A Study about Gene of Succession of Ford Motor Company
Based on Grounded Theory

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Keywords: Ford Motor Company    family business    succession    gene

Abstract. The basic reason of the continuity of the family business is the transmission of gene between generations and the discovery of the gene of family business is the key to solve the succession. By collecting a large number of historical documents of Ford Motor Company, using grounded theory and the qualitative analysis software MAXQDA12.0, this paper studies the four generation of entrepreneurs’ management behavior, generalizes common features and conducts theoretical abstract in order to confirm the family business genes. This study finds that four generations of entrepreneurs of the Ford family have high similarity and continuity in family control, family unity, family mission, succession ability, entrepreneurship, human capital, social capital, power arrangement, crisis management and competitive strategy. On this basis, the internal logic relation of the ten categories is explored, a gene model of family business is constructed and the characteristics of gene transmission are explained.

1. Introduction

The key issue of the research on family business succession is to determine the nature or content elements of succession, which have not achieved considerable clarity. This makes it difficult to carry on longitudinal and in-depth study and the role of theory to guide practice is weakened. Therefore, based on corporate gene theory, this paper reinterprets what succession is and the content elements of succession through the concept of corporate gene, puts forward the nature of family business succession is the transmission of gene, and defines the gene of family business succession as a combination of various elements which have genetic function and determine the survival and development of family business. Then, through the longitudinal case study of Ford Motor Company, the gene of family business succession is discovered.

2. Succession gene of family business

2.1 Integrating succession factors of family businesses based on gene perspective

In a broad sense, family business succession refers to the transfer of leadership from the founder and owner to the successor (family member or non-family professional manager). In a narrow sense succession usually refers to the transfer of leadership from one family member to another. Because of the particularity of the family members, most scholars have studied the narrow sense of succession. "Leadership" can be subdivided into two dimensions: ownership and management. Most scholars believe that family business succession is the transfer of management control. However, the succession (or continuity) of family firm should be a multidimensional concept, which means one or several essential and unique core elements are preserved and some elements are sacrificed. In addition to ownership and management, mission and values (Drozdow, 1998), implicit knowledge (Cabrera Suarez, 2001), network and social capital (Steier, 2001) and innovation spirit (Litz and Kleysen, 2001) and so on should be incorporated into the elements of the succession system.

This study considers that the elements of succession of family business should be the comprehensive elements that determine the essence of firm development, rather than single element.
This idea coincides with the theory of corporate gene. Corporate gene is one of the theory schools that explain the growth of enterprises. It mainly draws on the gene theory to explore the essential elements that determine the growth and evolution of enterprises.

Tichy, an American scholar, the representative of corporate gene theory, first put forward the concept of corporate gene, pointing out that the corporation, like an organism, has its own genes, which determine the heterogeneity of the corporation, and the evolution of genes is the evolution of corporation (Tichy, Cohen 1998). Therefore, in light of the corporate gene theory, this paper believes that genes determine the growth of family business. Since the determinant of the growth of family enterprises is the genes, they naturally constitute the content of succession which is a key stage in the growth of family business. Family business succession is the succession of genes.

2.2 The connotation and characteristics of succession gene of family business

Based on the above analyses, this study defines the gene of succession of a family business as a combination of hereditary factors that can determine the survival and development of family business. The succession gene of a family business has a structure composed of hereditary elements. First, each element of the family business gene can play an independent and lasting role and can be transferred between generations. Secondly, the gene as a structure has certain stability, which guarantees the implementation of genetic function. Thirdly, the gene of family business succession has the feature of expression. The genes of family business succession are the key factor in determining the survival and development of family enterprises. They are hidden and difficult to observe, but can be expressed through external business behavior. Finally, during the passing down of genetic information to the next generation, there could be variability and innovation in accordance with the changes of environment. The structure, stability, heritability, expressiveness and variability of the gene of family business succession determine the survival and development of family business and affect its heterogeneity. In other words, family businesses are different in the model of survival and development, which are determined by genes.

