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Unexpected Generation Change Influencing the Change in Management Style

Case Ränssin Kievari



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This thesis studies the effects of an unexpected generation change in the changing of managerial styles of a chosen case company. The study presents two chosen managerial styles based on the findings within the case company interview, the autocratic leadership style and the situational leadership model, their characteristics and benefits and disadvantages. Further, this thesis studies the characteristics of a generation change, its definitions and key elements.

The case company, Ränssin Kievari, is a small family owned hospitality enterprise in Kuikka, Central Finland. The company has undergone an unexpected generation change in 2010, when the entrepreneur passed away suddenly, leaving the responsibility for the successor. The aim of this study was to research the management style of the successor and her operative decisions since the unexpected generation change happened, and how the unexpected generation change as a whole has influenced the everyday operations within the enterprise. Further, the influence of the past management style on the operative side of the enterprise and on the current management style was studied through the conducted themed interview.

The starting point for this thesis was to study the occurred change in management style through the study questions, "How has this situation (unexpected generation change) affected the managing of the enterprise?" and "Which style is better for this enterprise?" The study was conducted via themed interview and its results were compared with the theoretical framework presented in this study.

The results indicated that the management style has changed from autocratic style towards situational leadership style, suggesting that this change has had effect both on the operational side of the enterprise, as well as to the successor's decision-making processes. Regarding the operational side and future development of the business operations, the acquired results also suggest that the situational leadership model is more suitable for the enterprise.

Key Words: Generation change, autocratic leadership model, situational leadership model, management

Mari Heikkala

**Odottamattoman sukupolvenvaihdoksen vaikutus yrityksen johtamistyyliin
Case Ränssin Kievari**

Vuosi 2011 Sivuja 43

Tämä opinnäytetyö tutkii odottamattoman sukupolvenvaihdoksen mukanaantuomia vaikutuksia yrityksen johtamiseen ja valittuun johtamistyyliin esimerkkiyrityksen kautta. Opinnäytetyö esittelee yksityiskohtaisesti kaksi valittua johtamistyyliä, autokraattisen johtamisen ja tilannejohtamisen mallit, näiden pääpiirteet, edut ja haitat. Sen lisäksi tämä tutkimus tutkii sukupolvenvaihdoksen keskeisiä piirteitä, toimijoita ja avaintekijöitä.

Tutkimuksen esimerkkiyritys, Ränssin Kievari, on pieni matkailualan perheyrittäjä Kuikassa, Keski-Suomen alueella. Yrityksessä tapahtui odottamaton sukupolvenvaihdos vuonna 2010, kun yrittäjä kuoli äkillisesti jättäen yritysvastuun seuraajalleen. Tämän opinnäytetyön tarkoitus oli tutkia uuden yrittäjän johtamistyyliä ja hänen tekemiään ratkaisuja odottamattoman sukupolvenvaihdoksen tapahduttua, ja sen vaikutusta yrityksen jokapäiväiseen toimintaan. Toteutetun teemahaastattelun kautta selvitettiin myös edeltäjän johtamistyylin vaikutusta yrityksen operatiiviseen puoleen sekä nykyiseen johtamistyyliin.

Tämän opinnäytetyön lähtökohtana oli selvittää tapahtunutta johtamistyylin muutosta ja sen vaikutusta yrityksen toimintaan tutkimuskysymysten ”Kuinka tämä tapahtuma (odottamaton sukupolvenvaihdos) on vaikuttanut yrityksen johtamiseen?” ja ”Kumpi valituista johtamistyyleistä on yritykselle parempi?” kautta. Tutkimus toteutettiin teemahaastatteluna ja sen tuloksia vertailtiin esiteltyyn teoreettiseen viitekehykseen kanssa.

Tutkimuksessa selvisi, että yrityksen johtamistyyli on vaihtunut autokraattisesta tilannejohtamisen suuntaan, ja tällä muutoksella on ollut vaikutusta sekä yrityksen operatiiviseen toimintaan että yrittäjän tekemiin ratkaisuihin. Sen lisäksi tutkimustulokset osoittavat että tilannejohtamisen malli on yritykselle sopivampi koskien esimerkkiyrityksen jokapäiväistä toimintaa ja sen kehittymistä tulevaisuudessa.

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1 Introduction

This thesis studies the change in managerial and leadership styles caused by unexpected generation change in a small family owned hospitality enterprise. The starting point for this study was the death of the old patron in my chosen case company, Ränssin Kievari, an enterprise that I am very familiar with, via personal friendship with the new owner and heiress Mrs. Minna Eräjärvi. Ränssin Kievari is a small rural hospitality entity consisting of restaurant, accommodation and leisure activities services in Kuikka, Central Finland. They also offer a summer theatre for their customers, and also arrange wintertime activities.

Until the spring of 2010 the place was managed and owned by Mikko Eräjärvi, the old patron with rather controversial personality. The unexpected change in the ownership, leaving the responsibility and practical matters to the heiress Minna Eräjärvi, created an opportunity to study the personal and intimate side of a challenging situation, and how it affects the managerial style, and how the situation impacts the present and the future through the past. Since management is a vast field of exploring, I will concentrate on the managerial styles of these two persons involved in the unexpected generation change. Additionally, the post mortem influence from the old patron to the present day operations is studied through the interview.

I chose the topic of this thesis through personal interest on the management issues of hospitality industry. Further, my personal friendship with the new owner has given me the opportunity to follow the company from a close range, and familiarize myself with the company's operations. This situation has enabled me also to present my own perceptions how the enterprise in question has managed through the unexpected situation in comparison with the theoretical approach.

Managerial decisions affect many people and communities, and through good management the personnel is more committed to the company culture and perform better in their everyday tasks (Kuusisto & Kuusisto 2008, 17). During my studies I have familiarized myself with different theories of management, as well as entrepreneurship issues and practicalities, so the choice of topic felt appropriate through the framework already studied within my degree programme.

The structure of this thesis is according to key factors of the study. I have separated the main factors in a logical order, starting from the introduction and research methods, and continuing to primary study areas, i.e. the generation change, managerial styles and the actual case study.

After the chapters mentioned above, the last part is conclusions, presenting my personal argumentations and perceptions based on the theoretical framework and the results acquired in the case study interview questionnaire. However, I have deviated myself from the commonly used structure by inserting the transcript of the interview as an individual, separate chapter instead of placing it as an appendix. This way I was able to analyze the answers right after the transcript, making the structure more diverse and easier to read, when the questions and the transcripts of the answers are in the same chapter, and are easily followed according to the chosen theme of the questions.

As generation change can happen in a planned manner, through controlled stages and over a long period of time, this study offers a different kind of approach to the matter. My intention is to present an intimate insight of one entrepreneur and her method of “survival” in these unexpected circumstances. This study concentrates on the changing of the managerial style, including the making of managerial decisions in the midst and after of a personal loss, and introduce the challenges and opportunities that the successor Minna Eräjärvi is facing.

The primary research question in this study is “How has the situation (unexpected generation change) affected the managing of the enterprise?” leading to the secondary research question: “Which style is better for this enterprise?” One of the goals of this study is to introduce a practical example to all entrepreneurs experiencing the same kind of situation - through the portrait of one entrepreneur and how she personally adapts to the situation, and utilizes the challenges and opportunities.

As the death of a close relative is one of the most stressful things in human life, the approach of the topic in this study is likely to take an emotional angle from time to time. As psychological approach is closely linked to managerial decisions, it is challenging to discuss these matters via hospitality field of study. However, through the interview I am able to present the entrepreneurs thoughts and feelings, and provide some insight to the decisions made in the managerial field, without a proper psychological framework. Additionally, I had the opportunity to discuss informally with some of the employees, and I will present their opinions and perceptions about the situation in the conclusions part of this study. Having a personal friendship with the interviewee is also a challenging situation regarding the objective approach of the topic.

As stated in the first chapter, the area of management is too large to discuss and analyze in one study. Hence, limiting the subject and theoretical approach to relevant matters is one of the challenges. This intentionally limited approach and its results are analyzed and discussed in the last part of the study, including also some suggestions for future studies.

2 The Research

2.1 Thesis research methods and limiting the study

The study method used in this thesis is empirical, qualitative approach through interview, which is the most common method used in qualitative research according to theory introduced by Hirsjärvi, Remes and Sajavaara in "Tutki ja kirjoita" (1997, 192). As a source and basis for my questionnaire, I studied the book called "Tutkimushaastattelu - teema-haastattelun teoria ja käytäntö" by Sirkka Hirsjärvi and Helena Hurme (Gaudeamus 2008). This book contains all the relevant information for a successful interview, including the ethical aspect as well as the practical information for forming the questions and analyzing the results. They argue, "Interview is a method that both the interviewer and the interviewee usually experience as a pleasant one" (Hirsjärvi & Hurme 2008, 11), and given the unusual circumstances for my case study this method seemed appropriate.

