Ownership Typology: Four Basic Human Values & Will Based Ideal Types

Mike Franz Wahl
Tallinn School of Economics and Business Administration, Tallinn University of Technology
Akadeemia tee 3-365, 12618 Tallinn, Estonia
Phone: + 372 620 3956, e-mail: mike.wahl@ttu.ee

Abstract

Ownership is the key building block in the development of the capitalist socio-economic system. It is not just a legal-economic construct; it has also personal, social, political, and economic value dimensions. The problem of not understanding the owners' role or behaviour, either on individual, firm or societal levels arises. The goal of the current ownership research is to solve the problem through the form of an ownership typology, adopting different theoretical lenses, using different research methods and analysing ultimate owners of capital companies in Estonia. The constructed ownership ideal types shed light to the phenomenon of ownership, and help to explain behaviour of the most important actor in corporate governance. Methodologically the research is valuable in the designed research process. Practically, in order to stay sustainable and be able to develop further there is a need for professional corporate governance and also professional ultimate owners. The typology gives the owner an opportunity to understand his basic human values, and clearly express his will in the form of an ownership strategy. It is obvious that enlightened, competent, professional ultimate owners know what results they want to have from the company in the long run – diverse personal, social, political, and economic values. It's also clear that they succeed in a dynamic environment only if they invest those same values. A future development of the author's ownership research is a cross-national research, involving more deeply the research of business owners' competencies.

JEL classification codes: B41, C38, G32, G34, O16
Keywords: abduction, basic human values, constructionism, corporate governance, ideal type, mixed methods, owners' competencies, owners' will, ownership typology

Acknowledgements

The author of this paper would like to thank Associate Professor emeritus Kostel Gerndorf, Professor Urve Venesaar from Tallinn University of Technology Department of Business Administration, as well as Professor Dr. Martin Hilb from University of St. Gallen Institute for Leadership and Human Resource Management, and Professor Erik Terk from Tallinn University Estonian Institute for Futures Studies for valuable discussions.

1. Introduction

The concept of ownership has existed for thousands of years and throughout all cultures. Corporation as an entity predates early research on ownership and control by several hundred years. The corporate form of organization proved popular, as a function of the protection that limited liability provided investors (Daily, Dalton, & Rajagopalan, 2003). Presently business ownership is the key building block in the development of the capitalist socio-economic system. In its widest meaning, ownership is a relationship between the subject (the owner) and the object (the owned target), an exclusive possession or control of something, that means in legal-economic terms – share ownership. But ownership is not just a legal-economic construct; it has also psychological and social dimensions. Ownership research requires delicate and sensitive information, and is central to our understanding of corporate governance.

While a variety of definitions of the term corporate governance have been suggested, this paper will use the definition first suggested by Gerndorf (1997) who saw it as a system that owners use to control corporations and assure themselves of getting a competitive rate of return on their investment. Corporate governance is, in the author's view, concerned with owners' will implementation. The economic conception of corporate governance typically combines assumptions about the property rights (Demsetz, 1967; Steiger, 2006) of owners and the self-interested opportunism of agents to derive a theory of governance based on incentives, disclosure and monitoring. Central to the entire discipline of corporate governance is the concept of ownership. It seems that all research on corporate governance is actually more or less research on ownership.

Most of the ownership problems involve multilevel approaches, yet most of the research uses a single level of analysis. Multilevel research addresses the levels of theory, measurement, and analysis required to fully examine research questions. Far too little attention has been paid to multiple levels of analysis, and interdisciplinary research (Aguilera, & Jackson, 2010; Hitt, Beamish, Jackson, & Mathieu, 2007). There are considerable similarities and differences between owners. An ultimate owner is an institutional unit that is at the top of the ownership chain of an enterprise and is not controlled by any other institutional unit; they are ultimate controllers of the votes (La Porta, Lopez-De-Silanes, & Shleifer, 1999). Ultimate owner research with a focus on behaviour rooted in basic human values has been missing (Gartner, 1988; Tricker, 2009; Van der Laan, 2009; Watson, 2005). Therefore the problem of not understanding the owners' role or behaviour, either on individual, firm or societal level, arises. Core perceptual dimensions can be traced to find out how owners construe their activities. Deep-seated values influence perceptions and affect decisions (Tricker, 2009).