The original discovery of biological gene is the result of the similarities and differences between different parents. Inspired by this, succession gene of family business can also be found by observing and studying the characteristics of different generations of the same firm. Only by studying family businesses who have survived many generations can we find the structural, stability, heredity and variability of succession gene. However, the characteristics of family businesses can be reflected in many aspects. From the family level, the dominant leader of the family business is the leader from the family. The behavior characteristic of the family leader in enterprise’s operational and managerial activities is one of the external expressions of succession gene of family businesses. Therefore, the object of this study is to determine the succession gene of family businesses by observing the behavior of family leaders.

3. Research design of succession genes of Ford Motor Company

3.1 Research methods

Case studies are more in-depth on the development and deep analysis of research objects than quantitative research. By collecting data, we can have a comprehensive grasp of the behavior of the object. The succession gene of family business exists in enterprises, which can continue through generations. Therefore, the discovery of the inheritance gene needs to be searched from the history of the intergenerational transmission of family businesses. The qualitative analysis of the case is an effective way to discover the inheritance of genes in the family business. Grounded theory method proposed by Glass and Strauss (1967) is a kind of bottom-up method of using detailed data to establish a theory. Based on the logic of science, a theory is developed through inducting, deducting, comparing and analyzing data, using a spiral cycle to gradually raise the level of abstraction of concepts and their relations. Grounded theory is not necessary for the researchers to make logical deduction of the preset assumptions, but to summarize the sentences and dialogues in the study materials and then make theoretical abstractions.
3.2 Sample selection and data collection

Succession gene is the decisive factor that decides the growth and development of family businesses. It is stable in the generation of intergenerational inheritance, and the more algebra of inheritance, the better the stability of genes. According to the typicality of the enterprise, the integrity and the availability of the data, Ford Motor Company was selected as the case of the research. Ford Motor Company was established in June 16, 1903, and has been passed on for four generations.

After the search and selection, this study mainly used the data to the "Ford family biography", which was finished by a foreign scholar through consulting historical archives, interviewing family members and company executives, reading the published data. So the date has authoritative and objective. Other similar biographies such as "Ford family legend", the company's official website, the research papers and the magazine articles are supplemented. Through various ways, each historical fact was repeatedly compared and verified, so as to ensure the completeness, correctness and credibility of the research contents (Yin, 1989; Patton, 1990).

4. Construction of the succession gene model of Ford Motor Company

4.1 Initial coding

Initial coding program deals with the gathering problem of data by defining phenomena, defining concepts, and exploring category. Definition refers to the decomposition of the original data of a case company into an independent story or event, which are named according their representing phenomenon. Then the definition of the phenomenon is further developed into the concept, namely "conceptualization". Finally, the related concepts are gathered into a class of category, namely "categorization". According these three steps, all the activities of the four generation entrepreneurs of Ford Motor Company (1879-2017) were decoded, and finally got 463 concepts and 96 categories with the international popular qualitative analysis software (MAXQDA12.0).

4.2 Axial Coding

The purpose of Axial Coding is to clarify all concepts and their relationships, and to reanalyze the concepts and their relations, and integrate the higher level of abstraction categories. Usually, Grounded theory uses the canonical analysis model, namely "conditional / action--interaction/ strategy--result" to analyze the logical relationship between different categories, further classify the categories and extract the main categories. According to Axial Coding, this study identified the logical relationship of these categories of Ford Motor Company, summarized ten new categories: family control, family unity, family mission, succession ability, entrepreneurship, human capital, social capital, power arrangement, crisis management and competitive strategy. These ten new categories are the category of higher generalizations and abstract levels, which are called the main categories. The categories formed in initial coding process are called the support categories.

