British Journal of Management, Vol. 12, 13–31 (2001)

The Founder's Legacy: Hangover or Inheritance?[1]

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The legacy of organizational founders is a comparatively under-studied topic. Through two in-depth case studies, this article explores the factors which influence whether founding strategic visions, objectives or decisions influence present-day strategic choice. Furthermore, the study identifies and explores a number of factors which influence whether a strategic legacy is categorized as either an inheritance or a hangover. The article begins with an overview of existing research into the role of the founder, commitment and strategic inertia, which suggests that additional research is required to clarify the legacy of company founders. After a review of the research design and methodology adopted for the study, the findings of two case studies are presented. The findings suggest that the initial establishment of a strong organizational culture, continuing perceptions of success as well as successive family control all contribute to an adherence to the founding strategy, mission or objectives. In addition, the study indicates that the flexibility of the original strategy and environmental issues impact on the extent to which the strategic legacy is classified as an inheritance or a hangover. The article culminates in a series of conclusions and implications.

Introduction

It has been argued that one of the key challenges facing contemporary management is the development of market-led strategic change (Harris and Ogbonna, 2001). However, much extant theory argues that a wide range of forces impede strategic change (see for example, Boeker, 1989; Judson, 1996). These issues have led contemporary theorists to contend that, in many cases, commitment to strategies endure over time (Geletkanycz, 1997; McCarthy, Schoorman and Cooper, 1993) to the extent that the organization may become strategically 'inert' (Huff, Huff and Thomas, 1992; White, Abbey and Barnett, 1994). Research into these issues has tended to concentrate on theoretical discussions or descriptive studies designed to discover the extent to which past strategies endure over time or restrict current strategic options (for example, Kelly and Amburgey, 1991; Tushman and Romanelli, 1985). Interestingly, such research largely focuses on Chief Executive Officers (CEOs) and often ignores the influence of the founder. Furthermore, the empirical examination of how founding strategies become internal legacies which influence and impact on the effectiveness of future strategic decision-making is frequently overlooked.

With the exception of a small survey by Boeker in 1984 (later reported in Boeker, 1989), few studies have combined the study of strategic inertia *and* the legacy of the founder of an organization. The present study was initiated partially in response to the suggestion of Boeker (1989, p. 511) that further research is required to develop 'a better understanding of strategic change and the circumstances under which either inertia or adaptation is likely'. Indeed, the extent of the debate pertaining to the level of managers' strategic choice provides a justification for the current focus on the influence of the founder on subsequent strategy.

[1] The authors wish to express their gratitude to Professor Gerard Hodgkinson and the anonymous Associate Editor and reviewers whose detailed and constructive comments helped in restructuring this article.

This study aims to advance existing theory through (1) identifying and exploring which factors influence whether the founding strategic vision, objectives or decisions influence present-day strategic thinking or actions *and* (2) assessing what factors influence whether this 'strategic legacy' helps or hinders the organization. As is discussed later in this article, a 'strategic legacy' is defined as the enduring influence of the initial strategy of the founder of an organization over the actions of successive strategic decision-makers. As such, evidence of a strategic legacy is often uncovered in enduring espoused doctrines, visions, strategic objectives, aims, beliefs and cultural values (see Harris and Ogbonna, 1999; Pettigrew, 1979; Schein, 1992;).

A review of existing literature indicates the requirement of the discussion of three issues. First, it is necessary to clarify the role of an organizational founder in creating visions, objectives and strategies which *may* become enduring over time. Second, a discussion of the maintenance of strategic decisions by individuals and organizations is presented. Finally, the literature review concludes with a brief overview of the limited research which combines the study of strategic change and the influence of the founder.

The role of the founder

Within the strategic management and entrepreneurship literatures, it is generally accepted that the emergence of organizations has much to do with the entrepreneurial spirit of founders which drives them to create their vision in a tangible form (Darazsdi, 1993). Adopting a biological analogy, Reynolds and Miller (1992) analyse the 'gestation' of a new firm and suggest that a firm is 'born' when: the founder exhibits tangible personal commitment; gains financial support; recruits employees, and; makes the first sale (although Carter, Gartner and Reynolds (1996) argue that the sequence and importance of these activities is subject to debate). From an organizational culture perspective, Schein (1991) notes that organizational formation involves four main stages. First, an entrepreneur detects a potential gap in a market and identifies a way in which this gap may be filled. Next, the founder shares the idea either to elicit support or to instigate action. Third, the tangible artefacts of the organization are established and finally the organization begins to operate. In this way, the founder of an organization transforms their vision into a tangible creation whose culture will largely reflect the personal beliefs of the founder. Thus, two of the main roles of the founder of a company are (1) the creation of a vision leading to a strategy and (2) the establishment of an organizational culture largely reflecting their philosophy. These two roles are discussed below.

Schein's (1991) view of organizational formation emphasizes the critical nature of the establishment of a vision (most commonly articulated and disseminated to other organizational members via a founding strategy). Indeed, Schein (1991) argues that the success of a new enterprise is dependent upon this vision, which in turn is reliant on the characteristics of the founder (such as, the extent of market-sensing and foresight). El-Namaki (1992) contends that in order for a strategic vision to provide a sound base for company strategy, the vision should be characterized by a number of conditions (including coherence, uniqueness, feasibility and power). As such, the rationale for a founding vision is linked to a number of organizational 'imperatives' for the founder (Tregoe *et al.*, 1989). These 'imperatives' include the need: to attune the organization to environmental conditions (Schein, 1991); to articulate and establish a form of competitive advantage (El-Namaki, 1992); to communicate strategic direction to subordinates and for the founder to control the destiny of their creation (Daily and Dalton, 1992).

An important issue arising from the above discussion is the nature of the relationship between organization culture and strategy. Although a detailed discussion of this is beyond the scope of this study (interested readers are referred to a recent review by Ogbonna and Whipp, 1999), it is useful to provide a brief overview as this may have some bearing on later discussions. Whilst some researchers have argued that culture and strategy are mutually dependent variables which interact within a dynamic process (Ogbonna and Whipp, 1999; Schwartz and Davies, 1981), there is significant support from the 'founder-centred' literature that initial organizational strategies are moulded by the vision, philosophy and beliefs of founders (see Boeker, 1989; Daily and Dalton, 1992; Schein, 1991). Hence, although it is recognized that organizational strategy may exert some influences on culture, it is generally believed that organization culture is a broader concept which informs both the process of strategy formulation and the resulting strategy itself (see for example Shrivastava, 1985; Thompson and Wildavsky, 1986).

Research evidence on the role of organizational founders range from studies which celebrate the role of founders in creating enduring cultural legacies to those researches which are highly critical of this assumption. Studies grounded in entrepreneurial research tend to accord a significant importance to the ability of founders to mould the cultures and strategies of their organization. For example, Boeker (1988) has observed that founders play an important role not only in creating the initial visions and strategies of their organizations, but also in shaping the nature of the consensus (read culture) around which future strategies are developed. Similarly, Schein (1983) found that in the three organizations he studied, the personal assumptions of the founders became shared by other organizational members and remained widely held even after the companies had grown dramatically and undergone numerous changes in leadership. Further, there are numerous examples of organizational founders who have become legends and whose values are said to continue to dominate the cultures of the organizations they founded (see for example, the discussion of Herb Kelleher of Southwest Airlines in Quick, 1992). Indeed, this pervasive influence can remain long after the founder has left the company (perhaps the most famous examples of this are Bill Hewlett and Dave Packard of Hewlett-Packard fame).