Previous studies of ownership have not dealt with motivations of different groups of owners, nor concentrate on integrating more realistic institutional and behavioural assumptions into empirical analyses. In addition, no ultimate owner research has been found where basic human values associated with individual will were studied. But successful ownership also includes competent owners' (Koiranen, 2007). Considerations such as how resources are developed, how they are integrated within the firm and how they are released have also been under-explored. Dynamic capabilities (DC) attempt to bridge these gaps by acting as a buffer between firm resources and the changing business environment. Dynamic resources help a firm adjust its resource mix and thereby maintain the sustainability of the firm's competitive advantage. It is plausible that the specific dynamic capability, whether problem formulation, problem solving, or solution implementation, may depend on the nature of the changing environment (Nickerson, Yen, & Mahoney, 2012). The "gap" to be filled is an ownership typology based on basic human values and will. In social science, typologies are a well-known form of theory building. The research aim is to increase the understanding of the phenomenon of ownership through systematic typification, which forms types through generalizations.

The main purpose of this research is to develop an understanding concerning the owners' role and behaviour on the individual, firm and societal level. The ownership research solves the problem in the form of an ownership typology, adopting different theoretical lenses, using different research methods and analysing ultimate owners of capital companies in Estonia.

The first research question is the individual level question asking, "What are the owners' basic human values?" (RQ 1). Here the well-known Schwartz's (1992) theory of basic human values is used as the theoretical basis. To answer the firm level questions, "What will the owners of the company want to have from the company in the long run?" (RQ 2) and "Valuation of the way how values are created and how the owners' will is achieved" (RQ 3), Freeman's (1984) stakeholder theory is the theoretical basis used. Answers to the research questions help achieve the goal and solve the problem; a solution is an ownership typology based on basic human values and will.

The paper proceeds as follows. Section 2, "Theoretical framework," reviews the theories and evidence relating to ownership of companies and corporate governance focusing on owners' basic human values and will. Section 3, "Research design and data collection," tell us about the philosophical considerations, research approaches, strategies, choices, and time horizons. Used techniques and procedures of material and data collection into a case database are explained. Section 4, "Analysis and results," the grouping of the cases, and analysis of empirical regularities were done. Technical findings, interpretative analysis of meaningful relationships, and type construction and characterisation are explained. Section 5, "Conclusions," concludes the paper with a summary of contributions and future research.

2. Theoretical Framework

2.1. Typologies are Complex Theories

In social science, typologies (Elo-Pärssinen, 2007; Erikson, 2007; Hornaday, 1990; Hung, 1998; Kellermann, 1979; Pedersen & Thomsen, 1997; Sur, 2006; Zetterberg, 1997) are a well-known form of theory building. Doty and Glick (1994) argue that when typologies are properly developed and fully specified, they are complex theories. Typologies are differentiated from classification systems because they meet several of the important criteria of theories, and are shown to contain multiple levels of theory. The construction of typologies is of central importance for qualitative social research; it is necessary to clarify the concept of types and the process of typology construction. If typologies are to be considered theories, they must meet some of the minimal definitions of a theory. Although there are no concise, unanimously accepted definitions of a theory, theory-building experts seem to agree that there are at least three primary criteria that theories must meet. First, a theory‘s constructs must be identified. Secondly, relationships between these constructs must be specified. And thirdly, these relationships must be falsifiable.

There are considerable differences between the different profiles, styles or types of owner. An owner‘s profile or style can be defined by their preference in money decisions; such as: deciding between short-term trading or long-term holding; whether they are averse or tolerant to risk; whether they hold all classes of assets or just one type; whether they prefer a stock‘s value or its growth potential, big cap or small cap stocks, and their choice between defensive or cyclical stocks; their use or avoidance of derivatives; their diversification between home turf or international investments; and whether they are hands-on or prefer investment funds. The Wahl (2006) nine class classification system covers features of corporate owners: legal status (natural persons, legal persons), economic goal (current benefit, increasing capital), role in governance and management (active owners, passive owners), contribution to the realisation of a business idea (strategic owners, financial owners), investment horizon (long range, short range), participatory rate (majority, minority), attitude toward risk (risk spreaders, risk takers), country of residence (residents, non-residents), and involvement (insiders, outsiders).

2.2. Owners' Will and Competencies

"It is in the interest of every man to live as much at his ease as he can; and if his emoluments are to be precisely the same, whether he does, or does not perform some laborious duty, it is certainly his interest, at least as interest is vulgarly understood, either to neglect it altogether, or, if he is subject to some authority which will not suffer him to do this, to perform it in as careless and slovenly a manner as that authority will permit" (Smith, 1776). This text illustrates the conflict of different owners' will, and competencies that may be between owners' and the manager and owner.

La Porta, Lopez-De-Silanes and Shleifer (1999) studied the ownership structures of large corporations in 27 wealthy economies to identify the ultimate owners of these firms. They found that, except in economies with very good shareholder protection, relatively few of these firms were widely held, a finding that contrasts with Berle and Means (1932) image of the ownership of the modern corporation. Rather, families or states typically control these firms. It is far less common for financial institutions to control equity. The controlling shareholders typically have power over the firms, significantly over their cash flow rights, primarily through the use of pyramids and participation in management.

