross-level cultural change were identified as: involvement, sensegiving, identification, and value adjustment. The change process is based on the assumption that Shinise firms promote sensegiving in the local community through active engagement, and that the local community supports and provides sensegiving to the Shinise firms. The analysis of similarities and differences across local regions confirmed this finding: the achievement of the ‘integration’ type of cross-level cultural interaction requires active participation from the firms and the local institutions. Moreover, anti-cultural behaviors engaged in by domestic as well as international M&As prevent stability both internally (by abolishing family ownership) and externally (by

inhibiting local embeddedness). It therefore seems that the historical length of a firm has an impact on current processes of cultural change and acculturation patterns.

Overall, these findings indicate that Shinise firms have achieved longevity through the following three processes:

(1) The functioning of three mechanisms (Shinise tenacity, stability in motion, and emergent change) to secure an internal balance between stability and change, Shinise tenacity being especially important.

(2) The continuing stability of the socio-cultural environment of the local community (although Shinise firms do adapt to changes in the economic and political environments).

(3) Active interaction between the organizational and the local cultures, with mutual sensegiving on the part of the Shinise firms and the local community.





## 5 CONCLUSIONS

### 5.1 Theoretical contribution of the study

Chapter 4 focuses on the empirical findings related to the overall research question and the sub-questions. In this first section of the concluding chapter I elaborate on these findings in order to highlight their theoretical contributions to extant theories and the phenomenon of organizational longevity. The theoretical contributions fall into two categories: those that support and extend current theories, and those that give new insights.

#### *5.1.1 Support and extension with regard to current theories*

Several Japanese studies highlight the fact that Shinise firms have the ability to balance stability and change (Hiramatsu 2004; Kamata 2006; Matsuoka and Tsujita 2012; Murayama 2008; Nagasawa & Someya 2009; Samezawa 2004). There are also a few studies in the Western management literature implying that balancing stability and change could enhance organizational longevity (Burchell & Kolb 2006; Burgelman & Grove 2007; Farjun 2010). My aim in this section is to present the theoretical contributions that confirm the insights discussed in these works, and at the same time to extend the reported findings. I also highlight the theoretical contributions of this study to the three alternative theoretical perspectives on corporate longevity.

First, in support of the current understanding, *the way firms set their ultimate goal (purpose) matters in terms of business longevity*. Although the view in most of the classic works promoting behavioral theory is that profit maximization is the end goal of the firm, more recent streams of literature in areas such as family businesses and CSR tend to reject this proposition and instead emphasize non-economic goals. Research related to family businesses indicates that such firms prioritize Family-Centered Non Economic (FCNE) goals (Chrisman et al. 2012) and Socio-Emotional Wealth endowment (SEW) aims, such as maintaining control and influence, ensuring the identification of family members with the firm, their binding social ties and emotional attachment, and strengthening family bonds through dynastic succession (Cannamo et al. 2012, 1159) over profit making.

The findings of my research on Shinise firms support the logic of putting family values before profit, and reject the fundamental assumption in most classic theories of the firm that the end goal is short-term profit maximization. However, my findings also imply that intrinsic finality in Shinise firms goes one step beyond profit making towards SEW. The firm's continuing existence is the final goal and the SEW of the controlling family is a means of achieving it (profit making < controlling the family's SEW < longevity). Sasaki et al. (2015) refer to this type of final goal as Shinise tenacity, which constitutes the basis of organizational stability and sets limits as to what can and cannot be changed in the firm. The founder's original ideals are still inherited and practiced today in the form of organizational interpretive schemata, in which shared assumptions, core values, and the frame of reference reflect Shinise views on the organizational purpose, value set, identity, actions and routines. These findings related to Shinise tenacity support and extend the view expressed in the Japanese literature that the purpose of Shinise firms is to ensure family succession (Yokozawa 2000; Yoshimura & Sone 2005) and the preservation of certain values and corporate philosophies that date back to the founder's era (Hiramatsu 2004; Yokozawa 2000).

Second, my findings support the notion that the *dynamism in culture does affect business longevity*. Sasaki & Sone (2015) emphasize the fact that both internal continuity in organizational culture and external continuity in terms of location are necessary conditions for the achievement of longevity. In particular and as a further insight complementing current literature (De Geus 1997; Joarder et al. 2007), it seems that although economic and political adaptation might be necessary for long-term survival, the socio-cultural environment of the location should also encompass elements of continuity and stability that reflect the firms' organizational cultures.