Management and generation change are both often-studied topics. Hence, I will limit my study to the impacts of unexpected generation change to managerial style, and the challenges and opportunities caused by the process. Additionally, the theory of managerial part of this study concentrates in comparison of two selected management styles, i.e. autocratic and situational leadership models, based on the characteristics and known styles of the persons involved.

2.2 The results of this study

The results of this study include analysis and interpretation of the answers acquired in the case study, forming an entity of how individual aspects and actions influence the managerial style and behavior. Further, it is my intention to offer information, how one individual coped with unforeseen circumstances and compare the actual results with the theory found in previous studies and literature.

However, the results may be influenced by the personal friendship I have with the interviewee, but knowing the situation I have tried to remain my objectivity when interpreting and analyzing the answers in the questionnaire and forming the final results. The results can be compared to similar studies conducted before, however, the majority of the studies are based on the planned generation change process that differs from the results of this particular study.

2.3 Forming the questions for the case company and the use of literature

In my questionnaire that I used as a basis for the interview, I formed open-ended questions, leaving space for personal feelings and emotions in the answers. As the most important factor in planning the interview is the design of the theme (Hirsjärvi & Hurme 2008, 66), I structured my questions in three separate sections: The past, the present and the future. Following this structure I was able to divide and analyze the answers according to relevant theoretical framework and sources.

As some of the literature used in this study is written in Finnish, I have tried to translate the text to the best of my abilities. I have also tried to maintain the original context of the Finnish text while translating it to English. Most of the literature used can be found in Laurea's ebrary (electronic database) services.

Regarding the literature used in the generation change theoretical framework, I have selected sources which are close to our own culture, i.e. generation change theories within Finland. These sources offer a good insight of the process within the enterprises in our home country, giving closer and more understandable perspective to the cultural and heritage influences within the theoretical framework.

Additionally, I have used some articles and illustrations related to the subject. However, regarding the literature in unexpected generation change chapter, the sources found usually regard this matter through a planned generation change framework theories, offering only interpretative options how to use the theory in an unexpected generation change situation.

2.4 Analysis and results

As the results and analysis of a qualitative method interviews is often based on interpretations made by the researcher (Hirsjärvi & Hurme 2008, 151), I tried to interpret the answers as precisely as possible according to the theoretical framework. The case company interview is analyzed after each individually themed chapter through the theoretical framework presented in this study.

The core question of this study, "How has the situation (unexpected generation change) affected the managing of the enterprise?" offered a guideline when interpreting the answers and choosing the theoretical approach for the results. In the analysis / conclusions chapter of this study, both the primary study question, and the secondary "Which style is better for this enterprise?" will be analyzed through my personal knowledge of the field of study.

2.5 Reliability and validity of the study

As the generation change process has been researched mainly through the scenario, where the process is controlled and planned, the reliability of this study can be criticized. However, according to my research, similar studies where the generation change and its impacts are studied via unexpected perspective are not so common. Further, regarding the reliability of this particular study, the results could be measured with similar studies conducted in the future. However, the qualitative approach through one interview does not necessarily fulfill the measurements of reliability. Additionally, my personal friendship with the interviewee may affect the objective analysis of the study, decreasing the reliability of the study.

The validity of this study is based on the reliability of the interview, and how accurately it reflects the process that the study is researching - the impact of an unexpected generation change and its influence on the managerial decisions. Regarding the external validity, the results of this study cannot be generalized, because the study is conducted via one interview, and offers therefore only one perspective to the studied topic. Internal validity can be measured through the structure of this study, and through the methods used. However, it is the purpose of this study to reflect as accurately as possible the process that the entrepreneur is facing and going through, adding the reliability of the external validity.

3 Generation change

3.1 Introduction of the generation change process in general

Generation change can happen in various stages and it can be either well planned and controlled, or like in my case study, it can happen unexpectedly and uncontrollably. The main focus of this chapter is about the critical phases of the generation change in small family owned enterprises. It has been estimated that nearly sixty to eighty thousand small and middle-sized enterprises will need a new entrepreneur during the next ten years, and this has been predicted to become a major challenge for the current entrepreneurs and their families (Kuusisto & Kuusisto 2008, 7). The generation change has been studied widely, e.g. during the years of 1988-1997 the subject was the second largest subject of study in the Family Business Review publications (Lassila 2005, 68). The generation change can be simply defined as a process, where the managerial control is transferred from one generation to the next one (Shephard & Zacharis 2000) or it can be regarded as a larger process where additionally the duties, responsibilities and rights are transferred along with the transferring of the managerial control (de Haan 1994, 155). Hilikka Lassila also argues, that in some cases among the small family enterprises, the selling of the enterprise outside the family can be

considered as generation change (Lassila 2005, 68).

The main operators in the generation change are the predecessor and the successor. The role of the predecessor is the main key to a successful generation change, and it can influence greatly in how the successor has been prepared and raised to the situation (Lassila 2005, 69). Quite often both the predecessor and the successor work simultaneously in the enterprise, creating the phase of mentoring and encouraging the transferring of the “silent knowledge” from one generation to the next one (Lassila 2005, 69). However, there are several phases where the generation change can fail, which will be introduced more closely in the next chapter.

3.2 The critical phases of the generation change

When the managers change, the whole enterprise will go through a change. As the manager is usually the most important person in small and middle-sized companies, he / she is the main character influencing the enterprise’s working culture (Kuusisto & Kuusisto 2008, 24). One of the major issues is the fear of change among the employees, and how the situation will affect their future and their working conditions (Kuusisto & Kuusisto 2008, 24). Their solution to this situation is quite simple - the managers should use common sense and be open and forward in their everyday operations, creating the atmosphere of trust among the employees by emphasizing the facts that remain the same, and adjust their style according to the employees’ maturity to handle change (Kuusisto & Kuusisto 2008, 31).

Even more critical phase is the process between the predecessor and the successor. As the generation change should be regarded as a well-planned and structured process (Koiranen 2000, 55), even though the process itself is one of the most challenging situations in the entrepreneur’s life. The planning of the generation change can, in the personal level, cause many psychological hindrances with the predecessor, such as the fear of losing one’s identity, and the fear of losing control and power (Lassila 2005, 74). On the other hand, if the predecessor neglects the planning and preparation of the process, the generation change may cause severe damage when it happens - usually through the death of the predecessor (Koiranen 2000, 55). The realization and the finding of the new identity as a leader is challenging to the successor and it is threatened by the feeling of insecurity, especially in small and middle-sized companies where the entrepreneur has not the support of a large organization (Kuusisto & Kuusisto 2008, 136).

3.3 Unexpected generation change

The expected, i.e. planned, generation change is according to literature based on four

critical phases: 1) the process of transferring the ownership from the predecessor to the successor, 2) the personnel's process of giving up from the old management (predecessor), 3) the process of the personnel to accepting the new leader, and 4) the process of the new owner (successor) to be accepted as the leader (Kuusisto & Kuusisto 2008, 195). In the unexpected generation change, this pattern is - according to my studies - disturbed in the first phase, i.e. the predecessor passes away suddenly and cannot prepare the successor to the task. Therefore, many of the important factors influencing the successful generation change may be overlooked or left untold due to the circumstances. As the predecessor should at least take an active part in mentoring the successor and keeping up the change motivation of the personnel (Kuusisto & Kuusisto 2008, 197) these factors are left on the shoulders of the successor in an unexpected situation.

In regard of my case company, the unexpected generation change can also cause everyday practical problems related to the operational management of the enterprise due to the loss of "know-how" and the "silent knowledge", aka "tacit information". In the worst-case scenario, the unexpectedness can cause economical damage and force the successors to do forced decisions (Koiranen 2000, 55).

3.4 Conclusions

Based on the theoretical framework, I feel safe to argue that the earlier the generation change is discussed, the better. Even though it may cause some problems, the more prepared the successor is, the more smoothly the whole process will flow. There are many individual factors influencing the transferring of the management of the enterprise to the next generation, e.g. the personality of the old manager, and how he / she will regard the process as a whole, as well as the preparedness of the successor to take over the enterprise operations.