In contrast to much theorizing within the strategic management and entrepreneurship literatures, organizational-culture theorists are generally more critical of the role which is frequently attributed to organizational founders in the creation of enduring cultural legacies. For example, Martin, Sitkin and Boehm (1985) provide a critical evaluation of the studies which portray organizational founders as creating what they describe as a 'personal form of organizational immortality' (Martin, Sitkin and Boehm 1985, p. 99). They argue that such studies tend to adopt monolithic views of culture in which culture is defined in unitary terms. They note that such an approach frequently focuses on identifying organization-wide consensus wherein the values of top management are assumed to be sacrosanct and shared by all organization members.

Contemporary culture theorists have noted that the search for organization-wide consensus is not only elusive but could also 'blind' researchers to the important differences which underlie culture within a single organization. Indeed, the perspective of many 'founder-centred' studies is said to be characteristic of what Martin (1992) labels 'integrative'. In this sense, it has been argued that as these studies search for shared meanings in organizations, they frequently ignore the conflicts and contradictions which may be evident (Martin, Sitkin and Boehm, 1985). In contrast, Martin (1992) presents two other perspectives of culture ('differentiation' and 'fragmentation') to suggest that ambiguity, conflict and subcultural differences are more accurate representations of organizational life. This view is consistent with the findings of other researchers (see Alvesson and Berg, 1992; Rowlinson and Proctor, 1999).

Furthermore, the 'founder-centred' studies in the strategy and entrepreneurship literatures have been criticized for their uncritical acceptance of official accounts of organizational history. Indeed, many culture theorists note that the focus of many 'founder-centred' studies on retrospective accounts of organizational history fail to give due consideration to the construction and reconstruction of such history over time (see Alvesson, 1993; Rowlinson and Proctor, 1999). In particular, it is argued that these studies may suffer from social cognition biases such as 'salience', 'attribution' and 'self-enhancing' biases (Alvesson, 1993; Martin, Sitkin and Boehm 1985).

Interestingly, the review of the strategy, organizational culture and entrepreneurship literatures reveals a number of inconsistencies. In particular, whilst strategy and entrepreneurship researchers generally accept the notion that strategies endure and that founders or influential CEOs exert a significant influence long after they have left the organization, culture writers are more equivocal. Prominent culture commentators such as Pettigrew (1979) and Schein (1991) argue that founders create a sustained cultural legacy whilst other more critical culture writers argue that the influence of founders is overstated (see Martin, Sitkin and Boehm, 1995; Rowlinson and Proctor, 1999).

Notwithstanding the perspective adopted in the examination of the influence organizational founders, it is clear that a change in leadership constitutes a critical transition for any organization, but especially when the company founder leaves or is replaced. Rubenson and Gupta (1992) find that a number of factors influence a founder's decision to step aside. However, succession by other family members is comparatively rare. Indeed, recent research finds that only 30% of family concerns remain family-controlled for more than one generation and that fewer than one in ten remain family-controlled beyond the second generation (Ket de Vries, 1993). Morris *et al*. (1997) explain the low levels of continuing family control through their finding that successful family transition depends on a wide variety of factors including the preparation of heirs, family relationships and planning activities.

Boeker and Goodstein (1993) conduct a study of the factors influencing whether Chief Executive successors are chosen from inside or outside the organization. Their research is particularly relevant in the study of the succession of company founders since newly founded firms are frequently family owned and managed. Despite the findings of Willard, Krueger and Feeser (1992) that no significant performance differences exist between founder-managed and professionally-managed companies, Boeker and Goodstein (1993) find that organizational performance is a key determinant of successor choice, although they note that a variety of factors moderate this relationship. Consistent with the earlier findings of Pfeffer (1981), Boeker and Goodstein (1993) conclude that firm ownership significantly affects successor choice in that firms largely owned by 'insiders' are less likely to replace their CEOs with external personnel. This implies that organizational founders are more likely to pass succession to insiders (such as family members who work within the company) as this increases the likelihood of a continuation of the founder's objectives and strategies.

Founders, commitment and strategic inertia

Brockner (1992, p. 39) defines escalation of commitment as 'the tendency for decision makers to persist with failing courses of action'. Brockner (1992) claims that although self-justification explanations have proved the more popular, other theoretical formulations (such as prospect theory or decision dilemma theory) may provide equal or greater insights. In a study of reinvestment decisions, McCarthy, Schoorman and Cooper (1993) analyse the influence of four 'predictors' of escalating commitment and find that escalation bias is likely if entrepreneurs: are company founders; have business partners; expect to use their own skills; and are overconfident.

Theories examining the phenomena of individuals' escalation of commitment are complemented by research conducted into top managers' commitment to the status quo (see Geletkanycz, 1997; Hambrick, Geletkanycz and Fridrickson, 1993). In contrast to escalation of commitment theory (which pertains to increased commitment) commitment to the status quo focuses on that which Hambrick, Geletkanycz and Fridrickson, (1993, p. 402) define as 'belief in the enduring correctness of current organizational strategies and profiles'. In a large-scale study of top management, Hambrick, Geletkanycz and Fridrickson (1993) conclude that firm and industry tenure, as well as organizational performance, influence top executive commitment to the status quo. In a later study, Geletkanycz (1997) extends her earlier work with Hambrick *et al*. (1993) through the finding that executive openness to change is influenced by national culture. Thus, Geletkanycz (1997) and Hambrick *et al*. (1993) both conclude that in certain circumstances managers tend to prefer maintaining the status quo to strategic change.

Whereas the theories discussed earlier focus on the commitment of individuals, Huff, Huff and Thomas, (1992, p. 55) propose that the concept of strategic inertia encompasses 'personal commitments, financial investments and institutional mechanisms'. As such strategic inertia is a wider concept than individual commitment (see Huff and Huff, 1995; Tushman and Romanelli, 1985) and is more akin to what economists call organizational 'lock-in' (see Arthur, 1989). Huff, Huff and Thomas (1992) contend that the forces of strategic inertia, manifested in organizational commitment to current strategies, are influenced by environmental pressures. Such pressures may result in cumulative organizational stress which is viewed as the mismatch between the organizational demands and opportunities faced, and the capacity to respond. Hence, it is these forces of stress and inertia which determine whether strategy is renewed.

Whilst, the majority of research into escalation of commitment, commitment to the status quo and organizational inertia focus on CEOs or top management, Boeker (1989) conducts one of the few studies which combine the analysis of the effect of the founder and organizational strategic choices. Boeker (1989) reviews the strategic change literature and identifies two strands of research which categorize organizations as either inertial or adaptive. In contrast to Huff, Huff and Thomas (1992) and White, Abbey and Barnett (1994), Boeker (1989) views inertial strategy as those strategic choices first adopted by the organization, exerting a constraining influence on subsequent strategy making. In this way, Boeker (1989) proposes that the founding circumstances and history of an organization influence the future development of strategy. In a small study of a comparatively young industry (semiconductor production), Boeker (1989) identifies the conditions which can either impose constraints or create opportunities for subsequent strategic actions. These conditions range from the extent to which the organization adopts a dominant initial strategy, the ways through which power and influence are distributed across the organization, the nature of ownership and management and the level of effort made by the founder to develop a consensus around a given strategy.