Stability was considered necessary in each culture (viewed separately), although it was also emphasized that its relative strength and role had changed substantially in different phases of the company's history. In other words, stability (within each culture) and change (in relative strength) were both needed and complemented to achieve organizational longevity. These findings support and complement the extant literature suggesting that cross-level interaction on different cultural levels (Kirkman, Lowe & Gibson 2006) could enhance understanding of stability and change in culture (Berry 2008), and that cultural dynamism could be studied through the concept of the strength of the culture in question (Saffold 1988; Sasaki & Yoshikawa 2014; Schein 2004; Weick 2001).

Furthermore, Sasaki and Sone's (2015) findings bring theoretical insights into the literature on culture in treating intra-national regional culture as a serious unit of analysis (Bacattini 1990; Howard-Grenville et al. 2013; Jones

et al. 2007; Kirkman et al. 2006; McSweeney 2009; Mizzau & Moutanari 2008; Oinas 1998; Pilon & DeBresson 2003; Saxenian 1994): specifically, it is suggested that it is the interaction with the local rather than the national culture that matters and fosters longevity. These results support and extend the work of Murayama (2008) on the balance between traditional and high-tech industry in the Kyoto area, and Yokozawa's (2000) study highlighting the need for the co-existence of stability and change in local communities surrounding Shinise firms. These findings also add to the main argument in the literature on organizational ambidexterity in broadening the unit and level of analysis to include the management of tensions between competing objectives on the organizational and local-community levels (Birkinshaw & Gupta 2013; Burchell & Kolb 2006; Leana & Barry 2000).

Finally, my study confirms and builds on the notion that *a firm's history does matter to today's business*: a comparison of similarities and differences across local regions revealed that historical length does, indeed, have an impact on current processes of cultural change and patterns of acculturation. This finding has the potential to contribute to the literature on business history (from a cultural perspective), in which there is "*widespread acknowledgement that history matters, but there is still a search for how it matters*" (Jones & Khanna 2006, 453). Relevant research questions could include: How and why does history matter? What aspects of history matter? Such research could also benefit the IB discipline in re-introducing the historical perspective in analyses of current phenomena (Jones & Khanna 2006; Jones et al. 2012). Thus, I propose in my dissertation that it is worthwhile focusing attention on the role of history in business and Shinise firms both in academia and in practice.

### 5.1.2 *New insights into current theories*

Building on the theoretical implications discussed above, I would like to discuss the contributions that significantly add new insights to existing theories. On the basis of some core assumptions from the ambidexterity approach (Birkinshaw & Gupta 2013) I came to an understanding of how Shinise firms balance stability and change. As a result I not only realized what affects organizational longevity, but also understood in detail on the theoretical level the *mechanism* of balancing organizational stability and change, and how that leads to organizational longevity. In other words, my study went beyond identifying the 'duality' and 'ambidexterity' in the organization in theorizing the micro-process through which organizations achieve stability and change, thereby providing a novel and significant contribution in terms of understanding organizational longevity through the

three alternative theoretical lenses. Having described the empirical mechanisms in Chapter 4, I will now highlight their theoretical contributions.

First, as already mentioned, the identification of Shinise tenacity turned out to be the most significant theoretical contribution (Sasaki et al. 2015). Here I would like to focus more on the *mechanism*. Shinise tenacity supports organizational stability via sensegiving activity through the mechanism of espoused and enacted organizational schemata. It influences how routines are formed, and sets out what can and cannot be changed in the firm. The ostensive aspects of routines are aligned with the espoused schemata, and the performative aspects are aligned with the enacted schemata. Each set of aspects influences the other through co-constitution (i.e. the recursive relationship whereby two aspects create and recreate each other, which in turn, constrain and enable each other). Thus, Shinise tenacity is a stabilizing influence while at the same time defining the scope for change through interdependent processes, thereby ensuring organizational stability. This finding adds a new insight to routine practice theory: although the relationship between routines and schemata has been established (Rerup & Feldman 2011), the discussion thus far has not revealed how organizational schemata explain organizational continuity (Sasaki et al. 2015).

Two further mechanisms secure stability and change in the Shinise firm: stability in motion and emergent change. As a process, stability in motion develops as follows: espoused schemata influence the ostensive aspects of routines, and the ensuing changes alter the performative aspects, which in turn alters the enacted schemata. This top-down mechanism provides a novel alternative to Rerup and Feldman's (2011) explanation of how processes related to organizational schemata unfold and affect new routines that become established. The process of emergent change, on the other hand, is bottom-up: the performative aspects of routines alter the ostensive aspects and the enacted schemata, which in turn alter the espoused schemata through processes of mutual constitution (Feldman & Orlikowski 2011). All three mechanisms are inter-related, and give an overall picture of how stability and change are managed in the Shinise firm that extends and complements the work of others on the links between organizational routines and organizational schemata (Rerup & Feldman 2011). (Sasaki et al. 2015)