According to my personal experience, the generation change can happen in a smooth and well-planned manner, preparing the successor to take over the company operations without major challenges. As many of the entrepreneurs I have known in so called family enterprises are raised from childhood to be the successors, the thought of the entrepreneurship comes as a "natural" thing to do. Further, according to my experience, the successors often regard the continuance of their family enterprise as a privilege, and it may influence e.g. their choice of study topics in the elementary school.

However, as the next chapter of this study shows, a successful generation change can be obtained through good managerial skills hence turning the unexpected and stressful event to a positive experience, ensuring the continuance of the operations in the enterprise.

4 Management theories used in this thesis

4.1 Management vs. Leadership

When regarding the word “management”, one can also think of “leadership”, and make a distinction between the words. Usually the difference between these two words and their definition is simplified by saying that “Managers manage things, leaders manage people” (Lecture notes Hospitality management 2009), or “A person can be a leader, manager, both or neither” (Hiriyappa 2009, 202). However, there are some nuances in leadership that cannot be found in managers, e.g. leaders have to build teams instead of just managing people, and they have to be accepted whereas the managers can only manage things (Adair 2004, 119). In his book “Älykäs Johtajuus”, the author Pentti Sydänmaanlakka argues that today’s managerial environment is so complex, that people cannot really distinguish which role they are performing, i.e. are you acting as a leader or as a manager (Sydänmaanlakka 2004, 16).

The argumentation began in 1977, when professor Abraham Zaleznik introduced his article “Managers and leaders: Are they different?” in the Harvard Business Review (reprinted in 1992). According to John Adair “the controversy about the essential differences between leadership and management would fuel thousand conferences” (Adair 2005, 26), and this perspective may cause an indefinite debate over the subject also in the future.

4.2 Argumentation on the chosen definition in the study

The Finnish language does not make a distinction between the words “manager” and “leader” - there is only one word for the both of them - “johtaja”. Therefore, it is clearer to use only one definition in this study. I have chosen to use the word “management” based on the theoretical framework of the management and managerial definitions and characteristics presented in the book “Organizational Behavior” (Hiriyappa 2009, 9-17). The book defines managers through various sub-categories such as managers as monitors, entrepreneurs and spokespersons to name a few. My primary argumentation for choosing to use the word manager instead of leader is the nature of my case study and its contents - as the case company in question is a small one, and employs only two people full-time; the managerial role of managing things (Adair 2004, 19) is more distinct than the leadership role. Further, the entrepreneurial role of the manager consists of searching the opportunities within the organization and its environments, and initiation of improvement projects in order to change (Hiriyappa 2009, 14).

Given these perspectives and the circumstances within the case company, I argue that the use of the word “management” over “leadership” is justified. However, as some of theoretical framework and expressions are commonly referred with the word “leader” or “leadership”, e.g. the situational leadership model (Hershey & Blanchard 1967), I will use these terms and definitions in their original form and context.

4.3 Historical background for the management theories

The most known managerial theories and the frameworks for them emerged during the 20th century, the most famous and used being the Maslow’s Hierarchy of Needs (Abraham Maslow 1943), The Managerial Grid Model by Robert Blake and Jane Mouton in 1957, and the Theory X presented by Douglas McGregor in 1960. These theories have - at least in some extent - formed the basis for the present management and leadership theories.

Whereas in the 1990’s enterprises concentrated to work on the managing of processes and skills management, leadership skills management has emerged again to create more functioning and balanced environment for enterprises (Sydänmaanlakka 2004, 12). The 21st century requires more qualities from a good manager, given the circumstances in global perspective. New challenges like changing the role of the employees, globalization, new ways of organizing and the development of the new technology set new standards for effective managerial styles (Sydänmaanlakka 2004, 14). Even though the environment has changed radically from the time the first managerial / leadership theories were introduced, some of the characteristics still remain usable in today’s society.

4.4 Introduction of chosen managerial styles in the case company

My case study about Ränssin Kievari introduces two different managerial styles, and therefore I have limited the theoretical introduction and framework to these two styles in question: The autocratic and the situational leadership model and style.

In the conclusion part of this study, I will present my perceptions and argumentations of these two styles according to my core question of this study, “ How has the situation (unexpected generation change) affected the managing of the enterprise?” followed by the secondary question “Which style is better for this enterprise?”

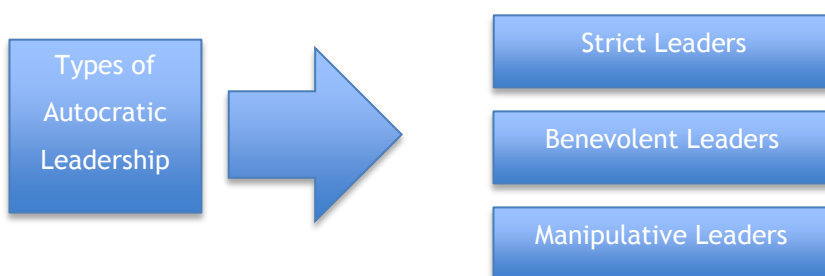
4.5 The Autocratic Leadership Style

4.5.1 Introduction

A German-American psychologist Kurt Lewin first introduced the autocratic leadership style, also known as the authoritarian leadership, in 1938. Next year, in 1939, he and two other researchers Lippit and White conducted a research where eleven-year-old boys were working as a group under different types of work climate. The other leadership models introduced via this research were the models of democratic leadership style, and the laissez-faire model. The study revealed that under the influence of autocratic leadership style, the leaders made decisions by themselves, not involving the other members of the group. Further, the study revealed that the future steps of the task were uncertain to a large degree (Wikipedia 2011). In the same study the researchers discovered, that this particular leadership style caused most level of discontent in an organization (Hiriyappa 2009, 204).

In the book “Organizational behavior” (New age International 2009) the author B. Hiriyappa describes the characteristics of autocratic style as follows: 1) Work methods that are dictated by the autocratic leader 2) Limited employee participation in most aspects of work 3) Unilateral decision-making by the leader 4) The leader plans, organizes, controls and coordinates without consent of the subordinates and 5) Emphasis is on getting the job done without regard for input from others (Hiriyappa 2009, 205).

Autocratic leadership style can be divided into three separate sub-categories according to the chart below:



Picture 1: Autocratic Leadership Styles, according to model from “Organizational Behavior” by B. Hiriyappa 2009, 205

Strict autocratic leaders rely on negative influence and give orders. They expect the followers to obey without questioning. They are work-centered, use one-way communication and are driven by economical and status establishing needs. They have no trust or confidence in their sub-ordinates (Hiriyappa 2009, 206).

Benevolent autocratic leaders are often also referred as “paternalistic leaders”. They have better human resource management skills and are often motivated by high productivity

results. Their style is positive and they have condescending trust and confidence in their sub-ordinates (Hiriyappa 2009, 206).

Manipulative autocratic leaders are true to their name - they have often the skills to make the sub-ordinates to believe that they are part of the decision-making process, even though the manager has already made the decisions (Hiriyappa 2009, 206).

4.5.2 The benefits of the autocratic leadership style

As the autocratic leadership style is one of the most criticized leadership styles throughout the history, it has however some benefits. In a crisis situation, or emergencies, this leadership style has proven to be very effective, due to the circumstances in the decision-making processes (Hiriyappa 2009, 207). When applying the autocratic leadership style, the manager does not have to consult with any other employees, so the process is swift and simple. Also regarding tasks, which have to be accomplished within a set deadline, the autocratic style has proven to be effective (Naik 2010).

Apart from these positively mentioned characteristics above, very few positive comments can be found. However, one advantage may be that the employees know what the manager's expectations are, and can more easily meet those requirements (Hiriyappa 2009, 207).

According to my own experience, the autocratic leadership style can be accepted when guiding the new employees in the enterprise. Through my personal knowledge, I have found it to be clearer when the manager at first gives specific orders of how and in what order the work should be carried out. However, if the autocratic leader cannot change the style in due course of time, the leadership model starts to have effect on the motivation. The autocratic leadership model can be accepted when the employees are new and are still learning the requirements of the work, but when the employees' skills develop, it feels appropriate that the leadership model style would evolve too.

4.5.3 Disadvantages of the autocratic leadership style

People usually want leaders with some characteristics and personality. Employees want an environment with creative opportunities and some risks (Magalhaes 2008). However, overdoing these managerial qualities will reduce the employee motivation and performance. Hence, they will affect the improvement ideas from the employees, as well as discourage criticism (Hiriyappa 2009, 207).

In order to succeed in today's changing managerial environments, the managers will have to produce new ways of motivating and encouraging the employees, and make them committed. Therefore, managers should be open to new ideas, and ready and willing to listen their employees (Thomas 1997, 11). The autocratic leaders fail to fall in this categorization of good managers, therefore the assumption that time has driven past this style (Sydänmaanlakka 2009, 68-70), is to some extent, justified.