Methodology

This study aims to explore which factors influence whether the founding strategic vision, objectives or decisions influence current-day strategic thinking or actions and assess the factors which influence whether the strategic legacy results in positive or negative present-day performance. The current study can be viewed as 'integrative' (Martin, 1992) in that the focus is on the impact of the philosophy and actions of the founder. However, as stated earlier, this research is designed to overcome some of the limitations of extant integrative studies through explicitly acknowledging the complexities of retrospectively examining organizational history (see Rowlinson and Proctor, 1999). Further, to minimize the methodological problems of historical data collection, various research tactics were adopted (for example, the notation of precise document sources within the confines of organizational anonymity).

The objectives of this study are achieved through two case studies which provide both depth and reliability (see, for example, Harris and Ogbonna, 1998; Marchington and Harrison, 1991; Sturdy, 1992). The two case companies in question were selected for a number of reasons, including: their long history in the same business field; their record of single-family ownership; and other practical considerations such as comparable company size and number of employees.

Yin (1994) maintains that the unique strength of the case-study method is derived from the ability of the method to encompass a variety of data sources. Consequently, in order to establish a detailed view of the dynamics of the two case organizations a variety of research methods were utilized.

First, a total of 124 in-depth semi-structured interviews were conducted with a range of employees at a variety of levels of the organizational hierarchy (each interview lasting between one and two hours). All interviews were audio recorded and transcribed.

Second, in contrast to the general trend in organizational culture research to focus exclusively on either interviews or observational techniques (see Rowlinson and Proctor, 1999), this study incorporates the review of archive data. Whereas some organizational culture literature relies on oral history (see Alvesson and Berg, 1992), Rowlinson and Proctor (1999) warn that the anthropological roots of organizational culture have imposed traditions which, whilst suitable for the study of illiterate tribes, may be inappropriate in modern organizations. Consequently, to gain an insight into the history of the case companies, data were collected via the examination of company documentation and archives. This included the study of: communiqués; agendas; minutes from board meetings; administrative documents; formal studies; trade press; strategy records; employee handbooks; financial records; training materials; service records; personnel records; and personal records (many of the listed forms of archives dating several generations). A list of the material referenced in this article is included at the end of this article.

Whilst recognizing that some publicly available archives may well reflect the biases of public relations personnel (see Ott, 1989), this seems unlikely in the two case studies presented. Neither of the two companies' archives were catalogued, and they had certainly not been systematically edited. Indeed, the scattered but voluminous nature of the archives in both companies led to major difficulties in limiting document review.

Whilst every effort was taken to ensure that the methods of data collection were as reliable and valid as possible (see the tactics recommended by Yin, 1994), the design and methodological approach of the study also act as constraints. In particular, through focusing on the organizational founder it could be argued that the study mirrors the weaknesses of other studies (for example, Pettigrew, 1979) in that the importance of the founder is ascribed with elevated importance (see Alvesson, 1993; Alvesson and Berg, 1992; Martin, Sitkin and Boehm, 1985). Furthermore, through retrospectively recounting company history it could be argued that the study imposes a false or misleading narrative structure (Rowlinson and Proctor, 1999). Nevertheless, whilst recognizing that methodological choices act as constraints, earlier retrospective analyses of organizational culture (for instance, Pettigrew, 1979) and strategy (for example Bourgeois and Eisenhardt, 1988) have provided incisive contributions.

The companies in question have expressed the wish to remain anonymous, as have the personnel who participated in interviews or discussions. Consequently, a number of details have been changed to avoid company or person identification. The guarantee of anonymity precludes the adoption of techniques to facilitate verification (see Evans, 1997; Rowlinson and Proctor, 1999). Nevertheless, whilst recognizing that, as with all studies, the current study is constrained by its methods, through providing illustrative verbatim quotations and referring to particular archive sources it is argued that a verisimilitudinous account is presented.

Findings

The case study of Temple Stores and Abbey Stores (pseudonyms) led to the emergence of two important findings. First, a number of factors were found to have influenced whether current-day strategic objectives, decisions or actions had been affected by the initial strategic choices of the company founders. As stated earlier, this continuance was labelled a 'strategic legacy' and is defined as the enduring influence of the initial strategy of the founder of an organization over the actions of successive strategic decision-makers (frequently apparent in the continuing espousal of founders' visions, missions, objectives and beliefs). Second, a range of factors were found to influence whether the legacy of the founder resulted in a present-day negative effect (that which this study labels a 'strategic hang-over') or a positive influence (that which this study labels a 'strategic inheritance').

Prior to a discussion of the results of the study, it is worthwhile presenting a brief overview of the founding and current visions, objectives and strategies of both companies. The companies have allowed some organizational details to be published, specifically that both companies are medium-sized retailers, have a strong family history, are named after their founders and that Abbey's Stores principally focuses on clothing retailing while Temple Stores concentrates on food retailing.

Unfortunately, due to the time periods involved, little documented evidence exists of the very early phases of the two companies. Temple Stores bears the name of Mr Temple who in the 1890s formed a partnership with Mr Church. The partnership prospered to the extent that it was able regularly to open shops. Mr Church married the eldest of Mr Temple's daughters. Mr Church gradually handed over the reins to the eldest of his four sons, who in turn passed the reins to his son, who was succeeded by his son, who was succeeded by his younger nephew.

Temple Stores is one of the oldest existing multiple retailers still in private hands and was one of the first multiple retailers in the UK. Established in the late 1880s, there was once a Temple Stores in virtually every town in Region A, with the company owning 156 stores in the mid-1960s. At present, Temple Stores is somewhat smaller with 58 branches concentrated in Region A and a Central Support Office (Head Office) located in City AA. The 1990s have seen annual sales reach a plateau at around £50 million. As such, whilst Temple Stores fits the description of a large grocery retailer, in comparison to the major food retailers the company is very small, and in terms of sales it has fared particularly badly during the 1990s.

The review of Board Meeting minutes (for example Board Meeting Quarter Two 1923; Board Meeting Quarter One 1927; Board Meeting Quarter Three 1931) find recorded statements that Temple Stores was founded with a 'vision' of promoting the name of 'Temple' in every town in Region A. The extent of this espoused founding vision was such that Board Meeting minutes and internal communiqués (such as the Christmas Magazines of 1929 and 1934) strongly espoused the objective of establishing a family-controlled firm with outlets on the high street of each town within this region. The founding vision and objectives of Mr Temple are largely replicated in the present-day formal strategy documents of Temple Stores (as detailed in the strategic plans of 1993, 1995, 1998) which still prioritize family-controlled operations and advocate a low-cost market penetration approach designed to lead to growth via new store openings.

Abbey Stores was founded in the 1880s by Mr Abbey. Changes of fortune, together with two World Wars, saw the company and family settle in City B. The current Employee Handbook (1998) notes that Mr Abbey was known as the 'guv'nor'. He later passed control of the company to his nephew the late Mr George Abbey (still called Mr George by long-serving staff) who subsequently handed control of the company on to his son, who in turn was succeeded by his son (the present Mr Abbey).