Second, Sasaki (2015) discusses the mechanism of cross-level cultural dynamism from a theoretical perspective. Sasaki and Sone (2015) emphasize the need for cultural dynamism between the organizational and the local cultures if firms are to survive in the long term. Sasaki (2015) develops this notion in identifying an internal dynamism in culture, separating aspects related to values and behaviors. She describes these internal processes as generative systems that develop through the interaction of values and practices,

and particularly emphasizes the role of the behavioral and attitudinal aspects as a mechanism facilitating cultural change (Sasaki 2015). This theoretical insight makes a novel contribution to the extant literature on culture, which is too fixed on values (Earley 2006; Javidan et al. 2006; Kondra & Hurst 2009).

Sasaki's (2015) work also adds value to the existing literature on cultural change in introducing the concept of organizational identification as a mechanism or tool that facilitates explanation of the internal dynamism in the values and behavioral aspects of culture. Therefore, two distinct theories (culture and organizational identity) are used in combination to enhance understanding of organizational stability and dynamism, despite their differing foci and levels and units of analysis. This approach to cultural change added new and novel insights to current theories (Christensen 1995; Howard-Grenville et al. 2013; Ravasi & Schultz's 2006). As a result, four phases were identified in the micro-process of cross-level cultural change: involvement, sensegiving, identification, and value adjustment. This mechanism is one of the most significant theoretical contributions of my dissertation: as I explain in Chapter 2, two distinct theories are combined in an attempt to explain how Shinise firms balance stability and change.

## 5.2 Managerial implications

Profit maximization and rapid growth in the short term are emphasized as the main purpose of the firm in today's business world, whereas longevity is seldom considered the primary objective (De Geus 1997). In my thesis I put forward the view that the firm's ultimate purpose may not always be profit maximization. My findings indicate that Shinise tenacity provides a basis on which to build organizational longevity. In Shinise firms, the founder's original ideal is still adhered to by organizational members who stubbornly maintain their faith in Shinise tenacity, which continues to influence their thoughts and actions. At the same time, it defines the scope for both top-down and bottom-up change. Practitioners could use these findings as a basis on which to establish a form of Shinise tenacity in developing mechanisms for balancing stability and change.

How can Shinise tenacity be established? How can successors ensure that the values established by the founder hold in perpetuity? One way would be to enhance understanding of the current applicability and acceptability of ancient values established by the founders of Shinise firms. As noted, they are expressed in various motto-like phrases: building a society that values harmony and happiness, fostering employee wellbeing, engaging in honest business with a customer-first focus, and craftsmanship and highly specialized

product quality. These values are morally acceptable regardless of time and place. Hence, firms intending to establish Shinise tenacity that lasts should adopt values that are morally acceptable regardless of time. In other words, for Shinise tenacity to function the principles that won the hearts of people 200 years ago should still have that power, meaning that firms should be moral and that moral practices should be maintained. This insight has implications with regard to present-day business ethics. Contemporary firms aiming at organizational longevity should consider whether or not they think and act on the corporate level in ways that employees and external stakeholders accept and are proud of. Moreover, they should think 50 to 200 years ahead (which is the time frame within which the CEOs of Shinise firms commonly plan) and ask the same question: are they thinking and acting in ways that employees as well as external stakeholders will accept and be proud of in 50 or 200 years. If CEOs and employees can proudly answer in the affirmative, it may be that the values and practices they adhere to could constitute a good basis on which to establish and maintain Shinise tenacity.

It appears from the findings of my study as well as the theoretical insights discussed in this dissertation that both the organizational and the local culture, and how they interact affect the longevity of firms. Sasaki and Sone (2015) and Sasaki (2015) highlight the benefits of the ‘integration’ effect of the two levels of culture. This has significant practical implications for firms: they should develop a strong organizational culture centered on Shinise tenacity; ideally they should be located in a local community with a strong culture; and they should actively engage in cultural interaction with the community. By the same token, these results and findings from the cross-regional comparison support the discouragement of anti-cultural behavior in firms: emphasizing only change (and not stability), engaging in mergers and acquisitions, being listed on publicly listed stock markets, expanding the business (including internationalization), abandoning the home community for short-term profit seeking, and exploiting the workforce or natural resources of the host community (or country). According to my findings, such activities might shorten the life of the business.