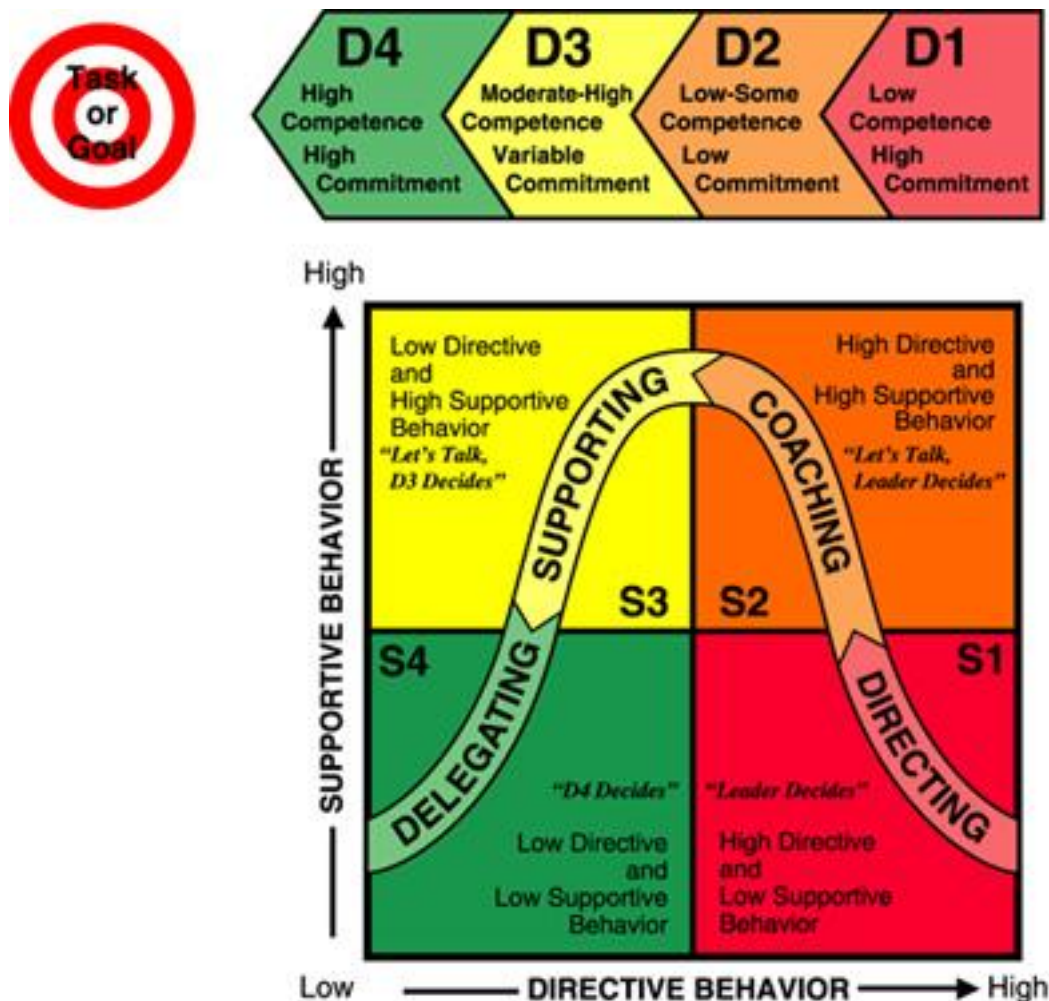
Again, based on my own experiences, the disadvantages of the autocratic leadership style can have a negative effect on the employees' motivation. The employees may feel that the leader does not trust them, nor has faith in their abilities to carry out the work in good order. The autocratic leaders are often regarded as self-sufficient persons, leaving room for no-one else's opinions and working methods. The autocratic leaders are often also regarded as dictators, and this perception from the employees can cause some hindrances for the team-work motivation, where the team should regard everyone's opinions as equals, and hence improve the team spirit.

4.6 Situational Leadership Model

4.6.1 Introduction

The situational leadership model by Paul Hersey and Kenneth Blanchard was first introduced in 1967. The basic idea of the leadership model is, that every leader adapts his/hers leadership style according to the situation in question. The basic idea of the model is that every different situations demand different kind of leadership (Sydänmaanlakka 2009, 35). Mike Williams defines the situational leadership style in his book "Leadership for Leaders" as follows: "Functioning maturity of the team members is a major determinant of the "style" and focus that need to be adopted by leaders, in order to elicit the optimum productive response from people" (Williams 2005, 33). This interpretation suggests that the leadership style is determined after the evaluation of the employee, how mature / ready he is to perform the tasks in question. Pentti Sydänmaanlakka also notes this interpretation in his book "Älykäs Johtajuus" and he argues further: "The styles of the leader and the follower (employee) must meet " (Sydänmaanlakka 2004, 37).

The situational leadership model can be illustrated as shown below



Picture 2: Situational Leadership Model downloaded 15.2.2011 from <http://thomaslarock.com/2009/06/how-to-get-hired-part-deux/#axzz1Fio3jPp9>

In this illustration, the followers (employees) are marked with the “D” competence factors, and the leader with the “S” competences. When interpreting this illustration, the different levels in employee maturity affect the leadership role taken in the situation. The different “sub-styles” in the situational leadership model include a) participating b) selling, c) telling and d) delegating styles. Each of these sub-categories is defined by the employee maturity factor, e.g. the more motivated and skillful the employee is, the more the manager can delegate the tasks and participate mere as a “back-up”.

The situational leadership model also results a criticizing attitude to the more traditional leadership models, suggesting that there cannot be one correct or ideal leadership style to all

situations, but merely the leaders have to adapt their skills according to the situations (Thomas 1997, 29).

4.6.2 The benefits of the situational leadership model

When the situational leadership model was introduced, it was based on several separate studies conducted before the model in question was published. Therefore, it could introduce a good conclusion about the models studied before, and had a comprehensive basis for the creation of the model (Sydänmaanlakka 2004, 36). The main benefits of the model are that its widely and globally recognized, it is very practical even though it is based on a solid theory, and it emphasizes the flexibility of the leader (Sydänmaanlakka 2004, 38). Further, it reminds us that every employee must be treated individually according to the task involved, and that the manager should look for opportunities to develop the skills of the employees (Sydänmaanlakka 2004, 38).

As the employee motivation is one of the key issues in order to succeed, motivation factors should be emphasized. John Adair argues in his 50:50 rule, that “Fifty percent of motivation comes within a person, and fifty percent from his or her environment, especially from the leadership encountered therein” (Adair 2004, 157).

One of the benefits of the situational leadership model is also its simplicity. It is clear and easily adapted, and it can be used in companies of all sizes and it adapts to all levels and tasks in question (Sydänmaanlakka 2004, 38).

Based on my own experience in the working life, this model is one of the best leadership styles adopted. However, in order to adopt this style effectively, the situational leadership model user should have personal and specific knowledge of the employees. By gaining the personal knowledge, the leader will be able to adapt a proper approach towards the employees. However, in bigger enterprises with several thousand employees the situational leadership model is not so easily adapted due to organizational levels. The more limited the working environment is, the easier it is to conduct the situational leadership style.

4.6.3 The disadvantages of situational leadership model

However good the situational leadership model may appear, there is always some criticism to offer even to the best of models. Author Pentti Sydänmaanlakka argues that the situational leadership model does not clearly define the definition of the maturity level of the employees, nor the “matching” of the leadership / employee levels (Sydänmaanlakka 2004, 38). Also

according to author Mark Thomas the employees can become de-motivated if the manager constantly jumps from one situational leadership style, e.g. from participating to selling, and can become confused about the expectations that are required from them (Thomas 1997, 33).

Analyzing the style further, it has been sometimes unclear for enterprises whether to choose an individual based leadership or leadership geared towards a group (Sydänmaanlakka 2004, 38). On a theoretical level, only a few studies have tried to test the basic assumptions behind the approach methods, and some of the questionnaires involved in studying the situational leadership model have been criticized (Sydänmaanlakka 2004, 38)

4.7 Conclusions of the managerial theories presented in this study

The former chapters have introduced only two of the many managerial styles, due to the limitations presented in the chapter two, Research methods, of this study. As enterprises vary in size and in the number of the personnel, finding and applying the right kind of management for each would require a large study conducted within the enterprises in question.