Private individual investors and institutional investors are not equal. Individuals have to unite to take effective action (Charkham, 1995). Large outside owners have opportunities to expropriate value, particularly when the minority shareholders are not well protected. When financial institutions are large owners, there is a potential for conflicts of interest to arise that adversely affect minority shareholders. Commercial banks could face conflicts when they are large creditors of the firms in which they hold equity stakes. There can be a direct dilution of other equity holders for the benefit of the bank, for example, through higher lending spreads. Financial institutions related to banks may also have the interests of the bank as a creditor in mind when deciding which company to invest in and how to value a firm. However, financial institutions with an equity stake in a company can also better monitor a firm and its management, offsetting the negative effects of its involvement in the company, such as the potential for conflicts of interest to arise. The net effect of financial institutions‘ ownership on the valuation of a firm and its profitability is therefore unclear (Djakov, 1999). Some corporate outside investors, for example, may more competently evaluate firms, based on their access to better information. Other corporate investors may be better owners as they may have access to technology or know-how not available to the firm (e.g., foreign investors) or they may have special monitoring skills (e.g., trade creditors who are owners), which may increase the value or profitability of the firm (Djakov, 1999). Berle and Means (1932) contended that widespread ownership yields significant power in the hands of managers whose interests do not coincide with the interest of shareholders. As a result, corporate resources are not used for the maximization of shareholders‘ value (Djakov, 1999).

Friedman's (1962) traditional view of a business firm argues against the concept of social responsibility; as the primary goal of business is seen as profit maximization not spending shareholder money for the general social interest. On the other end stands Carroll's (1979) four social responsibilities of business: Economic (must do), Legal (have to do), Ethical (should do), and Discretionary (might do). In his view corporate social performance requires that firms' social responsibilities be assessed, the social issues it must address be identified, and a response philosophy be chosen.

Probably the most popular theoretical approaches, both agency (Eisenhardt, 1989; Jensen & Meckling, 1976) and stewardship (Davis, Schoorman, & Donaldson, 1997; Donaldson & Preston, 1995) theory, view corporate governance at the level of the firm, being concerned with relationships between owners and directors. The author addresses perspectives of corporate governance at a societal level – stakeholder theory. This concerns values and beliefs about the appropriate relationships between the individual, the enterprise, and the state (Tricker, 2009). Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. It also pushes managers to be clear about how they want to do business, specifically what kind of relationships they want and need to create with their stakeholders to deliver for their purpose. Truth and freedom are best served by seeing business and ethics as connected. "Shareholders are stakeholders; creating value for stakeholders creates value for shareholders. How else could managers create shareholder value other than by creating products and services that customers are willing to buy, offering jobs that employees are willing to fill, building relationships with suppliers that companies are eager to have, and being good citizens in the community? Creating value for stakeholders is important." (Freeman, Wicks, & Parmar, 2004, p. 366). The Nickerson, Yen, & Mahoney (2012) problem-finding and problem-solving approach considers four activities: problem finding, framing, and formulating; problem solving; solution implementation; and operating implemented solutions, as necessary for creating and capturing value, the overarching goal of strategic management.

It is unknown which of the two classic models – the shareholder-value or stakeholder-value model – is more efficient, therefore the author considers a third way, an alternative model of corporate governance that transcends the classic shareholder-stakeholder polarization. The "enlightened shareholder value" approach represents an attempt to strike a balance between shareholders' primacy and corporate stakeholders' interests (Andreadakis, 2011; Hilb, 2006; Pichet, 2011).

Professional ownership requires by Koiranen (2007) not only owners' motivation (will) but also owners' competencies. Owners' competencies are seen as an integration and coordination of capabilities, and those capabilities are the owner's ability to exploit his resources (power). Resources on the firm level are an organization's tangible and intangible assets, and the mostly applied theoretical approach is still the resource-based view (RBV) of the firm (Barney, 2001). But this theory has a key shortcoming, it works well in a static environment, but today's world is extremely dynamic, therefore the concept of dynamic capabilities (DC) arose. The essence of dynamic capabilities is a firm's behavioural orientation in the adaptation, renewal, reconfiguration and re-creation of resources, capabilities and core capabilities responding to external changes (Teece, Pisano, & Shuen, 1997; Wang & Ahmed, 2007). Both capabilities (DC) and resource-based view (RBV), uses routines and resources as the units of analysis. Routines are defined as behaviour that is learned, highly patterned, repetitious or quasi-repetitious, founded in part in tacit knowledge (Winter, 2003). Behavioural assumptions, bounded rationality and opportunism, represent a superset of assumptions for the capabilities, dynamic capabilities, and governance perspectives (Nickerson et al., 2012). While the resource-based view (RBV) emphasizes resource choice or the selecting of appropriate resources, dynamic capabilities (DC) emphasize resource development and renewal. More generally, capability development entails improvement over time in carrying out the activity as a team, these improvements are likely to stem from a number of factors, including but not limited to learning-by-doing (Helfat & Peteraf, 2003).