This is not to suggest, however, that firms intent on achieving longevity should never expand their business. They should rather consider both their home and host local communities in what could be called ‘localized expansion’. This, as implied in my findings, could be one form of business expansion (i.e. bringing about change) while maintaining stability. In other words it is a question of promoting Shinise tenacity, a strong organizational culture, family ownership, long-term employment and employee empowerment, keeping HQ in the local community, contributing to it and engaging in active cultural interaction; and focusing on high-quality products

(kodawari), for example. The same way of thinking could be applied to global expansion, which could be called ‘localized internationalization’. Firms pursuing the goal of longevity should stick to their home community (in other words focus on cultural integration with the local community and support local employment), while treating the host local community in a similar manner and engaging in reciprocal interaction. This more humble form of internationalization with its limits on market entry in terms of speed, scale and scope might be a suitable strategy in the case of non-equity modes of internationalization or Greenfield investment, and could foster organizational longevity. Similarly, longevity as the primary objective of the firm (i.e. Shinise tenacity) could bring numerous benefits beyond its confines. Such firms contribute to the local community and safeguard local employment, thereby bringing stability. As a group, such firms could promote national stability and prosperity. Moreover, if this business philosophy became the norm in international society, the implementation of ‘localized internationalization’ strategies could foster stability and prosperity worldwide.

### 5.3 Limitations and boundary conditions

Before discussing future options in terms of Shinise research, I will consider the limitations and boundary conditions of the present dissertation, beginning with the limitations of the overall study. The methodological limitations are extensively discussed in the final section of Chapter 3 (Research methodology). On the theoretical level it has to be admitted that all three theoretical approaches and their combined use had only limited relevance as far as the longevity of the case firms was concerned, and did not fully explain the reason. There thus seems to be a need for much more extensive theoretical and methodological triangulation in studies conducted by various scholars in various contexts: research streams focusing on family business, social-capital theory and entrepreneurship could shed light on the Shinise phenomenon, for example. In my view, only when the field matures and some ‘general theories’ have been formulated will it be possible to explain the longevity of Shinise firms with more confidence.

Next I would like to clarify the boundary conditions of the theories developed in the dissertation. Defining boundary conditions for the research findings is necessary in building robust theories (Whetten 1989). In the Introduction I defined a Shinise firm as “a company that has survived for more than a century, preserving the main field of business, and not selling the ownership of the company to outsiders.” To comply with the first criterion the industry must have existed for more than 100 years. Thus, most Shinise firms

in Japan are engaged in sake brewing and retail sales, manufacturing kimonos, running Japanese-style hotels, traditional Japanese confectionary, wholesale trading in wood and bamboo, and wood construction (Teikoku Data Bank 2009). Consequently, most of the products in question represent traditional industries. Although there are some high-tech Shinise firms, such as Schümer in Germany producing high-performance fabrics for more than 200 years ([www.schuemer.de](http://www.schuemer.de)), Fabbrica D'Armi Pietro Beretta in Italy producing weapons for nearly 500 years ([www.beretta.com](http://www.beretta.com)), and R. Durtneil & Sons Limited in the UK having been active in the building sector for over 400 years ([www.durtneil.co.uk](http://www.durtneil.co.uk)), it still seems easier to achieve longevity in traditional industries. Thus, most *Shinise firms exist and prosper in relatively stable environments*. The transferability of the firm-level findings to Shinise firms across traditional industries is confirmed in the analysis of the empirical findings in Chapter 4 (similarities and differences across industries).

Second, with reference to the second and third criteria, Shinise firms tend to be family businesses that have not diversified. Given the goal of ensuring survival rather than making large profits, growth is inevitably limited. It could be argued that some degree of growth is necessary, even for these firms, to maintain the standard of living of employees in line with the general economic conditions: they appear to limit other aspects in the growth dimensions in order to satisfy the general requirements for business survival. Hence, the *majority of Shinise firms are small or medium-sized*.

Finally I turn to the relationship between the national culture and business longevity. There is generally a strong emphasis on continuity in Japanese firms, which is more exaggerated in Shinise firms: the 250-year plan of Panasonic is world famous (Peng 2006). Indeed, Hofstede's (1991) cultural dimension could shed light on this strong long-term orientation, which he identified in other East Asian countries such as China and South Korea. However, these countries host few long-living Shinise firms (Teikoku Data Bank 2009) – for many reasons including political considerations in the case of China. Such firms are found in more significant numbers in European countries such as Belgium, Germany, France and Great Britain with lower scores on long-term orientation. It thus seems that the national tendency of being long-term-oriented may have some influence, but cannot be said to be directly associated with organizational longevity. Consequently, the *national culture should not be regarded as a boundary condition in this case*.

On the other hand, I suggest on the basis of my dissertation that the unit of cultural analysis that could relate to the Shinise phenomenon is the intra-national region, such as industrial clusters or cities. Although the empirical analysis reported in Chapter 4 comparing similarities and differences across local regions gives no indication that the findings from Kyoto could be



transferable to Bruges (given the short histories of its firms), the Kyoto findings might be applicable to other industrial clusters with long-living Shinise firms in both Japan and Europe.