The trends in the management field are constantly changing, at present time the most popular being the change management theoretical framework, e.g. Nickols 2000, Hiatt & Creasey 2002, and McKee 1998. Applying a certain managerial style is dependable also on the personality of the person involved. Therefore I feel safe to argue that different theoretical guidelines are practical when discussing about the evolvement of managerial skills.

“A person can be a leader, manager, both or neither” (Hiriyappa 2009, 202) can be interpreted as an encouragement for managers to study the managerial and leadership qualities ensuring that the learning process will eventually prove to be successful regarding e.g. the human resource management issues. However, according to my personal experience, some characteristics in the human personality may hinder some persons to succeed in this field, no matter how long and diligently they study this subject.

5 Case study: Ränssin Kievari

5.1 Introduction of the case company Ränssin Kievari

Ränssin Kievari is a small enterprise located in Kuikka, near Jyväskylä in Central Finland. Their main business operation is hospitality services, including a restaurant, accommodation and a summer theatre. Ränssi also offers meeting facilities and they organize free time

activities for their customers e.g. snow mobile safaris and they have a smoke sauna in their premises. Their yearly turnover from 2009 was approximately 400.000 Euros, and six thousand customers visited their main attraction, the summer theatre, in 2009 (Minna Eräjärvi 2010). Ränssi employs two full-time workers, the second being the owner, and additionally one half-time employee. In the peak season, namely the summer, Ränssi also offers employment to five to six employees, depending on the occasion. Most of their yearly turnover is made during the summer months. Ränssi is a very popular place to organize weddings and celebrate bigger events such as birthdays. They can serve simultaneously two hundred guests at the maximum, and their accommodation capacity is for sixty people in the summertime, and for thirty in the winter months. Additionally, they offer camping possibilities and space for caravans in their premises. Modern facilities, such as free Wi-Fi, are provided for their customers. The meeting / conference facilities can accommodate up to sixty persons (www.ranssinkievari.fi).

One of the features that separate Ränssi from their competitors is that every occasion is tailored to the customers' needs. They also arrange special lunches during national holidays, such as Mothers' Day and are famous for their homemade cooking. Their location near Jyväskylä area is also an advantage, public transportation is available, and by car the travel time from the city of Jyväskylä is only fifteen minutes. Ränssi is located by a lake, providing good facilities for both summer- and wintertime activities, not to mention idyllic settings for various festivities.

The summer theatre has been working for over twenty years, and has established its reputation among the devotees. The plays are fitted to meet the special requirements of a summer theatre, mainly being quite simple in staging. The plays involve amateur actors, as well as better-known personalities. Performances are arranged four times a week, the premier taking place in the Midsummers' Eve.

Ränssi has a colorful history. The main building is over one hundred and eighty years old, and has been working as an inn for over fifty years in both 19th and 20th century. The current operations started in 1987 when the old patron Mikko Eräjärvi purchased the place from a relative (Minna Eräjärvi 2010). There are many stories regarding the history of the place, some features are presented in Ränssin Kievari homepage www.ranssinkievari.fi for those interested.

5.2 Introducing the persons involved in this study

The current owner Minna Eräjärvi, 42, has a life long history of working in Ränssin Kievari. She has been responsible for the catering and food and beverage services for over a decade, and has spent almost all her adult life working for the company. She has a degree in social sciences, youth education, and has additionally been working with local social service branch. Furthermore, her education has involved studies in entrepreneurship and managing field. She has a husband and two children and they are living on the premises of the company.

The deceased former owner Mikko Eräjärvi was the father of the current owner Minna Eräjärvi. He was a self-made man, never had any entrepreneurship education or any other degree. He was a person of great character - either people hated or loved him (Minna Eräjärvi 2010). Mikko Eräjärvi managed Ränssin Kievari since 1987 with an autocratic style, leaving no room for other opinions than his own. His greatest passion was the summer theatre where he himself acted and developed the new plays for each summer.

5.3 The Interview with the successor Minna Eräjärvi

My first interview with the new owner Minna Eräjärvi took place in April 2010. As the loss of her father occurred in February, only two months earlier, my first interview concentrated only in general operational issues, and I was merely being a friend offering condolences for her loss. The second interview took place in October 2010, after the first summer of operating the business without her father. The timeline for the study seemed appropriate, giving both of us the time to notice the changes in the operational side, as well as providing more time for the emotional turmoil to settle. Minna had herself gained valuable experience of the peak season management, and was able to analyze her performance also personally.

My questions concentrate on three levels of the management - the past, the present and the future. The core question of this study: "How has the situation (unexpected generation change) affected the managing of the enterprise?" got new perspective, as Minna herself was able to compare her managerial style over her fathers. In the next chapter I will go through the questions individually, presenting the aim of the question before the actual question, and at the end of each chapter I will analyze the findings according to relevant management theories.

5.4 The questionnaire for the case company

5.4.1 Introduction of the questionnaire and the study questions

As mentioned in the previous chapter, the questionnaire is divided in three separate sections. In the first part, I will introduce the questions regarding the past, concentrating on the

emotions and course of events after the unexpected generation change. On the second part, the questions concentrate on the present situation, the managerial decisions that have been made, and the change of management style. On the third part, the questions introduce information of the future plans of the business and how the new owner has experienced her position, providing her advice to the entrepreneurs in similar situations.

As all the questions aim to achieve information about the changes that have occurred after the death of the old patron, as well as revealing the managerial insight of the successor, I have tried to form the questions as open ended as possible. Some of the questions are not directly linked to the core questions of this study, but offer other valuable information about management and its characteristics. According to theoretical approach from Sirkka Hirsjärvi and Helena Hurme the themed interview questions can be roughly divided into two separate categories: The questions presenting facts and the questions presenting opinions, and despite the categorization all the questions are open ended according to the basics of a themed interview (Hirsjärvi & Hurme 2009, 106).

Before each individual question, there is a short description of the aim of the question, whether the question is based on facts or in opinions, and the goal I have tried to achieve with it. If the question is not directly linked to my study question, I have explained the other value it has on the study. All the answers are straight quotes from my interview with Minna Eräjärvi in October 2010.

5.4.2 Case study questions: The past

The first question regarding the past aims to offer an analysis how the successor has experienced the challenging situation, and what were her initial actions and emotional feelings when she realized that the managing of the enterprise would be her responsibility from now on. One aim of the question was also to clarify the relationship between the predecessor and the successor, and if and how it has affected the situation. The first question is based on the opinions of the successor

1. "What was your first reaction when you realized that you are going to be the new owner?"

"It was a shock. Even though I had been raised to the thought that one day I'm going to be the heir, it still came as a surprise. My father had run the business with a dominant attitude since 1987, so I had no actual managerial experience. You have to understand that my father was an artist, and concentrated on all other issues than just managing the place, so we had never really discussed about this option. Also, my father had no sense of money, and I was

afraid what kind of economical disaster would lie ahead in the future. Even though I have been working here for all my life, and practically run the food and beverage services by myself, it still felt like I had lost my last “shelter” when he died. We often had arguments and at times I was ready to leave the place due to my father’s behavior, but it was crystal clear to me that I would continue to run the business after his death.

There was a lot to think about, starting from the liqueur license name changing to all the untold details, that I felt overwhelmed with the responsibility. So much practical “know-how” died with my father, and there is no one now who I could ask for advice in practical matters. Even though I have had studied entrepreneurship and leadership in the past, it felt that all the education had no relevance when something like this happened. But still, I wanted to continue my father’s work and never even thought about selling the place”.

The second question aims to acquire information about the most suitable way of helping the new entrepreneur, and what kind of help and advice she would have appreciated when the unexpected situation happened. This question can be considered to be based on the opinions of the successor. The second question has relevant information of the practical help a new entrepreneur would expect from the others

2. “What kind of advice / information would you have needed when the situation happened?”

“There are always people who know things better than you. In this kind of situation, I wouldn’t have needed any advice how to manage and run things, but rather practical, tangible help. Quite frankly, I don’t think very highly of the people offering only their advice and opinions. Managing this kind of enterprise takes a lot of physical effort, and sometimes the hours of the day don’t seem to be enough. Of course people are different, but in my case, I get my emotional support from my family, and would rather appreciate practical work”.

The third question aims to clarify the importance of the family and the meaning of support from those people who are observing the operations close by. It also aims to clarify the meaning of tangible help in different kinds of situations, and what kind of help is considered to be valuable. Even though the third question is not directly linked to the study questions, it has value in general requirements that are facing the entrepreneurs in their operations. This question is based on the facts that the successor has experienced

3. “What kind of support have you received from your family or relatives?”