2.3. Focus on Personal Behaviour Rooted in Basic Values

Individual players, with their different mind sets, personalities, and foibles, do not appear in these theoretical paradigms. What has been missing is any focus on personal behaviour rooted in basic values (Tricker, 2009; Watson, 2005). Values are deeply rooted, abstract motivations that guide, justify or explain attitudes, norms, opinions and actions (Schwartz, 1992). Values can provide predictive and explanatory power in the analysis of attitudes, opinions and actions. Moreover, values can reflect a major social change in societies and across nations (Schwartz, 2003). The Schwartz (1992) Value Survey (SVS) is currently most widely used in social science for studying individual differences in values and is adopted as an integrative framework to study human values.

The Schwartz (1992) value theory specifies six features of basic values. What distinguishes one value from another is the type of goal or motivation the value expresses. The theory defines ten broad basic values (self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism) according to the motivation that underlies each of them. These values are likely to be universal because they are grounded on one or more of three universal requirements of human existence that they help to cope with: needs of individuals as biological organisms, requisites of coordinated social interaction, and survival and welfare needs of groups. The radar structure portrays the total pattern of relations of conflict and congruity among values postulated by the theory of basic human values. The radar arrangement of the values represents a motivational continuum. The closer any two values are in either direction around the radar, the more similar their underlying motivations. The more distant any two values are, the more antagonistic their underlying motivations. This structure can be summarised with two orthogonal dimensions: openness to change versus conservation; and self-transcendence versus self-enhancement. Studying of individuals' basic human values can contribute directly to our understanding of owners' will and behaviour. Basic value priorities are less vulnerable to the impact of current events than attitudes and opinions. Consequently, change in basic human values can be used to track fundamental changes in the economic atmosphere that are likely to persist over a longer term.

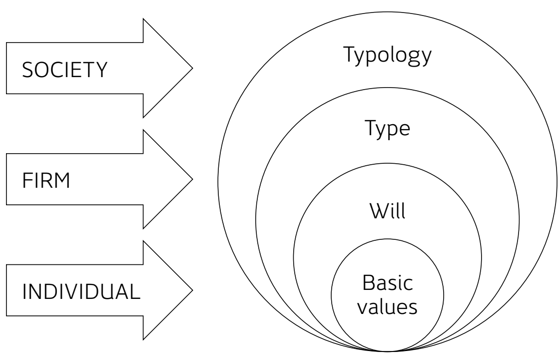
2.4. Defining the Main Constructs

Based on the problem, research questions, and literature review, the research area and relations between the main constructs are described and depicted (Figure 1).

A construct refers to a verbal definition of an abstract idea. A construct in the philosophy of science is an ideal object, where the existence of the thing may be said to depend upon a subject's mind, as opposed to a real object, where existence does not seem to depend on the existence of a mind (Bunge, 1974). Constructs are particularly meaningful in qualitative research because they enable to define and explain the research phenomenon, and to focus the ownership research on examining how various phenomena are being conceptualised.

Adjusted units of analysis on multiple levels of analysis are described as follows: on individual level of analysis the unit of analysis is the ultimate owner with his basic human values and individual will. On firm level ultimate owners, firms' core values, and collective will are analysed. Finally, achieving the level of society, ideal types of owners' and ownership typology based on basic human values and will is constructed.

Figure 1. Research Area and Relations Between the Main Constructs



Source: Author's illustration

The following research process turns the research questions and objectives into a project that considers strategies, choices and time horizons. Sources of data collection, ethical issues, and other valid reasons for the choice of design are specified.

3. Research Design and Data Collection

3.1. Research Process and Methodology

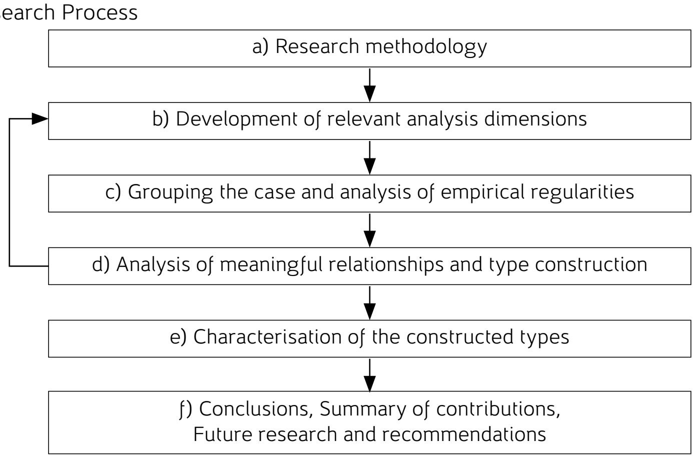
Different rules and steps of Kluge's (2000) "model of empirically grounded type construction" are integrated into the research process developed by the author (Figure 2).