## 5.4 Suggestions for future research

### 5.4.1 *Future research suggestions on organizational longevity from a theoretical perspective*

The focus of the discussion in this section is on possible future research trajectories aimed at investigating Shinise firms from a theoretical perspective. In Chapter 2, I introduced three alternative theoretical lenses through which to explain how stability and change are balanced in Shinise firms. By comparing the similarities, differences and inter-relationships I identified areas in which cooperative work is more and less easily achieved. I develop this discussion further in this section, and give more concrete suggestions for future research. Figure 2 summarizes the theoretical discussion thus far. The figure is highly complex, the purpose being to illustrate and summarize the inter-relationships between the three theories rather than to create a new theoretical framework. From left to right the figure illustrates the multi-level constructs of culture theory, organizational identity, and routine practice theory.

The white arrows indicate what is already known in the literature (at least to some extent). For example, the relationship between the organizational and the national culture has been established in culture theory. The literature on organizational identity documents its relationship with personal, local-community and national identity, and the external image, as well as the relationship between organizational culture and organizational identity. Finally, the white arrows illustrating the relationships among routines and organizational interpretive schemata should be familiar to readers. The black arrows show inter-relationships that are relatively unknown in the field. Below I elaborate on this, pointing out what is lacking in current knowledge and suggesting future research avenues to enhance understanding of longevity in Shinise firms from these theoretical perspectives.