In the early 1960s the company had a modest 19 branches, many still in traditional indoor markets. However, since then Abbey Stores has grown considerably, seeing the number of the company's stores increase rapidly and many stores modernized or relocated from market outlets to large modern units. In the 1990s Abbey Stores acquired 40 new stores which are maintained as separate outlets administered from the central offices of the company. The growth in the number of Abbey Stores has resulted in expansion beyond the traditional boundaries of Region B with most new branches being opened in other regions. Presently the Abbey Stores Group runs 142 stores under the Abbey Stores fascia and 58 other branches under different fascias. The increase in company size has also meant a change in the location of the company's central office so that at present the company operates from a Support Centre in City B whilst maintaining a distribution centre in City B.

Abbey Stores was founded with a strong family orientation, with what business strategy researchers would label an organizational 'mission' of providing a steady and stable income for a family from what the current Employee Handbook (1998) calls a 'humble background' (humble argued by current family members to refer to lower-middle class roots contrasting with the current affluence and societal position of the family). The strategic objective was once again growth. However, the founder believed that growth was best achieved by careful and prudent decision-making leading to an appropriate level of growth within company capabilities. This strategic approach was within a cultural framework which emphasized the stewardship principle, providing stable employment to workers and steady income to family members (as evident in one surviving 'Policy Document', 1937). Today, the strategy of the company is strikingly similar to the founding strategy. For example, the Chairman's statement in the 1997 Annual report praised the efforts of managers for the way in which they had exploited growth opportunities without exposing the company to undue risks.

Factors influencing whether the founder establishes a strategic legacy

In both Temple and Abbey Stores, evidence was found to indicate that many aspects of the vision and objectives of the two founders had been continued by successive managements. The continued adherence to founding visions, objectives and tactics was such that this could be labelled a strategic legacy for both companies. Whilst both companies experienced a legacy, the precise character of the legacy varied. In Temple Stores, the legacy appeared to be principally perpetuated in the form of relatively precise objectives of maintaining family control and growth. In contrast, in Abbey Stores, the founding legacy was perpetuated in the form of a growth objective within the confines of a cautious strategic approach. This concept of 'strategic legacy' is consistent with the findings of Goodstein and Boeker (1991), Schein (1983) and White, Abbey and Barnett (1994).

Whilst a range of factors appeared to exert an influence, the strength of the created organizational culture, perception of company success and continuing family control emerged as particularly important. Each of the three factors appeared to encourage the occurrence of a strategic legacy. Nevertheless, it is important to note that the research design adopted precludes definitive causal claims. Hence, for example, whilst evidence emerged that continuing family control influenced the continuation of the founding strategy, it is possible that the relationship between family control and the strategic legacy is dynamic and/or mutually reinforcing.

Strength of organizational culture created. To explore the founding cultures of the two companies, discussions were held with long-serving organizational members, and private company records and archives were examined. Particularly insightful private records included the work diaries and notebooks of Temple and Abbey family members (ranging from 1938–1954 and 1979–date) and internal management reports and memoranda, some of which dated as far back as the 1920s. The examination of these documents suggested that in the cases of both Temple and Abbey Stores, the founders of the two companies had established what may be described as a particularly 'strong' organizational culture. For example, the personal work notebook of Mr Church in 1944–1945 claims that a newly opened outlet was failing to conform to what he calls the 'Temple way', constituting an 'unacceptable insubordination' requiring immediate corrective action. Similarly, in Abbey Stores, the internally reported Branch Manager Report of 1941 praises the approach of certain managers for keeping the spirit of the 'guv'nor' alive and extols others to adhere to this 'best practice'.

In many ways, this cultural strength appears to have provided the medium of carrying the strategic legacy of the founders. Indeed, as is illustrated later, many of the strong cultural beliefs espoused by the company founders are still in evidence today, suggesting the longevity and strong nature of many aspects of the company's culture. A strong culture refers to the extent to which facets of culture (beliefs, assumptions, values and cultural artefacts) are deeply held and widely shared among organizational members. It should be noted that various writers on culture have utilized a range of labels to refer to cultural 'strength' with comparatively little difference between the conceptualizations. Such labels include: Sathe's (1983) 'thickness'; Louis's (1985) 'psychological penetration'; Ouchi and Price's (1978) 'homogeneity'; and Schall's (1983) 'congruence'. Despite differing labels, these conceptualizations consistently suggest that a strong culture provides the overarching framework in which strategy occurs (see Ogbonna and Whipp, 1999).

Newspaper cuttings (largely from regional newspapers kept by various company clerks from 1900–date), farewell/retirement speeches and statements published internally via the annual company newsletter (for example Christmas Magazine, 1934) and interviews with the descendants of Mr Temple suggest that Mr Temple established a strong culture. This culture appears to constitute a framework within which the founding vision and strategic objectives became enshrined. Thus, whilst the culture that emerged contained beliefs pertaining to strategic choices, in addition it also reflected a myriad of other values and assumptions. However, whilst it is arguable that all founders create a culture, through vociferously and forcefully promoting the founding vision and objectives among his successors, Mr Temple appears to have intentionally established a *strong* cultural belief system with a view to ensuring continued adherence to his founding objectives. A (now retired) senior manager remembers:

> 'What the original Mr Temple wanted is embedded in the very fibre of this company. I can remember my first boss [a direct descendant of the original Mr Temple] talking to me about how his father was always going on and lecturing him on his duty to the company – you know – keeping faith with vision of a store in every town – you must have heard that a thousand times!' (Retired Senior Support Centre Manager, aged 69, 43 years' service)

Indeed, a review of the minutes of board meetings finds that even after the original Mr Temple officially retired he regularly continued to attend meetings, frequently 'suggesting' his preferred courses of action. For example, during one board meeting (Quarter Two, 1923), Mr Temple made a closing statement at the end of each agenda item which often contradicted his son (the CEO) and twice reversed earlier decisions. This behaviour is consistent with the finding of Daily and Dalton (1992) on the strong desire of founders to control the destinies of their creations. Indeed, descendants of Mr Temple describe him as a strict authoritarian who was not accustomed to, and did not tolerate, dissent among family members or employees. Archive memoranda bear testimony to a blunt, arguably rude, style of leadership that was scathing of non-conforming employees or family members. For example, the first memorandum of 1924 (2 January) contained no fewer than 14 'orders' and publicly criticized six branch managers for 'tardiness'.

The impact of Mr Temple's actions was the acculturation of family members and employees to the extent that present-day evidence indicates the continued adherence to many of the founding doctrines of Mr Temple. Notwithstanding a somewhat tarnished image, it is generally considered that Mr Temple was a remarkable leader who achieved considerable financial success in a comparatively short period of time. The current CEO (a descendant of Mr Temple) states:

> 'Mr Temple had an admirable vision of the future of this company and made sure that this was passed from generation to generation. To my knowledge not one generation has disagreed – the tactics may have changed a little but the objectives are still the same.' (Chief Executive Officer, aged 47, 14 years' service)

Evidence of the existence of a founder-inspired strong culture (in line with the suggestions of Schein, 1991) was also found amongst employees. Notably, store-level employee values were remarkably consistent given the geographic isolation of outlets with many company-specific values expressed in ways which suggest deep cognitive entrenchment. An illustrative example of such cultural entrenchment may be found in the company-specific values of shopfloor employees toward customer service. Present-day shopfloor employees describe the company-espoused view of customer service:

> 'I know that others [other retail companies] don't do it but here its always been "Yes, Sir" and "No, Madam". It's the Temple way – treating the customers with respect – I guess it comes from the days when it wasn't self-service and the Store Manager knew everybodys' name.' (Shopfloor employee, aged 46, 8 years' service)

> 'Some of the new girls take ages to get it right. Here we treat customers special – not like Tesco or Asda. Our boss says we should talk to the customers as if we were talking to the Queen – respectful like.' (Shopfloor employee, aged 24, 3 years' service)

These values are remarkably close to the documented views of the founder who espoused especially deferential customer service in his '1929 Address to Managers' reported in the Christmas magazine of the same year. Similarly, present day employees of Temple Stores commonly believe that customers ought to be treated in what is a particularly servile manner, with more 'modern' service widely regarded as 'inappropriate'.