“My family has been my greatest supporter. My husband Petri has done countless hours of work on the behalf of this company, also when my father was alive. Because I have two

children, the help of my husband and his parents is priceless. As I'm doing long hours, especially during the summertime, taking care of the children is one of the main concerns. My husband is capable of doing the more physically demanding work around here, so I have the possibility to concentrate on the food and beverage service, as well as customer service”.

5.4.3 Analysis of “The past” questions

Analyzing these answers reveals the most common problem in generation change within the personnel - the fear of change (Kuusisto & Kuusisto 2008, 40-42). In the first question, the personal relationship between the father and the daughter has been clearly affecting the operation of the company, and in unexpected generation change cases, these former inner conflicts may have traumatized the company culture (Kuusisto & Kuusisto 2008, 24). According to a survey conducted by Suomen Yrittäjät ry (Federation of Finnish Enterprises) in 1999, results suggest that not all entrepreneurs think the generation change as a long-term process (Koiranen 2000, 20-21) and this may result the loss of the valuable know-how, especially in unexpected situations like Ränssin Kievari was facing. The same survey reveals also that 48% of the respondent could not tell who was going to be the successor of the enterprise. However, from the 52% who had thought about the generation change pattern, 29% stated that the successor is a member of the family (SYR 1999). The relationships in a small family enterprise are usually deeply personalized and therefore often primary issues compared to bigger enterprises (Koiranen 2000, 106). The change in the “key person” status in a family enterprise is a slower process, usually caused by death (Koiranen 2000, 107).

In the second question, the need for practical help is dominant. As managers in hospitality sector are responsible of many practical issues, such as organizing, operation planning, hiring personnel, guiding and monitoring (Joutsenkunnas & Heikurainen 1999, 40), managing these sectors takes time and effort. The need for practical help is relevant also in the third question, where the support of the family takes tangible forms. In a controlled generation change, the involvement of the family can be measured through how actively they have participated in the change, are they core members of the family and what kind of expectations they have regarding the family business (Lassila 2005, 75). These factors influence the progress of the generation change process. The family can be a support and source of strength, but it can also be a hindrance and a burden, especially for female entrepreneurs who are constantly balancing their lives between the business and working life and their families (Koiranen 2000, 107).

From the managerial perspective, the autocratic managerial style of the old patron is influencing the first impressions of the new owner. As the autocratic manager makes the

decisions individually, not listening to other persons involved (Hiriyappa 2009, 204), it causes uncertainty in the first impressions. One of the features of the autocratic manager is also causing discontent among other workers (Hiriyappa 2009, 204) and this feature can be detected from the first answer as well. Furthermore, the complexity of the personality is one of the features that has to be accounted for when thinking about the managerial approach (Billsberry 1996, 46) and therefore can cause tensions between the persons involved. Additionally, the same author argues in his book "The Effective Manager" that "Management style probably can be changed, but only if management values change too" (Billsberry 1996, 46). Given the age of the old patron, it is unlikely that his values would change, because according to his daughter, his father had managed the business from the start with the same perspective - the autocratic style.

5.4.4 Case study questions: The present

The aim of the fourth question was to clarify the succeeding/operating of the enterprise through the events experienced during the first summer after the death of the predecessor. This question presents both the opinions of the successor and the facts experienced, and can be considered as additional information regarding the study questions.

4. "What are your impressions now after the first summer without your father?"

" I feel very relieved. The summer went very well, we managed to succeed again in the summer theatre performances and the customer flow was good. Even though I feel a bit bittersweet for my father, I'm happy for myself. As the summer theatre was the great passion of my father, I feel relieved that we managed to get through without his presence. Additionally, no economical disaster has occurred, I have been relieved by the fact that we don't have any "surprise" debts to anyone".

The fifth question clarifies the managerial changes experienced in the enterprise, through the opinions and self-evaluation of the successor. It also presents the difference between the styles between the predecessor and the successor, and can be partly based on the facts of the managerial styles experienced in the enterprise.

5. "How do you see yourself as a new manager? What is the difference compared to your father's way of managing the place?"

" I think I am more human than my father ever was. I also have new ideas, the ones I sometimes tried to discuss with him, with no success. As stated before, my father was an artist, and concentrated only to the things that he felt were important, mainly the production

and managing of the summer theatre. I feel very strongly that we should renew the place, starting from the very basics like repairing the estates and getting rid of the unnecessary machines my father purchased. I also feel that my generation has more youthful attitude towards modernization than my father's generation, but this again has everything to do with my father's personality and his stubbornness.

"In a personal level, I think that I should be more determined and maybe even stricter. I can see some of my father's features in me, including the stubbornness. I am very often thinking about the limits of my actions, should I proceed with all these modernization issues I have in mind, or should I just slow down. The personnel are luckily reliable, so that is one thing I don't have to worry about. Comparing our managerial styles, my father was a self-made man; he never studied entrepreneurship or management. He neither had any leadership skills, which was sometimes a burden to us others. He just managed the place how he saw fit, and often conducted incomprehensive decisions and actions. Only he made the managerial decisions, without consulting any other member of the personnel. I myself have a degree in social sciences, and have studied leadership skills and entrepreneurship. I try to use the skills I have acquired during my studies, but only time will tell how I will succeed".

The forming of the sixth question was based on the opinions and perceptions of the successor, and how she sees the impact of changing in the managerial style within the personnel. The aim of this question was to give opportunity for the successor to evaluate her performance as a manager, and evaluate the acceptance of the personnel for the changed managerial environment.

6. "How do you think your personnel has adapted to your way of managing the enterprise?"

"I have had a lot of positive feedback from the personnel, which feels very nice. I think that the spirit of togetherness has improved, and we are more relaxed in our everyday work. My father usually gave only negative feedback to the personnel, so I have tried to change that. Even though managing the personnel is one of the hardest tasks in management, I feel that things have improved since my father passed away. I have had also positive comments about the modernization plans so in brief I could say that personnel seems to be more content now".

Question number seven aims to discuss the benefits and disadvantages of the old managerial style performed by the predecessor. The question is based on facts on the operational side of the enterprise, as well as the opinions of the successor, and how the successor has combined the old and the new way of management, and how she evaluates her personality compared to the predecessor's personality.

7. “Have you preserved something from the old management? If yes, then explain what kind of things?”

“ I think that I have some similar personality features with my father, including the stubbornness and being very precise. So if I have decided something, it is very hard for others to turn my head. I have tried to maintain our old customers, and also have tried to get in contact with those customers who my father literally pushed away with his behavior. On the operational side, I plan to continue to keep the summer theatre going, and luckily this first summer without my father went well with it. I try to be more flexible, but in some cases, I can see my father’s influence in my own behavior”.

Question number eight aims to discuss the challenges experienced by the successor, and what kind of things she sees as a managerial challenge. The question is based on the opinions experienced after the death of the predecessor, as well as operational facts that have occurred during the first summer.

8. “What has been the biggest challenge for you so far?”

“My personal feelings and the economical factors. I am trying constantly to prove myself that I can manage the place, and I very often struggle with the thought that I am a bad leader. On the economical side, I worry about the unproductive machines (two bulldozers) that are just a waste of money and I should sell them. The psychological factors consume a lot of energy, and being the sole owner of the place I feel that I should be involved in everything. One of the biggest challenges has also been the continuance of the summer theatre; everything with it was a great mystery to me since my father had taken care of that entirely. On the positive side, I had very encouraging feedback from the crew of the summer theatre, and they felt that everything went as planned after the summer. This made me see that I can also manage that kind of challenge, and gave me strength to continue with the project”.

5.4.5 Analysis of “The present”

Analyzing these answers gives a good perspective for the different managerial styles involved in the business operations. Whereas the old patron’s autocratic style was eminent in his behavior towards the personnel -creating negative impact, which is one of the characteristics of the autocratic style (Hiriyappa 2009, 205). Also the lack of interest to any modernization of the place is a typical example of the “Old school” attitude - if things have been good so far, why change them. In his book “Älykäs Johtajuus” the author Pentti Sydänmaanlakka argues that “the motivated employees can achieve their goals the best, when their own personal efforts are guided to achieve the goals of the enterprise” (Sydänmaanlakka 2004, 28) In this

perspective, expressing only negative feedback towards the personnel does not improve the business operations nor the relationships between the manager and the employees.