The research process is starting with: a) research methodology, continuing with b) development of relevant analysing dimensions, c) grouping the cases and analysis of empirical regularities, d) analysis of meaningful relationships and type construction, e) characterisation of the constructed types, and finally the last step of the process f) conclusions summarising made contributions.

Every typology is a result of a grouping process, which results from the combination of the selected attributes and their dimensions. Both the empirical regularities and correlations and the existing meaningful relationships must be analysed in order to achieve a suitable interpretation of typical social action and to develop understandable types of social action. It is only when empirical analyses are combined with theoretical knowledge that "empirically grounded types" can be constructed. Types are always constructions that are dependent on the attributes that should form the basis for the typology. (Kluge, 2000)

There are many paradigms that have influenced research; the current work is based on constructionism (interpretivism, social constructivism). Interpretive ontological assumptions are that the world is complex and dynamic and is constructed, interpreted and experienced by people in their interactions with each other and with wider social systems. People experience reality in different ways. Reality is constructed by people based on beliefs, feelings and experiences; multiple local and specific "constructed" realities exist (Hine & Carson, 2007). An interpretive epistemological assumption is that knowledge is based not only on observable phenomena, but also on subjective beliefs, values, reasons, and understandings. The researcher is a "passionate participant" in the world being investigated. Values are an integral part of social life – no values are wrong, only different (Hine & Carson, 2007). Theories are constructed from multiple realities; they are shaped by social and cultural context. Interpretive research focuses on the full complexity of human sense making as the situation emerges (Kaplan & Maxwell, 1994).

Figure 2. Research Process



Source: Author's illustration

The two main research approaches are Deduction and Induction, here is chosen the third way – Abduction, the principle of abduction aligns with the constructionist view of the world. Abduction is the process of forming an explanatory hypothesis; by Peirce (1931) it is the only logical operation that introduces a new idea.

The chosen case study strategy is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially because the boundaries between phenomenon and context are not clearly evident (Yin, 2002). Case studies provide a rich understanding of a real life context; using and triangulate multiple sources of data. All research, whether quantitative or qualitative, is based on some underlying assumptions about what constitutes "valid" research and which research methods are appropriate. Both qualitative and quantitative researches have associated ethical issues. Negotiating access and research ethics are critical aspects of research; therefore potential ethical issues should be recognised. Also data protection legislation requires complying with legal requirements. Although the results of qualitative research giving some indication as to the "why", "how" and "when" something occurs, it cannot tell us "how often" or "how many."; for understanding the world from the perspective of those studied, and for examining and articulating processes. The chosen research strategy is case study, using mixed methods, and it can be categorised as an explanatory, cross-sectional research project.

3.2. Data Collection, Case Database

Although a clear distinction between data gathering and data analysis is commonly made in quantitative research, such a distinction is problematic in qualitative research. The process of data analysis and collection is necessarily interactive.

Subcategories of purposive sampling methods, heterogeneity sampling together with snowball sampling was used in the research. Heterogeneity sampling is used because the primary interest is getting a broad spectrum of cases. In the first stage, owners familiar to the interviewer were interviewed. In the second step, other owners nominated by previously interviewed owners were interviewed.

The interview manual is based on the research questions and the author's ownership classification system was used as a theoretical framework. Non-standardised, semi-structured forms of face-to-face interviews and standardised interviewer administered questionnaires were used, with a total of 70 questions. The face-to-face interview questions were asked in Estonian, and where necessary, used translations into English or Russian.

The Schwartz (2003) Portrait Values Questionnaire (PVQ), 21 structured questions, was translated and adapted from the English questionnaire. The PVQ includes short verbal portraits of different owners. Each portrait describes an owner's goals, aspirations, or wishes that point implicitly to the importance of a single value type. For each portrait, respondents answer: "How much like you is this person?" They check one of six boxes labelled: very much like me, like me, somewhat like me, a little like me, not like me, and not like me at all. Thus, respondents' own values are inferred from their self-reported similarity to people who are described in terms of particular values. The similarity judgments are transformed into a 6 pt. numerical scale. Note that respondents are asked to compare the portrait to themselves rather than themselves to the portrait. Asking them to compare other to self directs attention only to the aspects of the other that are portrayed. Thus, the similarity judgment is also likely to focus on these value-relevant aspects. In contrast, asking to compare self to other would focus attention on self and might cause respondents to think about the large number of self-characteristics accessible to them.