In contrast, in Abbey Stores, surviving company and personal (family) records are concordant with press accounts which consistently portray Mr Abbey as a charismatic and consultative leader (two separate newspaper interviews reported in the company magazines of 1923 and 1927 and verified with the local newspaper archive) each use the term 'charismatic' or 'charisma' in describing Mr Abbey). Mr Abbey's management style appears to have allowed employees scope and flexibility to carry out their duties within broad guidelines. This view is supported by documentary evidence of 'Updates to Recommended Practice' (an occasional internal circular to branch managers) during 1956–1963 which appear to allow store managers increasing decision-making autonomy over such issues as staffing and stock levels and provided individual head-office managers broad control over major issues such as budget setting. The founder's style of management and leadership appears to have been organizationally-absorbed in what current family members describe as a 'strongly paternalistic' culture with company managers and executives culturally charged with the stewardship of the company. Family members and long-serving employees argue that the culture arising from the actions and espoused beliefs of the founding Mr Abbey became widely accepted as appropriate and are claimed still to thrive today. A Senior Support Centre Manager illustrates a widely-held view:

> 'Successive family owners have followed the doctrines of Mr Abbey and over the years Abbey

> Stores has thrived. I don't think you'll find many dissenting voices here – we know what's good for Abbey Stores.' (Senior Support Centre Manager, aged 56, 24 years' service)

At the shopfloor level, the culture established by the founder (Mr Abbey) also appears to have been perpetuated (see Sathe, 1983). This is particularly clear in the way in which Mr Abbey ran the company's 'flagship' store (which at the time was the ground floor of the company's headquarters). Consistent with management practice during that era, Mr Abbey advocated minimal customer interaction by front-line employees. Indeed, in the company magazines of 1923 and 1927 it is stressed that customers are in a hurry and do not require 'unnecessary' conversation. Interestingly, these beliefs are still evident today, although such views now clash with contemporary management orthodoxy (see Harris and Ogbonna, 2001). Illustratively, a shopfloor worker claims:

> 'Customers don't want you to chat, what they want is for you to run-at-it [serve quickly] none of this buggering about with "how are you?" and "isn't it a nice day?"' (Shopfloor worker, aged 36, 7 years' service)

These beliefs appear to be perpetuated by store management. A store manager who rose from the shopfloor to a management position refers to her training:

> 'The ideal employee is one that works hard at getting things on the [shop]floor. Some of them with experience in other companies need to be trained not to spend hours rabbiting away with customers – just serve 'em quickly and move on. That's the way I was trained and that's what I now expect.' (Store Manager, aged 37, 5 years' service)

Clear similarities exist today with observation of employees in different stores finding that employees consistently treat customers with minimum service often subsequently suggesting that speed of service was more important than 'unnecessary' interaction.

These findings are generally consistent with extant theory. Indeed, it is arguable, that by definition, a culture which is 'strong' (that is, widely shared and deeply held) is likely to continue. Thus, given that strategy may be viewed as a product of the values of a culture (see, for example, Thompson and Wildavsky, 1986), a founder's strategy arising out of or carried by a *strong* culture is likely to become a legacy (in the form of vision, objectives or doctrines) for future managements.

Perceptions of company success. The second factor which appeared to exert a strong influence over whether the ideals, aims, philosophy or strategy of the founder endured centred on company success. However, in this case, focusing solely on objective performance measures is potentially misleading. Whilst a number of studies have concluded that success is an important determinant of the continuance of strategy (see Teece, Pisano and Shuen, 1997; White, Abbey and Barnett, 1994), this study finds that frequently it is the *perception* of success which influences the endurance of a legacy rather than *actual or objectively* measured performance. Similarly to Boeker and Goodstein (1993) who find that high performance is associated with internal CEO succession, case-study data suggests that the founder is likely to establish a lasting legacy when succeeding managers perceive the founding objectives, strategy or values to be enduringly successful.

A retrospective internal accounting report of 1942 indicates that the performance of Temple Stores was particularly good during the first 50 years of the company's existence with the company experiencing comparatively high growth rates (in terms of store openings) and fair profit margins. Indeed, company documentation (the Employee Handbook 1993 but omitted in later versions) accurately notes that at one point (in the 1950s) Temple Stores had an equal number of stores to Sainsbury's which is now one of the most successful food retailers in the UK. However, company financial accounts for the last fifteen years, note a gradual but steady fall in sales and profit figures. Surprisingly, despite documentary evidence of weak performance, many managers of Temple Stores still *perceive* the company as relatively 'successful' in the way that it has coped with a turbulent competitive environment. A Senior Support Centre Manager illustrates a widely held view amongst managerial staff:

> 'We've had a rough time over the last few years but I think we have been successful in the way we've got through it.'

And later:

> 'While the last few years haven't been easy, considerable scope still exists to continue acquiring new branches.' (Senior Support Centre Manager, aged 47, 16 years' service)

Similarly, a shopfloor employee claims:

> 'I know that sales ain't exactly hitting the roof but I reckon that we're doin' alright. I mean, times are hard but there's talk of some light at the end of the tunnel – they're going to open up some new stores soon – that'll get us on the right track.' (Shopfloor employee, aged 35, 6 years' service)

It is interesting to note that even where conventional measures of organizational performance indicate a lack of success, executives may still feel that the company is relatively 'successful', escalating their commitment to the existing strategy despite evidence of organizational stress (Huff, Huff and Thomas, 1992). This is particularly interesting when considered in the light of recent findings which suggest that managers *may* gauge inaccurately the performance of their organization (see Dess and Robinson, 1984; Venkatraman and Ramanujam, 1986). This finding is concordant with the earlier research of White, Abbey and Barnett (1994) on strategic inertia and provides support for the recent claims of Sull (1999) that strategic inertia has the potential to destroy previously successful companies.

The review of present and available past financial records (from 1900–1997), coupled with interview data, suggests that Abbey Stores has encountered more stable competitive conditions and has experienced less spectacular but more consistent growth in terms of sales, profits and branch growth. Examination of past management records (such as the Branch Managers' Report of 1941 and company magazines of 1986 and 1994) suggest that successive managers have generally perceived the company as successful (albeit unspectacularly so). A Support Centre Manager echoes the views of many managers when he concludes:

> 'Abbey Stores has been doing really well for the last hundred years and has been doing extremely well for the last twenty years – there is no reason to radically change the aims of the company. Why change things when they are going well?' (Support Centre Manager, aged 47, 9 years' service)

This view is largely consistent with the opinions of shopfloor employees. Illustratively, a shopfloor employee argues:

> 'When something is working, don't fuck it up. We're doing well and to keep us doing well all we gotta do is keep it going – slow and steady – that's the trick!' (Shopfloor employee, aged 41, 12 years' service)

Whilst third parties could interpret company performance differently (see later), internal management views of success appear to exert a pervasive influence. The finding of the importance of perceived comparative success is consistent with the 'decision dilemma' of Boeker (1989) in that commitment was found to escalate due to the lack of negative feedback.