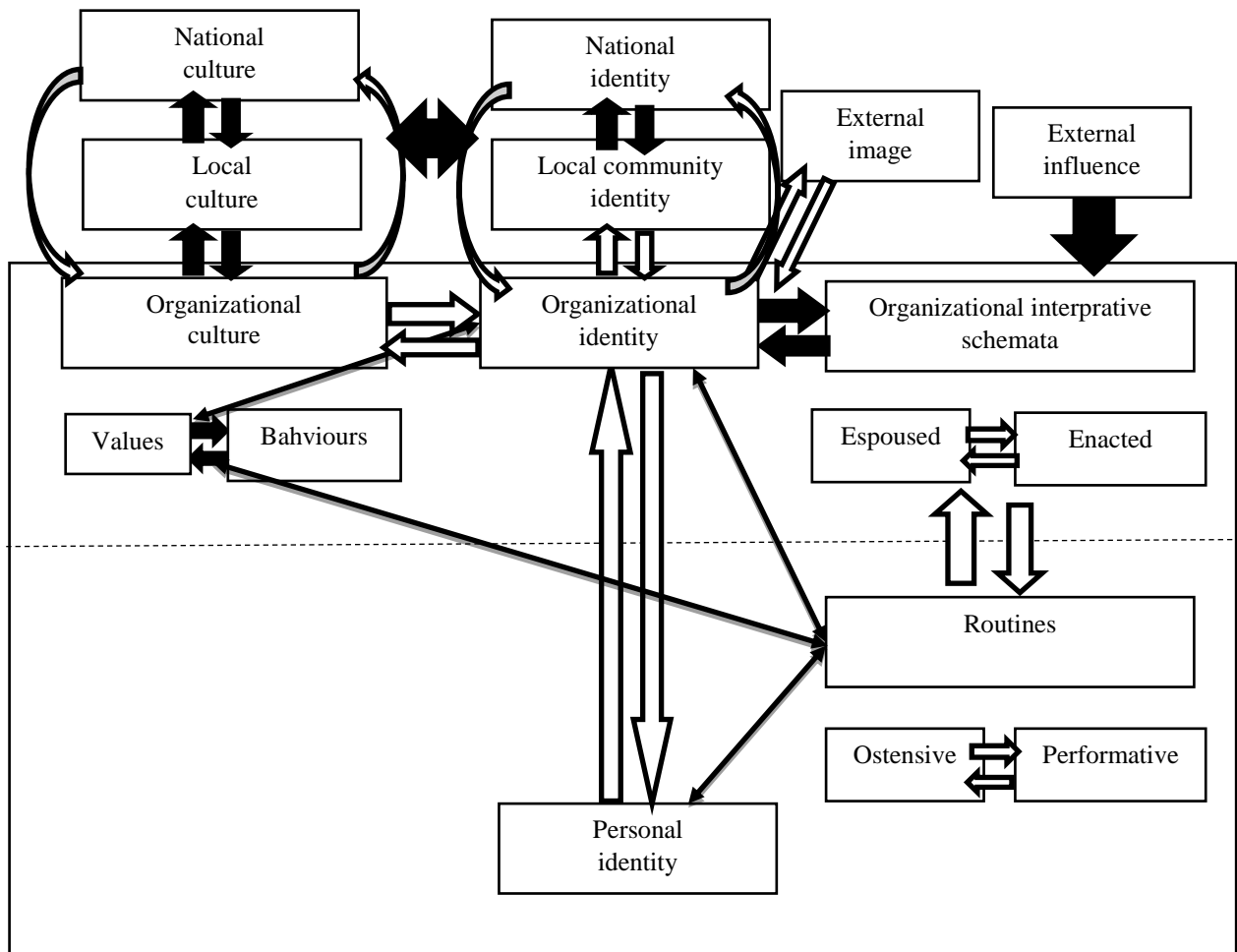


Figure 2 Current knowledge and knowledge gaps in the three streams of literature

*First, I consider future research directions with regard to constructs that are internal to the organizational boundary (the large box in Figure 2). As mentioned, the literature gives some insights into the relationship between organizational culture and organizational identity. However, as suggested in Sasaki (2015), a further step would be to use organizational identity as a mechanism or tool to explain the internal dynamism among the values and behavioral aspects of organizational culture, or even on other cultural levels. On the assumption that research on interaction between organizational routines and schemata enhances understanding of organizational stability and change, it may be that dividing culture into values and behavioral aspects, and using organizational identity as a connecting mechanism could bring new theoretical insights regarding dynamism in culture. Future research could build on the work of Sasaki (2015) in combining theories of culture and organizational identity to investigate cultural stability and change from*

different perspectives and methodological standpoints, on varying levels of analysis and in other contexts.

Moreover, in connection with the discussion on the differences and inter-relationships between the three theories, further theoretical effort should be put into clarifying the relationship between organizational interactive schemata and the other two concepts (organizational culture and organizational identity). Although I have identified certain conceptual similarities and differences, deeper conceptual analysis is required. One way of overcoming this type of conceptual controversy would be to focus on the similarities between the definitions, in other words on the empirical phenomenon rather than the theory (Parmigiani & Howard-Grenville 2011), and to view the controversy as resulting from the different perspectives on the same phenomenon (Denison 1996). I would further encourage researchers to conduct deeper conceptual investigation to advance the theories and enhance understanding of longevity in Shinise firms. This type of research would facilitate deeper discussion on the role of Shinise tenacity in organizational survival. More focused theoretical investigation of Shinise tenacity would be worthwhile given that it was one of the key findings of my research.

Finally, although scholars such as Fiol (1991), Kondra and Hurst (2009), and Scott (1995) suggest that routines, organizational culture and organizational identity interact in general, very little is known about how routines relate to the higher-level constructs of organizational culture and identity. It would be useful in future research to investigate these relationships systematically, exploiting the theoretical insight into the relationship between routines and organizational interpretive schemata. Such research should enhance conceptual understanding of the relationship between the three organization-level concepts mentioned above. One option would be to view identity from a practice-based perspective - as “embedded in the social practices of everyday work life” - rather than cognitively (Gioia et al. 2013, 137), to facilitate understanding of its interaction with organizational practices such as routines. It would also be interesting to investigate the influence of personal identity (which is an even lower-level concept) on routine formation and change. Such efforts would be worthwhile given that routines represent one of the core practice-based, internal mechanisms that enable Shinise firms to achieve a balance between stability and change. On the understanding that organizational culture and identity are also core contextual and cognitive aspects in Shinise firms that are critical to their survival, the three dimensions – practice, context and cognition – should ideally relate to each other, thereby strengthening their explanatory power with regard to the Shinise phenomenon.

*Second, I turn to future research options regarding constructs that are external to the organizational boundary. Inherent in culture theory and*

organizational-identity theory are super-organizational concepts that interact with those on the organization level. In the field of culture, although there has been research on the relationship between national and organizational culture, the local culture has attracted less attention, and it is difficult to find studies focusing on the relationship between local and national cultures. Future studies could therefore investigate stability and change in cultures through the multi-level interactions, thereby building on the work of Sasaki & Sone (2015) and Sasaki (2015) in examining longevity in Shinise firms on the basis of multi-level interaction between the organizational and the local cultures.

With regard to organizational identity, its relationship with both local-community and national-level identities is documented, and changes are attributed to the multi-level interactions (Corley et al. 2006). Still, the relationship between local and national identities is under-studied. It would therefore be interesting to find out how these upper-level contextual cultures and identities interact. Furthermore, although routine practice theory falls within the organizational boundary, there appear to be no studies examining the influence of external forces such as the local and national culture or identity on the dynamism that shapes organizational interpretive schemata and routines. This type of theoretical positioning in the upper-level concepts could enhance understanding of longevity in Shinise firms from the external perspective, and thereby of stable and changing aspects in the multi-level contexts surrounding them.