Interviewers were 77 trained management students from Tallinn University of Technology. Data quality issues and interviewer competence are important considerations. All questions were pretested on students and academic personnel. The interviewing period lasted from 19.02.2009 to 11.06.2009.

The type is defined as a combination of attributes; one first needs properties and dimensions that form the basis for the typology – relevant analysing dimensions. With the help of these attributes, the similarities and differences between the owners must be adequately grasped. And finally, the constructed groups and types have to be described with the help of these properties. These properties and their dimensions are elaborated and dimensionalised during the process of analysis by means of collected data and theoretical knowledge. Categories were added to the case database during the thematic coding of interview transcriptions, subcategories were dimensionalised. Although secondary data may contain some bias, it helps to answer the research questions.

Secondary data consists of documentary and multiple sources (Central Commercial Register, Credit Information Services, and Estonian Central Register of Securities). All material and data are entered into an MS Excel 2010 case database. All chosen cases (n = 146) are thoroughly described, starting with owner's personal data, followed by value issues; then categories and subcategories of owners' will: legal status, economic goal, role in governance and management, contribution to the realisation of a business idea, investment horizon, participatory rate, attitude toward risk, country of residence, and involvement are described. Thematic case analysis and case contrasts were done before grouping of the cases, and analysis of empirical regularities.

4. Analysis and Results

4.1. Grouping of the Cases and Analysis of Empirical Regularities

The cases are grouped by means of the defined properties and their dimensions. Based on research questions, general and significant attributes are those related to value and will. Attributes of owners' basic human values are the value types. Attributes for what the owners of the company want to have from the company in the long run, are seen as objectives and results in the achieving of objectives (personal, social, political, and economic values). Valuation of the way how values are created and how the owners' will is achieved, are seen as instrumental tools for the achievement of objectives (time, risk, and process).

For computer analysis Microsoft Excel 2010, The Waikato Environment for Knowledge Analysis WEKA 3.6.2 (Hall, Frank, Holmes, Pfahringer, Reutemann, & Witten, 2009), and PAlaeontological STatistics PAST 2.00 (Hammer, Harper, & Ryan, 2001) were used. Quantified data are entered as a matrix and recorded using numerical codes. Codes are entered for all data values. Existing coding schemes enable comparisons. Data are checked for errors, cleaned, pre-processed, and transformed – min-max normalization.

Clustering is a common descriptive task where one seeks to identify a finite set of categories or clusters to describe the data. Hierarchical and non-hierarchical (k-means) methods have been used in tandem. First, an initial clustering solution is obtained using a hierarchical procedure. The number of clusters so obtained is used as input to the optimising partitioning method. The major disadvantages of the non-hierarchical clustering procedures are that the number of clusters must be pre-specified and the selection of cluster centres is arbitrary. Q studies refer to the quantification of relations between owners with the aim of producing classifications of owners. R technique leads to a classification of characters. The main mathematical steps are formally the same (Sneath & Sokal, 1973). For Ward‘s method, a Euclidean distance measure is inherent in the algorithm; clusters are joined so that increase in in-group variance is minimised (Hammer et al., 2001). The two-way clustering option, clusters of owners and attributes, allows simultaneous clustering in R mode and Q mode. Multidimensional scaling is a set of related statistical techniques used in information visualization for exploring similarities or dissimilarities in data. It visualises a general view of all possible combinations and the concrete empirical distribution of the cases.

As a result of hierarchical, non-hierarchical cluster analysis and non-metric multi-dimensional scaling (nMDS), the author was able to group owners into four internally homogeneous and externally heterogenic groups. Groups and their memberships were found using the non-hierarchical clustering method k-means. Four clusters, within-cluster sum of optimal squared errors are chosen; the output is a table where all cluster members are listed.

Chosen cases (n = 146) are analysed by 81 general and significant attributes, starting with contextual attributes (Table 1). Background info includes owner's gender, age, year of becoming an owner, type of business entity, number of employees, enterprise size, and respondent's interestedness. Followed by RQ 1 values (Table 2): influence of personal values to ownership, Universalism, Benevolence, Tradition, Conformity, Security, Power, Achievement, Hedonism, Stimulation, and Self-Direction. Next RQ 2 objectives and results (Table 3–6): importance of power vs. revenue, how power is achieved, company's role in society, stakeholders, quality, contribution to the realisation of the business idea, ethics, revenue vs. power, readiness to sale, company's market value, current benefit, increasing capital, financial contribution to the realisation of the business idea: and finally RQ 3 instrumental tools (Table 7–9): speed is essential to the achievement of results, owners' investment horizon, founder, consensus, compromise, rivalry, company's annual turnover, owners' role in governance & management, informal agreements, involvement, Professional owner, risk, diversification, share of ownership, and contributions.