Continuing family control. The third factor which consistently emerged as influencing whether the founding vision, strategy and objectives are maintained was continuing family control. In the cases of both Temple Stores and Abbey Stores, successive managing directors were direct descendants of the company founder. An examination of archival information (for example the minutes of board meeting and various policy and strategy documents) suggests that in both companies successive managing directors have continued to advocate the maintenance of major components of the strategy and many of the objectives of the company founder long after the founder had died. Illustrations of this are the statements emphasizing the need for family control in the personal notebooks and diaries of succeeding family owners (the best example in the case of Temple Stores being the personal notebooks of Mr Church in 1935 and a good example in Abbey Stores being the diaries of Mr Abbey in 1948). Indeed, this is not surprising since analysis of interview data and personnel records suggest that, for both companies, the company founder trained their successors, inculcating their values regarding the strategic direction of the company, a process which the successors have duplicated down the generations. The current Chief Executive Officers (and descendants of their company founder) refer to their experiences:

> 'I was taught the business by the previous Chief Exec. who in turn was trained by their predecessor

right the way back through the family to the founding [Mr] Temple. I will do the same for my successor – passing on the traditions and expectations are part of the job.' (Chief Executive Officer Temple Stores, the great, great, great nephew of the founder, aged 47, 14 years' service)

'My father brought me up to run the company – throughout all my schooling it was known that this is what I'd end up doing – it wasn't something I or anybody else questioned.'

And later,

'Many people say that I'm just a younger version of my Father.' (Chief Executive Officer Abbey Stores, the great, great nephew of the founder, aged 57, 34 years' service)

These findings are consistent with the conclusions of Boeker and Goodstein (1993) and White, Abbey and Barnett (1994) who note the tendency for organizations to appoint CEOs who are similar to predecessors. However, in the present study, it would appear that founding CEOs not only sought to appoint successors with similar strategic orientations as themselves but had the additional desire to appoint family members inculcated and committed to the maintenance of the founder's original strategic direction.

A review of the available minutes of Senior Management Meetings from 1920 to date suggests that previous managing directors of Temple Stores had endeavoured to maintain control over key decision-making powers within the company. Employment records and trade press releases or stories revealed that for each generation, the eldest sons of the family owners were brought into the company at an early age. These sons invariably became the next generation of managing directors or CEOs. One article from a newspaper cutting in 1948 held in the company archive quoted the then CEO of Temple Stores as saying that 'an all-round knowledge of the business by family members was important for their continuing control of the business'. The desire to maintain family control is eloquently expressed by the current CEO of Temple Stores:

'Temple Stores has been passed from generation to generation, we're proud of that. I'm not going to relinquish control of key areas and wipe out that tradition – all companies have taboos and that's one that is made clear right from the start.' (Chief Executive Officer, aged 47, 14 years' service)

It appears that a similar situation of successive family managements has also occurred in the case of Abbey Stores (as noted in the current Employee Handbook, 1998). Previous managing directors have typically been the son or nephew of the preceding managing director. However, interestingly, for the first time in the company's history no direct relative of the current Managing Director is presently employed by the company.

The maintenance of control by the same family appears to have perpetuated the continuance of many aspects of the founding visions, strategies and objectives. However, an important difference lies in the way in which control is viewed. Temple Stores enforce a rigid system of in-family control and typically believe that externally appointed managers neither have the commitment nor the vision to achieve the objectives that successive family leaders have sought to achieve. Hence, a Senior Support Centre Manager and family member of Temple Stores, refers to the current family managers claiming:

'The beauty of our top management is flexibility. They can turn their hand to anything.' (Support Centre Manager, aged 34, 6 years' service)

Similarly, a Store Manager illustrates the consistency of this belief:

'What gives us an edge is the versatility of the top management team – most of them can swap jobs and take over each other's departments just like that!' (Store Manager, aged 42, 10 years' service)

In contrast, Abbey Stores have recognized that total family operational control is unrealistic in contemporary business and have maintained family control via ownership while relinquishing certain aspects of operational control. A newly appointed Senior Support Centre Manager of Abbey Stores notes that:

'I was brought into the company with the explicit terms of reference to make us customer oriented. To my mind half the job was done. Mr Abbey and the other directors had recognized the problem and realized that they didn't have the experience or the skills so they got someone that did.' (Senior Support Centre Manager, aged 37, 2 years' service)

In both companies, successive managements have maintained family control and aided the perpetuation of what started as the founder's but have now become the family's visions, strategies and objectives. Evidence suggests that there is a commonly espoused desire to continue the tradition of family ownership and control. However, while this is taken literally in Temple Stores, Abbey Stores has recently adopted a more flexible stance of maintaining ownership and some control while relinquishing some elements of responsibility. The focus of this study now switches to the impact of the limited strategic choice which may arise from a founders' strategic legacy.

Factors influencing whether the founder's strategic legacy results in a present-day strategic hangover or inheritance

The preceding evidence indicates that both companies continue to experience a strategic legacy which acts as a constraint on the extent of strategic choice. For present purposes, a convenient gauge of the impact of a strategic legacy is the present-day objective financial performance of the organizations concerned. Future analyses could broaden this focus to less tangible indicators (such as customer loyalty) or other quantifiable factors such as market share.

In the current cases, contemporary evidence suggests that the present-day performance of both companies is significantly different. Whilst the internal managers of both companies perceive that their company is performing well, the trade press, third-party cross-industry analyses and the authors review of internal and competitor financial records over the last five years indicates that in 'real terms', Temple Stores is performing poorly whilst Abbey Stores is currently performing well. However, whilst evidence of limited strategic choice was found in both companies, the study finds that the flexibility of the strategic legacy and environmental factors both impact on the performance implications of the founder's strategic legacy. Clearly, the impact of the flexibility of the original strategy and environmental effects are highly linked and interconnected. Indeed, it could be argued that flexibility can only be expressed in terms of the environment. Nevertheless, this study proposes that merely concentrating on the environment underplays the nature of strategic choice which in some cases may arise from or be limited by a founding strategy. It is for these reasons that the strategic legacy of Temple Stores is classified as a 'strategic hangover' while the legacy of the founder of Abbey Stores is classified as a 'strategic inheritance'. The remainder of this section is dedicated to reviewing these issues.

Flexibility of the original strategy. This study finds that the consequence of a strategic legacy is strongly linked to the flexibility of that legacy. It is useful at this point to delineate between the earlier discussed concept of cultural strength and strategic flexibility. Cultural strength refers to the extent to which cultural facets (for example beliefs) are deeply held and widely shared among organizational members. In contrast, in this instance, 'flexibility' refers to the extent to which the founding strategic vision and objectives are versatile and open to broad interpretation. Hence, organizations may exhibit infinite combinations of cultural strength and strategic flexibility.