When regarding the new owner's managerial style, it shows the clearly the characteristics of the situational leadership model (Hershey & Blanchard 1973). One of the features is adapting her managerial decisions to fit the needs of the company, showing functioning maturity that is the basis for the situational leadership model (Williams 2005, 33). According to the functioning maturity theory, the leader is also able to a) successfully undertake the task given them b) confident to cope with the challenges posed by the task and c) committed and motivated to undertake the task (Williams 2005, 33). Regarding this theoretical approach, I argue that the characteristics of the situational leadership model are met when analyzing the answers.

In comparison, these two managerial styles differ from each other both in context of building the team spirit and in individual managerial abilities. Whereas the autocratic management model may be acceptable and comprehensive at some point, e.g. in situations that need fast decision-making skills, in emergencies in particular (Hiriyappa 2009, 206), the situational leadership model is likely to create more relaxed atmosphere because one of its features is the flexibility of the manager (Sydänmaanlakka 2004, 38). In this context I argue that the situational leadership model creates more positive and functional basis for operational tasks as well as for the well being of the personnel and their motivation.

5.4.6 Case study questions: The future

The ninth question of the study aims to discuss the planned changes regarding the operations of the enterprise and what kind of managerial decisions the successor is likely to make. The question is based partly on the operational facts experienced by the successor, as well as the opinions and plans the successor has considered, in order to develop the operation profitable and successful.

9. "What kind of changes are you planning for the future?"

"I am not going to change the concept of our service. This concept has worked well for us. On the other hand, I am not going to add anything new to our concept; on the contrary, it is my intention to get rid of all unnecessary side activities linked with our services. For example, we use to have various music groups on our contact list, which we contacted to come and play at the weddings if the customer wanted. It took a lot of time and effort to update these services, and nowadays we let the customers to handle the contacts themselves. I am

however planning to expand the premises in the future, by buying land from the neighboring owners here nearby. This gives us the possibility to plan new core services, such as expanding our accommodation premises”.

Question number ten aims to discuss the meaning of the marketing and customer relationship managing within the enterprise. It aims to present the opinions of the successor of how to manage marketing the best way possible, ensuring the customer flow and the visibility of the enterprise.

10: “How will you manage marketing and customer relationships in the future?”

“ I have planned to outsource the marketing, and also update and improve our webpages. We have used several outside service providers for Internet marketing, including Directa, Fonecta, etc. but I am planning to reduce the number of those. They are not worth the money, and haven’t resulted any more customer contacts. We have also used local newspapers for advertising, and placed advertisements in bigger newspapers for special occasions, e.g. mothers’ day lunch advertisements. In my opinion, the word of mouth is the best way of advertising, and also keeping the old customers happy. Our homepages are in a desperate need of updating; we should at least have the contents there in English, because we do have some foreign guests also”.

Question number eleven aims to discuss the future perspectives based on the opinions of the successor. As the continuance of the enterprise is one of the key factors towards a successful operation, this question offers the successor the possibility to reflect her plans and what would be their impact on the operations in the course of time.

11: “What kind of opportunities do you see in the future?”

“ The expansion of our premises may bring us new possibilities in the accommodation sector. If I am able to expand our land to the neighboring lot, I have planned to build a new cottage there, which could be rented during the summertime on a weekly basis. I have also planned to expand the current main building to build more space for the catering and food service operation. Currently, we have two saunas on the premises, and I intend to renovate them to match the current standards. These renovations should have been made ages ago, now I am facing the situation, where it is almost mandatory to give priority to renovations over the expansions”.

In the twelfth question, the aim was to specify the threats the successor is facing in the

future, and what kind of perception she has regarding the past events that can be considered as threats. The question is based partly on facts experienced by the successor, and partly to her personal opinions on what kind of events and things she considers as threats.

12: “ What about possible threats?”

“The recession and competition are the biggest threats for our business. This recent recession also showed in our result, and I fear that a new one would be even worse. We noticed the recession especially during the wintertime - we didn't have so many regular visitors and overnight customers (mainly salesmen) as usual. Also new competitors pose a threat, mainly because of the alcohol serving policy. We have a liqueur license, and are according to law forced to prohibit the consuming of other alcoholic products within our premises. These new enterprises concentrating on just renting the premises and allowing the consuming of own alcoholic drinks pose a real threat to our business. On a personal level, I fear for my own health. Sometimes the daylight hours are not enough for an entrepreneur, and I have tried to rationalize my own working hours, in order to prevent the burnout. So far I have succeeded in this”.

Question number thirteen regards the opinions of the successor about the generation change and how she sees the future of the enterprise. This question is based on the opinions of the successor and her perspective of how to guide the future decisions made by her children and her personal emotions based on the past experiences. Even though this question is not directly linked to the study questions, it offers valuable information how the successor is going to continue the legacy she inherited from her father.

13: “In the future, do you plan to leave the place for your own children and expect them to manage the place after you?”

“I have no intentions whatsoever to pressure my children to continue this legacy! I have always thought that the choice is theirs alone, and they can choose whatever profession they like. Personally, I wanted to continue my father's work, and this place has always felt like I belong here. Sometimes the issue felt like a burden, and got me annoyed, but it was crystal clear to me that someday I will manage this place. On the other hand, I have considered the possibility to rent this place in the future, especially if my children choose another professional careers. I don't want them to feel pressured or having an “unseen chain” around their necks like I sometimes felt”.

The fourteenth question aims to clarify the need for tangible help for other entrepreneurs facing the same kind of situation. Whereas the question number two aimed to give

perspective on what kind of help the successor herself would have needed, the aim of this question is to offer advice to other entrepreneurs through the interviewee's own opinions and experiences.

14: "What would be your advice to other heirs who are getting ready for the generation change?"

"Be prepared! Talk about all the things relevant to the change, if possible. I would hope that the old owners wouldn't hold back the oral information regarding the managerial and practical things in question, and that the discussion would start as early as possible. So much know-how died with my father, for example, I had no idea what kind of heating system we had on the premises and how they worked. These simple things may seem irrelevant, but when you are facing the situation cold handed, they may cause unexpected problems. I would also advice you to acquire information about the lawful matters, such as taxation and continuance proceedings of all the permits you may need. On a wider scale, I wish that the government would make the taxation easier and more flexible. In my case, when a personal grievance was also a dominant factor, these simple issues felt sometimes too much to bear".

The last question aims to close the questionnaire by giving the successor the change to evaluate the most satisfactory moment so far. As the motivation of the entrepreneur is one of the key factors of making the enterprise successful, this question offers the opinion of the successor what she considers to be the most satisfying element in this unexpected situation.

15: "What has been the most satisfactory moment for you so far?"

" I haven't received any reclamations or complaints. Not a single one. This has assured me that I am doing at least something right".

5.4.7 Analysis of "The future"

Analyzing these future related questions, the most dominant feature seems to be the need for the change, and maintaining the continuance in customer flow and in operating the business as usual, which shows the managerial abilities defined by B. Hiriyappa in "Organizational Behavior" (2009, 9-17). Whereas the old manager was reluctant to change, the new manager has adapted the thought that in order to survive, they must do something else also than just the summer theatre.

From the managerial perspective, one of the dominant features of situational leadership model is the ability to adapt to the changes - the model guides us in direction what to do and

not to do in different situations (Sydänmaanlakka 2004, 38). Additionally, the answers in this section reveal the new manager's self-reflection abilities, which is one of the basic features for conducting the situational leadership model successfully (Hiriyappa 2009, 215). John Adair describes in his book "The handbook of Management and Leadership" the managerial process as follows: "Management can be said to be "deciding what to do and getting it done" (Adair 2004, 44). Reflecting this statement by Adair, the new manager shows determination to improve the premises, as they form the important part for their business operations. A study conducted by Hilka Lassila in 2005 (University Library of Jyväskylä) argues that people who have been raised in entrepreneurship families regard the entrepreneurship more positively, and are more likely to involve themselves in this branch (Lassila 2005, 76).

Regarding the question about the inheritance of the enterprise, the same study by Hilka Lassila argues that most of the entrepreneurs in small rural enterprises are committed and bound to the entrepreneurship via an emotional bond, e.g. the landscape of the childhood or the legacy of the father (Lassila 2005, 77). This feature, the emotional bond, can be detected from the answers - in accordance with the wish and desire to continue the old patron's work, although the managerial style has changed considerably.

As the managerial evolution can be a life-long process, some studies have presented opinions and counseling from the top leaders in order to clarify the process of how to become a good manager. One of these studies, presented by Pentti Sydänmaanlakka in "Älykäs Johtajuus", includes individual features of the managerial learning processes, such as managing the crisis situations and learning from own mistakes. According to the results, there are some situations that can accelerate the process, namely the new and challenging, and crisis situations (Sydänmaanlakka 2004, 170-172). Reflecting the answers in my questionnaire to these results by the study, I argue that Minna Eräjärvi has confronted some of the most stressful events in the managerial learning path. The same study by Sydänmaanlakka presents his assumptions for "managerial thesis", based on his own experiences. One of those is the argument, that the "management as a phenomena and as a process has changed during the past twenty years due to the change of managerial environment" (Sydänmaanlakka 2004, 13).