Table 1. Background Info

Relevant analysing dimentions	Code	k 1 (*n* = 41)			k 2 (*n* = 28)			k 3 (*n* = 45)			k 4 (*n* = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Gender (male vs. female)	SUGUN	0.32	0.00	0.47	0.07	0.00	0.27	0.27	0.00	0.45	0.13	0.00	0.34
Owner's age	ID_VANUS	41	46	10.41	43	51	11.69	45	47	9.05	47	53	7.45
Year of becoming an owner	IKAMI	2 000	2 006	5.45	2 000	1 998	5.74	1 997	1 992	4.74	1 995	1 993	4.90
Type of business entity (joint stock company, limited-liability company)	F_VORM	0.08	0.00	0.27	0.20	0.00	0.41	0.30	0.00	0.46	0.66	1.00	0.48
Number of employees < 10	F_TARV_M	1.00	1.00	0.00	0.21	0.00	0.42	0.02	0.00	0.15	0.00	0.00	0.00
Number of employees < 50	F_TARV_V	0.00	0.00	0.00	0.54	1.00	0.51	0.96	1.00	0.21	0.09	0.00	0.30
Number of employees < 250	F_TARV_K	0.00	0.00	0.00	0.18	0.00	0.39	0.02	0.00	0.15	0.69	1.00	0.47
Number of employees since 250	F_TARV_S	0.00	0.00	0.00	0.07	0.00	0.26	0.00	0.00	0.00	0.22	0.00	0.42
Microenterprise	F_MIKR	1.00	1.00	0.00	0.21	0.00	0.42	0.00	0.00	0.00	0.00	0.00	0.00
Small business	F_VAIK	0.00	0.00	0.00	0.54	1.00	0.51	0.98	1.00	0.15	0.00	0.00	0.00
Medium enterprise	F_KESK	0.00	0.00	0.00	0.18	0.00	0.39	0.02	0.00	0.15	0.75	1.00	0.44
Corporation	F_SUUR	0.00	0.00	0.00	0.07	0.00	0.26	0.00	0.00	0.00	0.25	0.00	0.44
Interested	ID_HUVI	0.75	1.00	0.44	0.67	1.00	0.48	0.82	1.00	0.39	0.97	1.00	0.18

Source: Author's calculations based on empirical data

The first cluster k1 contains 28.1% (n = 41) of the ultimate owners, the second 19.2% (n = 28), the third 30.8% (n = 45) and the fourth 21.9% (n = 32). For each cluster mean, mode, and standard deviation were calculated.

Table 2. Values

Relevant analysing dimentions	Code	k 1 (*n* = 41)			k 2 (*n* = 28)			k 3 (*n* = 45)			k 4 (*n* = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Influence of personal values to ownership	IVIN_04	0.80	1.00	0.41	0.71	1.00	0.46	0.66	1.00	0.48	0.78	1.00	0.42
Universalism	IBV_UN	4.46	4.33	0.69	4.24	4.00	1.00	4.44	4.67	0.87	4.61	5.00	0.56
Benevolence	IBV_BE	5.01	5.50	0.75	4.84	5.00	0.87	4.81	5.50	0.82	4.94	4.50	0.64
Tradition	IBV_TR	4.11	4.00	0.90	3.54	4.00	0.94	3.88	3.50	1.08	4.19	4.50	0.87
Conformity	IBV_CO	3.34	3.50	1.21	3.21	3.00	0.88	3.70	3.00	1.16	3.55	4.00	1.19
Security	IBV_SE	3.85	5.00	1.36	3.88	5.50	1.36	4.03	4.00	1.01	3.78	2.50	1.16
Power	IBV_PO	3.30	3.00	1.05	3.50	3.00	1.06	3.57	3.50	1.09	3.22	3.00	0.96
Achievement	IBV_AC	3.55	2.00	1.23	3.61	5.00	1.29	3.73	4.00	1.11	3.42	3.00	1.00
Hedonism	IBV_HE	3.72	3.00	1.33	3.91	5.00	1.32	3.81	3.00	1.17	3.22	4.00	1.05
Stimulation	IBV_ST	4.01	6.00	1.33	4.34	5.00	1.16	4.21	5.50	1.20	3.77	4.00	1.10
Self-Direction	IBV_SD	4.94	4.50	0.75	5.29	6.00	0.79	5.09	6.00	0.82	4.91	4.00	0.84

Note: 6–very much like me, 5–like me, 4–somewhat like me, 3–a little like me, 2–not like me, and 1–not like me at all.
Source: Author's calculations based on empirical data

Attributes for what the owners of the company want to have from the company in the long run, are seen as objectives and results in the achieving of objectives (personal, social, political, and economic values).