*Finally, I would like to emphasize that approaches to understanding or explaining the Shinise phenomenon are not limited to the three sets of theories used in this dissertation.* Other potentially applicable theoretical perspectives include research on stability and change from more collective and processual approach, family businesses, social capital and entrepreneurship theory. While North-American tradition has been very useful in theorizing organizational stability and change, European tradition of approaching organizational stability and change by critical, discourse and narrative semantic theoretical standpoints might bring more deeprooted reasons for organizational longevity. Some business historians seek to enhance understanding of organizational longevity from the family-business perspective. This is logical given that some scholars define the family firm as one that has maintained family ownership for at least two generations (Liz 1995), implying that business longevity is one of its key goals (Chrisman et al. 2012; Cannamo et al. 2012). One stream of literature concentrates on external influences on the sustainability of family firms, such as that of the local community, corporate social responsibility, and issues related to social capital and networking (Besser 1999; Dyer & Mortensen 2005; Frank, Lueger, Nosé & Suchy 2010; Miller & Besser 2000; Pittino & Visintin 2011), whereas another investigates firm-specific attributes

affecting survival. The most heavily utilized theoretical perspectives include the family's interests and goals, succession issues, the organizational culture, sibling relationships, agency and governance, and the role of emotions in organizations and individual working lives (Cruz, Hamilton & Jack 2012; Goel, Mazzola, Phan, Pieper, Zachary 2012; Fletcher, Melin & Gimeno 2012; Mazzi 2011). Social-capital theory could also prove useful in studying Shinise firms. According to the results of previous studies, Shinise firms maintain long-term business relationship with suppliers, customers, and the local community from generation to generation (Iwasaki & Kanda 1996; Motoya 2004; TenHaken & College 2008). This unique use of social capital could have a significant effect on the ability to buffer environmental changes (Sone 2010). Finally, there is growing interest within the theoretical discussion on entrepreneurship in investigating the influence of the characteristics of individual entrepreneurs on business survival (Van Praag 2003; Casson 1993). It would be worthwhile investigating the Shinise phenomenon from these alternative theoretical perspectives.

#### *5.4.2 Future research suggestions on organizational longevity from contextual and methodological perspectives*

This final section focuses on the potential for future research on the contextual and methodological levels. Figure 1 in Chapter 3 (the contextual setting of the study) shows future research trajectories (the black arrows) in addition to illustrating the contextual setting of the dissertation. First, it would be beneficial to collect further data in the context of the brewing industry in a European intra-national regional context. The resulting comparison might indicate different reasons for organizational survival, and make further theoretical contributions. For instance, it would be interesting to compare how the end goals of Japanese and Western Shinise brewing firms differ from those of similar firms in Kyoto and another European local community, and thus to enhance understanding of the role of Shinise tenacity in organizational longevity.

Further, if both confectionary and sake-brewing data can be collected from similar local European contexts, the results could be compared within the same European context, and those findings compared with findings from the Japanese context. This would enhance understanding of the secret of Shinise longevity regardless of local context and industry.

Third, the present dissertation focuses solely on confectionary and sake brewing. It would be interesting to compare results from other traditional industries. A further interesting avenue would be to compare results from

high-tech clusters, because although few in number, there are Shinise firms operating in high-tech industries. This context would be particularly suited to studying mechanisms of balancing stability and change in Shinise firms.

Fourth, it would be worthwhile collecting data from bankrupt Shinise firms and exploring the reasons for the bankruptcy, and further to make comparisons with surviving firms. It would be highly interesting to know why Shinise firms end up bankrupt in spite of their inherent advantages. However, collecting reliable data from such firms may be highly complicated.

Finally, there is a need for further theory building by means of qualitative research, given the still pre-mature stage of the Shinise phenomenon. When the field matures a little it would be appropriate to carry out quantitative research, although its execution might be hard: there should be enough Shinise firms to allow statistical analysis if samples are taken from Japan, but it is questionable whether enough samples can be collected in European or other countries. One possible solution would be to collect quantitative data from both Shinise and non-Shinise firms and to compare them.

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*Interviews:*

- CEO of Firm D. Interviewed on 2.6.2013.
- CEO of Yamamoto-Honke. Interviewed on 28.1.2013.
- CEO of a Shinise firm from embroiderers industry with more than 110 years of history in Brugge. Interviewed on 27.2.2014.
- Manager from the Choco-story Museum. Interviewed on 28.2.2014.
- Production and distribution managers of Kinshi Masamune. Interviewed on 4.2.2013.
- Representative from Kyoto Prefectural Government. Interviewed on 7.2.2013.
- Vice president of firm F. Interviewed on 13.2.2013.
- Wife of the CEO of firm E. Interviewed on 12.2.2013.