Where a strategic legacy is versatile and open to broad interpretation, executives are able to adapt to prevailing environmental conditions. In contrast, where the objectives of the founder are rigid and inflexible and yet still adopted by successive managements, the legacy is likely ultimately to result in a strategic hangover. These issues are illustrated in both case companies.

In board meetings and on many publicly reported occasions, the founder of Temple Stores extolled the need to establish a Temple Store in every town in a defined geographical region and maintain family control at all costs. In internal strategy, policy and procedural documentation, this aim has been unquestioningly adopted by generations of Temple Stores family owners and managers. The inflexibility of this legacy is apparent in the views of the current CEO:

> 'Our objective has always been a store in every town in Region A. It's quite clear. The same with keeping Temple Stores run by a Temple – that's not really something open to interpretation – either they are family or not.' (Chief Executive Officer, aged 47, 14 years' service)

This reaction can be classified as 'detached' involvement in the strategy process (Bowman and Kakabadse, 1997), in that, the current CEO is constrained by the strength of the strategic legacy but yet content. The result is a detachment from strategic issues and a focus on operational tactics. The objective to open a store in every town is clear and yet inflexible in the face of changing market factors (see later). As mentioned earlier, company financial records suggest that the strategy was initially successful but became counter-productive after successive family owners overstretched the company, eventually forcing Temple Stores to downsize.

In the case of Abbey Stores the legacy of the founder, passed down through the generations of family owners, centred on the desire for sales growth tempered by the need for paternalism and prudence. While the desire for growth in Abbey Stores was equally as strong as the growth imperative of Temple Stores, a review of board meeting discussions of strategic choices indicate that the requirement of 'prudence' appeared to act as a safeguard against rash development (indeed, the word 'prudent' often appears in the minutes of such meeting – for example, during the board meetings of Second Quarter 1987; First Quarter 1996). In this sense, the company watchword of prudence appears to provide an inbuilt inheritance of strategic flexibility. That is, the growth objective was tempered by a responsiveness to the prevailing business environment to the extent that growth was only undertaken if such growth was believed to be appropriate, timely and sustainable. A Senior Support Centre Manager comments:

> 'I wouldn't say that we are sticking rigidly to Mr Abbey's original strategy – his view of where the company was going wasn't like that – it wasn't that fixed.'

And later:

> 'Yes, you could say that paternalism has been important since this company has begun. But our duty towards employees is tempered by our own watchword of prudence. I mean there is no point in giving employees everything they want and the business going bust!' (Senior Support Centre Manager, aged 59, 22 years' service)

Store managers also mirror this belief:

> '"Prudent growth" sums us up – nothing too hasty – a more balanced approach to growing – slow but steady.' (Store Manager, aged 27, 3 years' service)

Interestingly, the mention of 'prudence' and 'paternalism' in the above quotations indicates an anachronistic use of language reminiscent of earlier dynasties.

Thus, the flexibility of the original strategy is important in influencing whether a strategic legacy results in a hangover or an inheritance. This is clearly related to the finding (discussed below) of a link between environmental conditions and the present-day performance consequences of the founder's strategic legacy.

Environmental Issues. The second critical factor, which was found to be linked to the consequences of a strategic legacy, was the environment. Clearly, the maintenance of a strategic direction regardless of environmental conditions is *potentially* disastrous as the stress between strategy and environmental conditions increases and the organization becomes less and less suited to a changed environment (Huff, Huff and Thomas, 1992). This relationship is inevitably linked to the flexibility of the strategic legacy discussed previously (as flexible strategic legacies *may* be adaptable enough to cope with the adverse effects of changing environmental conditions). However, given that an organizational environment is frequently turbulent and unpredictable, it is arguable that luck or chance plays a significant role in determining whether a founder's strategic legacy has a positive or negative present-day performance consequence.

In the case of Temple Stores the company enjoyed rapid growth in the 1960s and 1970s and significantly increased the number of branches whilst maintaining stable profit margins. The initial objectives of the founder dictated that the company should endeavour to increase its number of stores at all cost. This objective suited the competitive conditions of the food retailing industry during that period (Harris and Ogbonna, 2001) and was relatively successful up until the 1970s. However, the 1980s and 1990s were characterized by turbulent environmental conditions which were wholly inconsistent with rapid growth in branch numbers. Unfortunately, the Temple family adhered to the founder's practice of rapidly acquiring outlets and even intensified their efforts. Financial records reveal that this inconsistency was matched by a marked decline in financial performance which eventually led to the near collapse of the company. A Senior Support Centre Manager of Temple Stores concludes:

> 'The sixties and seventies were a good time for Temple stores. The market was growing and the

> North was booming – we were opening up to fifteen stores a year.'

And later:

> 'The recessions of the eighties and the competition of the nineties have not been easy. I don't think there has been a year without branches closing.' (Senior Support Centre Manager, aged 58, 23 years' service)

While Temple Stores have encountered environmental conditions in the food retailing industry which have conflicted with their strategic legacy, the competitive environment for Abbey Stores, in the clothing retail sector, has been less turbulent (Harris and Ogbonna, 2001). Perhaps not surprisingly, financial accounts and organizational records reveal that Abbey Stores has experienced comparatively steady profit and sales growth leading to a gradual increase in branches. A long-serving Senior Support Centre Manager of Abbey Stores claims:

> 'I don't think there has ever been time when trading conditions have been very bad or very good. That's not to say things have always been easy and that we have never had bad years. It's quite strange though – we seem to fair much better during the bad times!' (Senior Support Centre Manager, aged 59, 22 years' service)

An analysis of the clothing retailing industry finds that, in general terms, the sector has been subject to comparatively stable trading conditions when compared to the food retailing industry (Harris and Ogbonna, 2001). Thus, while no claims are made of the appropriateness of the legacy of Abbey Stores, a review of their past and present environmental conditions indicates that trading conditions have *not* overly stressed the strategic legacy of Abbey Stores.

Overall, evidence suggests that environmental conditions play an important role in countering strategic choices. Temple Stores had encountered an adverse competitive environment which conflicted with their strategic legacy and resulted in near company collapse. In contrast, the strategic legacy of Abbey Stores had not been tested by extreme environmental conditions but has proved to be an inheritance evidenced by continuing corporate success.

Conclusions and implications

To summarize, this article details a review of the literature pertaining to the impact of a founder on the maintenance of an organization's vision, strategy and objectives. This review includes an analysis of contemporary research into the role of a founder in the creation of an organizational culture, escalation of commitment and management commitment to the status quo. After a brief discussion of the adopted research design and methodology, the findings of two in-depth case studies are presented. These findings document and discuss a range of issues which influence whether the founding strategic vision, objectives or decisions influence present-day strategic thinking or actions. Furthermore, two main factors are identified as influencing the consequence of a strategic legacy. The remainder of this article is dedicated to the presentation and discussion of the implications of these results.

The findings of this study suggest a number of contributions and implications. First, existing literature indicates that organizations frequently appoint new CEOs who are similar in their background and perspective to past CEOs. This commonly leads to strategic inertia (for example, Huff, Huff and Thomas, 1992; White, Abbey and Barnett, 1994). However, this study finds that current strategy may be derived from the strategic actions of the *organizational founder* and not just past CEOs. Hence, strategic visions and objectives may be passed from generation to generation long after the demise of the founder. Thus, whilst previous studies have generally looked at strategy issues over one or two generations (for example Boeker, 1989), this study examines the strategic legacies of the founders of organizations dating back over 100 years. Therefore, an important contribution of this study is derived from the historical evidence it provides on the present-day impact of founders' strategic decisions which go back several generations.