4.3 Theory coding

The purpose of Theory Coding is to refine the core category. By analyzing the logical relations between the ten main categories, these relationships are summarized in a core category. The core category must have correlation that should be correlated as much as possible with other data and their attributes; the core category must have the explanatory power that can explain most research object's behavior pattern; the core category must have frequent reproducibility that is often present; the core category must have be easy to connect with other variables and make sense. Through continuous analysis and comparison of Ford Motor Co's case data, numerous concepts and categories in management, "the continuation of environmental adaptability" could be used the core category that can reflect the subject of the Ford case data.
4.4 A model of succession gene of Ford Motor Company

According axial coding, operational and managerial behavior of Ford Motor company's four generation of entrepreneurs were refined ten main categories, that is, family control, family unity, family mission, succession ability, entrepreneurship, human capital, social capital, power arrangement, crisis management and competitive strategy. These ten main categories can be regarded as the decisive elements of the continuation of the family business. According to the structural characteristic of biological genes, there should be a stable structure between ten main categories. A mainstream view in the study of family business is that family business is composed of two systems of family and enterprise. Referring to this logic, and imitating the DNA structure of biological genes, the model of succession gene of the Ford motor company was built as shown in Figure 1.

![Figure 1. A model of succession gene of Ford Motor Company.](image)

Family mission and entrepreneurship belong to the value level, which is the dual spiritual core of family business growth and plays a decisive role in other elements, which is equivalent to DNA's double helix chain. The family mission chain connects family control, family unity, power arrangement and succession ability; the entrepreneurial chain links human capital, social capital, competitive strategy, crisis management.

After four generation of entrepreneurs' management, Ford Motor Company realized the stable continuation of the family business. This continuation is the result of the successor's inheriting the genes of the first generation of entrepreneurs and continuing to innovate. Under the guidance of entrepreneurship, the first generation of entrepreneur accumulated social capital and human capital, implemented competitive strategy and crisis management, and established a unique development mode of enterprises. In order to control company, the first generation of entrepreneur designed a unique family control structure with family members, restrained executive power and cultivated capable successors. The Ford family's successors have inherited and improved the genes of the first generation of entrepreneur in family mission and entrepreneurial. The family mission, determined by biological blood, gives a successor a natural sense of responsibility to inherit the family. This responsibility inspires the successor to participate in business practice and develop leadership. The changing environment forces successors to continue to risk and innovate, to change the content of the genetic elements of the first generation entrepreneurs in order to carry on the family business.

Through four generations of entrepreneurs, the succession genes of Ford Motor Company shows the five characteristics of structure, stability, heritability, expression and variability. The structural feature is mainly composed of ten genetic elements to form a relational structure. The stability feature refers to the emergence of ten gene elements in different generations. Heritability refers to the ability of genetic elements to be passed from the last generation to the next generation. Expression refers to the show of gene elements through explicit, observable forms. Variability refers to the same gene elements showed differences in different generation successor, because different successors will adjust the contents of the genetic elements.
5. Summary

Family business is an organizational form based on blood relationship and economic relationship. The blood relationship based on biological gene is one of the essential characteristics of family business. Family business growth is determined by genes, and family business succession is the succession of gene.

Family business succession is a process in which the incumbent needs to pass on many elements of the business management to the successor. Victor (2002) studied 19 family businesses that lived in Hong Kong for more than 100 years, and found that the content of succession also includes social capital, human capital and cultural capital. This study also found that the content of family business succession also includes multiple elements. The integration of multiple elements together provides a comprehensive perspective for succession, which helps to bridge the differences in the study of succession connotation.

The research of family businesses succession is mostly between the two generations. The reason is that field investigation is convenient, data collection is convenient, and the research results are mainly based on the behavior and influence factors of the two generation in succession process. So far, it is difficult to find valuable conclusions, and the research of family business succession has stagnated. Besides quantitative analysis, archival method, longitudinal research, content analysis and narrative analysis can also used in family business research (Sharma, et al., 2012). This study selected the case which has been successfully passed to the four generation, and used grounded theory as a qualitative research method to identify common features from the four generation of entrepreneurial behavior, constructed elements of succession, which added a new way to study the content of family business succession.

References