The new manager Minna Eräjärvi has clearly adapted to the changing circumstances of the managerial field by planning new ways of adapting the business to modern requirements, e.g. updating the use of the internet and improving the premises to match the possible future competition. As stated before, one of the features of successful situational leadership model adaptation is the ability to change (Williams 2005, 33-35). Therefore, I feel confident to argue that the situational leadership model is the preferable one when regarding the future and its possibilities, due to the fact that situations may change rapidly, and a flexible manager is more likely to succeed from the challenges that lay ahead.

6 Conclusions

Regarding the primary and secondary study questions in this thesis, and the whole process and results of the study, one can come to several conclusions. First of all, answering the secondary study question: “Which managerial style is better for this enterprise?” one can assume through the interview that the present managerial style adopted by the successor Minna Eräjärvi is better regarding the personnel well-being and customer handling. However, as the company in question is a small one, some characteristics from the autocratic leadership style can be seen as an advantage, e.g. making independent decisions without consulting the personnel, and could therefore prefer the autocratic leadership style. As the leadership as a qualitative word is linked to managing especially people, in a small company like this, one could take the managerial perspective when weighing which style is better i.e. managing things instead of managing people. On the other hand, as the well-being and motivation of the personnel is one of the key factors in making the company successful, even in small companies, the situational leadership style can be seen as the better option.

Regarding the personality of the predecessor Mikko Eräjärvi, described through the interview, forms a portrait of a self-learned man who manages the enterprise as he sees appropriate. Further, the interview reveals that the successor can see some of the personality features from her father also within herself, leaving room for self-improvement in the managerial / leadership field. However, as the managerial and leadership qualities are often based on psychological factors and nuances, this study does not cover those qualities and their evolvement. Therefore, I can form my arguments based only on the theoretical framework, and the theoretical approach suggests that in general the situational leadership model is better than the autocratic one, based on the flexibility and the fact that the personnel is more involved in the decision making processes as well as the possibility to adopt it in different kinds of enterprises.

The primary study question, “ How has the situation (unexpected generation change) affected the managing of the enterprise?” is clearer to answer within the theoretical framework of the generation change and its definitions presented in the chapter three of this study. As the generation change - in this case an unexpected one - has clearly changed the managerial style, due to changing of the personality and educational level of the successor. The new generation is likely to be more educated and aware of the challenges the managers of today are facing, starting from the improvement of the customer relationship handling and the new technical requirements for efficient advertising. The unexpected generation change as a whole has improved significantly the working atmosphere in my case company.

Additionally, I had the opportunity to discuss with some of the employees, as mentioned in the introduction part of this study. According to them, the successor Minna Eräjärvi seems to be and is a better leader than the predecessor. They described the new manager as relaxed, firm and just. However, they had noticed some of the same characteristics in the new manager's personality that the predecessor Mikko Eräjärvi had, and stated that there are also some similar features in her managerial style as well. The personnel also respected the fact that the new manager is more of a friend, because the old manager did not interfere that much with the work of the personnel. Given these opinions, I can safely argue that the personnel have approved the new manager, and may feel more comfortable under her leadership. Further, I can argue that the generation change as a process and as a whole has been a successful one.

Regarding the operational side from the primary study question's perspective, the unexpected generation change has improved the managing of the enterprise. Some renovations are being made, as well as the planning of the marketing and customer relationship management. Whereas the predecessor concentrated on the summer theatre, the successor has clearly taken a broader perspective for developing their services and the premises within. Even though the successor was at first insecure of the future, the successful first summer has proved her managerial skills, forming a solid basis for the future operations. The theoretical framework for the generation change suggests that the most important factor is the realization of the process, mainly through the preparations and passing of the silent information. In this case study, the relationship between the predecessor and successor was a complicated one, and resulted some psychological difficulties for the successor when the situation occurred. However, reflecting the personal qualities and her determination, the successor has showed that through strong will and managerial / leadership skills the normal operational process is possible.

Like the theoretical approach suggests, the loss of silent information proved to be one of the major problems in the case study. Hence, I can safely argue that the more thorough the generation change process planning is, the better it ensures the passing of the know-how and silent information.

Based on the findings of this study case, I would suggest the following further studies from this field of study: How could an entrepreneur prepare him/herself better for the upcoming generation change through education or separate studies, and what kind of study method would be appropriate and effective. From my personal perspective, it would be interesting to study how the conflicted situation between the predecessor and the successor can influence the everyday enterprise operations from the personnel's' perspective. However, the latter

suggestion requires education and studies in the psychological field, so the hospitality field of study is likely to benefit more from my first suggestion.

As criticism is one feature of a successful study case, I will next present some critics regarding both of the theoretical frameworks of the generation change and the managerial theories discussed in this study, as well as critics for my personal performance.

First, the generation change literature used in this study is mostly based on the assumptions that the predecessor and the successor are both present and alive when the process commences, and can handle the situation in a civilized matter. Second, the generation change process can be influenced greatly by the other family members, creating an unpleasant atmosphere for the operational continuance of the enterprise. Third, as the future is as uncertain as the present, the decisions made throughout the generation change process can prove to be false and unsuccessful in the future. Therefore I argue that the source literature should not be seen as the whole truth, but rather used as a guideline how to make the best solutions and how to prepare oneself to the change.

Regarding the managerial / leadership theoretical framework, some critics have usually been made within the literature or sources in question. From this study's perspective, limiting the presentation to only two styles can create a false assumption that only these are the acceptable ones in my case company. However, regarding the limitations of this study, as well as the personalities of the case study example, I have presented the two extremely different styles detected through the interview.

My personal input for this study may be affected by the friendly relationship I have with the successor Minna Eräjärvi. As stated before in chapter 2.6, "Analysis and results", the interpretations of the answers in an interview are made by the researcher (Hirsjärvi & Hurme 2008, 151) and are based on the researcher's maturity and capability to interpret the results. When regarding the reliability and validity of this study, both of them may be also influenced through this personal relationship. However, the personal friendship has also affected this study in a positive manner, by enabling me to conduct the questionnaire in a more relaxed manner and therefore acquiring more detailed and intimate answers regarding the subject.

Considering the choice of the managerial styles presented, I may have been influenced by the personal experiences I had with the predecessor Mikko Eräjärvi, affecting the presentation style and content. However, I have tried to remain objective and conduct a neutral approach throughout the study, and not be influenced by the personal experiences and emotions I have experienced in the past and during the proceeding of this study.

The process of writing this study has been an educative one regarding the generic competences required in the hospitality field. As managerial challenges are increasing and the environment for the managers is constantly changing, I argue that studying different managerial styles, perspectives and solutions can increase the competence of the future managers, and lead to improved performances within the enterprises.

Given the structure and the contents of this thesis, I feel confident to close this study by arguing that both the primary and secondary study questions regarding the management of the case company have been theoretically argued, analyzed and answered, and additionally I have evaluated my own performance and perceptions critically and to the best of my abilities.

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Pictures, diagrams and tables

- Picture 1: Autocratic Leadership Styles, according to model from “Organizational Behavior”
by B. Hiriyappa 2009, 205 16
- Picture 2: Situational Leadership Model downloaded 15.2.2011 from
<http://thomaslarock.com/2009/06/how-to-get-hired-part-deux/#axzz1Fio3jPp9> 19

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Appendix 1 Questionnaire

The Past

1. What was your first reaction when you realized that you are going to be the new owner?
2. What kind of advice / information would you have needed when the situation happened?
3. What kind of support have you received from your family or relatives?

The Present

4. What are your impressions now after the first summer without your father?
5. How do you see yourself as a new manager? What is the difference compared to your father's way of managing the place?"
6. How do you think your personnel has adapted to your way of managing the enterprise?
7. Have you preserved something from the old management? If yes, then explain what kind of things?
8. What has been the biggest challenge for you so far?

The Future

9. What kind of changes are you planning for the future?
10. How will you manage marketing and customer relationships in the future?
11. What kind of opportunities do you see in the future?
12. What about possible threats?
13. In the future, do you plan to leave the place for your own children and expect them to manage the place after you?
14. What would be your advice to other heirs who are getting ready for the generation change?
15. What has been the most satisfactory moment for you so far?