These findings and implications highlight some of the inconsistencies between (largely) separate organizational research literatures and traditions. Whilst organizational strategy theorists principally agree that some form of strategic inertia is likely to occur in most organizations and that the founder's strategy is likely to endure (see Boeker, 1989), more critical organizational culture theorists are less accepting of the view that the founder's vision is perpetuated (see, for example, Martin, Sitkin and Boehm, 1985). Whilst it is generally agreed that organizational culture and strategy are highly linked (see, for example, Ogbonna and Whipp, 1999), it would appear that in relation to founders, the theories of strategy and culture writers flourish in comparative isolation. Although the present study partly redresses this imbalance, future strategy and culture researchers would clearly benefit from the study of a wider, more eclectic theory base rather than simply accepting a single literature. This is not to suggest that a single literature is wrong, but rather infers that diverse literatures should be studied critically in relation to each other. Through such a process, stronger theories are likely to emerge and develop.

An interesting issue centres on the relative influence of the strategic decisions of company founders in comparison to the decisions of non-founding but influential CEOs. Whilst past studies (such as Boeker and Goodstein, 1993) find that the strategic choices of past CEOs may exert considerable influence, the current study *suggests* that the company founders may exert a more pervasive underlying influence. This leads to the suggestion that retrospective analysis of company strategy should focus on what could be labelled 'dynasties' of strategy rather than the terms of office of individuals. That is, retrospective analyses should deconstruct past strategy into 'strategic dynasties' which should represent periods of strategic inertia attributable to specific individuals or traceable to particular strategic choices. Hence, an implication of this study is that the creator of a strategic dynasty (be they company founder or subsequent influential CEO) may leave a strategic legacy which could potentially result in a strategic inheritance or hangover.

Interestingly, the present study also alludes to differentiation in the character or nature of the strategic legacy of the founder. In Abbey Stores the legacy passed from generation to generation was largely communicated in the form of a general strategic approach (albeit with a growth objective) whilst in Temple Stores the legacy was principally remembered in the form of a more precise growth objective. This may indicate that in different circumstances, a strategic legacy may vary in terms of focus, content and manner of communication. That is, depending on the particular organizational and environmental contingencies of the time, aims, objectives, approaches, tactics or even philosophies could be perpetuated via any number of media from stories to symbols to strategy documents. When coupled with the previously discussed concept of strategic dynasty, this raises the possibility for the cultural and strategic deconstruction of an organization's history in a manner which reveals the overlay of different legacies and dynasties each of which may vary in the manner of communication. Thus, historical research could uncover insights into the composition of organizational cultures through revealing, for example, an aim-based strategic legacy from the founder matched with a tactic-based legacy from a subsequent influential CEO and an approach-based legacy from the current-day Managing Director.

Furthermore, the results of this study indicate that the creation of a strong organizational culture may not necessarily be desirable. This contradicts much existing managerial literature and practice which espouses the virtues of developing and maintaining a strong organizational culture (DiTomaso, 1987; Weiner, 1988). Such writers have frequently preached that the performance of an organization is linked to the strength of the culture in that a strong culture is characterized by uniformity in values which reduces unpredictability and increases conformity to the espoused ideals. However, the findings of this study are generally consistent with more recent academic research. That is, the appropriateness of a culture is dependent on favourable environmental conditions. Hence, two organizations may have similarly strong cultures but both may experience radically different performance. Indeed, contemporary theory argues that in the long run it can be problematic to assume that cultural strength leads to increased performance as little evidence exists to justify this assumption (Hopfl, Abbey and Spencer, 1992). This study contributes to this stream of thought through the finding that a strong culture increases the probability of an enduring strategic legacy which *may* result in a strategic hangover. Thus, while a strong culture *may* lead to increased performance in the short term, any association between cultural strength and performance should be regarded as tenuous at worst and time specific at best. Similarly, in contrast to extant theory pertaining to the limited level of culture perpetuation (for example Sathe, 1983), this study finds that within family-owned firms, generations of the controlling families tend to perpetuate the ideals of the founder to the extent that the culture becomes stronger and strategic inertia becomes more likely.

These issues are linked to the implication that the actions of an organizational founder have the potential to result in unintended consequences for an organization long after the founder has left the company. Whereas past studies have tended to examine the likelihood of strategic inertia, this article has examined the performance implications of this issue. Where circumstances conspire to lead to a strategic legacy (influenced by the strength of the created culture, maintenance of family control and continuing perceptions of success), it is inherently logical that the impact of the legacy may be positive and/or negative (depending on the flexibility of the original strategy and environmental factors). Thus, the actions of a company founder many decades ago may result in consequences which, while not necessarily intended, profoundly affect the survival of that organization. In the case of Temple Stores, the strategic legacy was inflexible, which when compounded by environmental factors nearly resulted in the dissolution of the company. In contrast, the strategic legacy of Abbey Stores was flexible and provided a guiding philosophy for the company which may be construed as a strategic inheritance.

An important contribution of this study can be derived from the findings pertaining to the maintenance of the vision, strategy and objectives of the founder. Whereas past studies have identified organizational performance and the establishment of a strong founding strategy as the key factors in determining the continuance of the founder's strategy, the findings of this study cast doubt on the reliability of such claims. Indeed, the use of in-depth case-study techniques found that, consistent with decision dilemma theory (Boeker, 1989), top management *perceptions* of success were found to exert strong inertial forces whilst objective measures of performance appeared less important. This study suggests that whilst a strong strategy influences strategic inertia, it is possible that the root cause of the continuance of a strategic direction may be a strong organizational culture established by the founder of the company (an issue particularly pertinent in the case of family firms).

Much of the preceding discussion is relevant to both theorists and practitioners. However, a number of implications are particularly applicable to management practice. One such implication centres on the need for executives to develop an appreciation of the strategic past of their companies. Given evidence of the existence and performance consequences of strategic legacies, it is possible to suggest that strategy formulators should include an historic audit of the strategy of their organization as part of the strategic planning process. This process may help to minimize the consequences which can arise from a negative strategic legacy. Furthermore, such an analysis may assist in formally documenting the rationale for past and current strategic decisions which should prove valuable to current and future strategists. Underlying these managerial implications is the suggestion that managers and executives accept their limitations as generators of genuinely innovative strategy and accept that issues such as the escalation of commitment and increased commitment to the status quo may greatly affect their willingness to make, and even their ability to recognize, strategic choices. As such, management awareness of the potential impact of a strategic legacy is crucial.

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Appendix: Archive data examined and referenced

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Work Diaries and notes 1938–39, 1948, 1953–54, 1986–88.
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Company Magazines 1923, 1986, 1994.
Internal Memoranda 1956, 1963.
Annual Report 1997.

Temple Stores:

Minutes of Board Meetings 1923, 1927, 1931, 1987, 1996.
Christmas Magazines 1929, 1934.
Internal Memoranda 2 January 1924.
Work Diaries and Notes 1935, 1944–45, 1954, 1982–83, 1995–96.
Strategic Plans 1993, 1995, 1998.
Scrapbook of company oriented newspaper articles 1900–1997.
Internal accounting Review 1942.
Employee Handbook 1993, 1997.