## APPENDECES

APPENDIX 1. ARTICLE 1: Final semi-structured interview guide with the president of the firm.

### Part 1

1. Why did you (the president) decide to take over as president of the company?
2. What is the purpose of your company as a Shinise firm?
3. Do you have any plans to expand the company?

### Part 2

4. What are the things that you changed and did not change after becoming president?
5. How do you balance innovation and tradition?
6. What do you look for in a person when you decide to hire him/her?

### Part 3

7. Could you tell me what conditions a normal company should fulfill to become a Shinise company?

## APPENDIX 2. ARTICLES 2 AND 3: Semi-structured interview guide with the managers of the case firms.

### Part 1: Characteristics of the organizational culture of Shinise firms

1. Please tell me about your firm's philosophies, visions and values.
2. What is the purpose of your firm as a Shinise company?
3. How do you ensure that your employees share, think and act according to your company values?
4. Thinking about your firm's long history, what efforts have been made to protect and pass on your organizational culture from generation to generation?

### Part 2: Characteristics of Kyoto's culture

5. Why don't you move your headquarters from Kyoto?
6. How has the fact that you have stayed in Kyoto from establishment influenced your firm's longevity?
7. On the historical level, what has your firm learned from Kyoto's specific culture (values, people's way of thinking)?
8. On the other hand, how has your firm contributed to the development of Kyoto's culture?
9. Finally, thinking about your firm's longevity, how do you believe your organizational culture and Kyoto's culture have achieved synergy?



APPENDIX 3. INTRODUCTION PART: Semi-structured interview guide with the managers of the case firms from Belgium.

Part 1: Characteristics of the organizational culture of your firm

1. Please tell me about the critical events in your firm/local community that affected your firm's history, and how they were overcome? (Including changes in product lines, ownership structure.)
2. Please tell me about your firm's philosophies, visions and values (e.g. the founder's words, what was taught by your father/mother, family tree).
3. What is your firm's central identity? (Belgium's chocolate firm)?
4. What do you value the most: your firm's longevity, growth, or profit?
5. How do you ensure that your employees share, think and act according to your company values?
6. Thinking about your firm's long history, what efforts have you made to protect and pass on your organizational culture from generation to generation? (e.g. traditional production methods/spiritual way of thinking)
7. Where is the target market of your firm? (Local community/Europe/World?) And why?

Part 2: Characteristics of the Belgian culture

8. How has the fact that you have stayed in Belgium/Brussels/Bruges from establishment influenced your firm's longevity? (Who are the main actors in the local community that enabled your firm to survive (sensegivers)?)
9. On the historical level, what has your firm learned from the specific culture in Belgium/Brussels/Bruges (values, people's way of thinking, origins of pride, connection with local institutions such as the Church)?
10. On the other hand, how has your firm contributed to the development of culture and heritage in Belgium/Brussels/Bruges?
11. How do you deal with competition from new confectionary (chocolate) firms? There are about 2,000 chocolate firms in Belgium: were there conflicts in acculturation/communication?
12. What is the role of large, long-living chocolate firms in Belgium such as Neuhaus, Callebaut Coted'or and Wittamer?
13. What is the role of the professional union(s) (e.g. the Union of chocolate firms)?

14. Are there any effects of the federal state as an institutional setting (political instability), and being the EU capital (melting pot of Europe) on organizational survival and longevity? (Making institutions OR adapting to them?)

## PART 2 ARTICLES



## ARTICLE 1

Sasaki, I – Zettinig, P. – Sandberg, B. (2015)

Who wants to live forever?

Rethinking organizational stability and change in a ‘Shinise’ company.

Manuscript submitted to Academy of Management Journal, now on 5<sup>th</sup> revision round.



## ARTICLE 2

Sasaki, I – Sone, H. (2015)

Cultural Approach to Understanding the Long-Term Survival of Firms -  
Japanese Shinise Firms in the Sake Brewing Industry.  
*Business History*, ahead-of-print, 1–17.

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Available at <http://www.tandfonline.com/>

DOI: 10.1080/00076791.2014.993618





## ARTICLE 3

Sasaki, I (2015)

How does the micro-process of cultural change happen in a cross-level context? Japanese Shinise firms in their local communities.

Conference proceedings from the conference of the European Group of Organization Studies (EGOS), July 2–4, 2015, Athens, Greece.



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