Table 3. Result (personal values)

Relevant analysing dimentions	Code	k 1 (n = 41)			k 2 (n = 28)			k 3 (n = 45)			k 4 (n = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Power is more important than revenue	VVT_1	0.05	0.00	0.22	0.04	0.00	0.19	0.05	0.00	0.21	0.13	0.00	0.34
Power and revenue are equally important	VVT_3	0.05	0.00	0.22	0.22	0.00	0.42	0.20	0.00	0.41	0.19	0.00	0.40
Neither power nor revenue is important	VVT_4	0.02	0.00	0.16	0.07	0.00	0.27	0.02	0.00	0.15	0.10	0.00	0.30
Power is achieved through formal ownership	VVS_01	3.11	2.00	1.43	3.32	5.00	1.52	3.10	5.00	1.52	2.43	1.00	1.35
Power is achieved through authority	VVS_02	4.13	5.00	1.28	4.30	5.00	0.91	4.37	5.00	0.83	4.17	5.00	1.07
Power is achieved through reward (money, praise, attention)	VVS_03	3.11	4.00	1.17	3.09	3.00	1.15	2.98	3.00	0.96	3.00	3.00	1.00
Power is achieved through compulsion (money, punish-ment, dismissal)	VVS_04	1.53	1.00	0.97	1.84	1.00	1.12	1.71	1.00	1.06	1.81	1.00	0.79
Power is achieved through identification (charisma, example, knowledge)	VVS_05	3.24	3.00	1.26	3.70	5.00	1.26	3.33	4.00	1.20	3.89	5.00	1.31

Source: Author's calculations based on empirical data

Table 4. Result (social values)

Relevant analysing dimentions	Code	k 1 (n = 41)			k 2 (n = 28)			k 3 (n = 45)			k 4 (n = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Company has to fill a role in society	FPY	0.88	1.00	0.33	0.79	1.00	0.42	0.89	1.00	0.32	0.84	1.00	0.37
Shareholder stakeholders	S_HGRUPP_O	0.63	1.00	0.49	0.18	0.00	0.39	0.86	1.00	0.35	0.97	1.00	0.18
Customer's stakeholders	S_HGRUPP_K	0.95	1.00	0.22	0.89	1.00	0.31	0.98	1.00	0.15	0.94	1.00	0.25
Employee's stakeholders	S_HGRUPP_T	0.85	1.00	0.36	0.75	1.00	0.44	0.98	1.00	0.15	0.97	1.00	0.18
Publicity stakeholders	S_HGRUPP_AV	0.54	1.00	0.50	0.04	0.00	0.19	0.86	1.00	0.35	0.63	1.00	0.49
State stakeholders	S_HGRUPP_R	0.68	1.00	0.47	0.04	0.00	0.19	0.82	1.00	0.39	0.63	1.00	0.49
Auditor's stakeholders	S_HGRUPP_AU	0.51	1.00	0.51	0.00	0.00	0.00	0.84	1.00	0.37	0.63	1.00	0.49
Other stakeholders	S_HGRUPP_M	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.15	0.00	0.00	0.00
Stakeholders' role	S_HGRUPPN	4.17	6.00	1.73	1.89	2.00	0.74	5.24	6.00	1.35	4.75	6.00	1.68

Source: Author's calculations based on empirical data

Table 5. Result (political values)

Relevant analysing dimentions	Code	k 1 (*n* = 41)			k 2 (*n* = 28)			k 3 (*n* = 45)			k 4 (*n* = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Quality	KVAL	0.27	0.00	0.59	0.32	0.00	0.55	0.20	0.00	0.40	0.38	0.00	0.66
Strategic contribution to the realisation of the business idea	F_PANUS_S	0.43	0.00	0.50	0.43	0.00	0.50	0.49	0.00	0.51	0.61	1.00	0.50
Strategically and financial contribution to the realisation of the business idea	F_PANUS_SF	0.58	1.00	0.50	0.46	0.00	0.51	0.44	0.00	0.50	0.35	0.00	0.49
Neither strategic nor financial contribution to the realisation of the business idea	F_PANUS_EI	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.15	0.00	0.00	0.00
Revenue is rising in an ethical way	F_EETIKA	0.64	1.00	0.49	0.67	1.00	0.48	0.70	1.00	0.46	0.73	1.00	0.45

Source: Author's calculations based on empirical data

Table 6. Result (economic values)

Relevant analysing dimentions	Code	k 1 (*n* = 41)			k 2 (*n* = 28)			k 3 (*n* = 45)			k 4 (*n* = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Revenue is more important than power	VVT_2	0.88	1.00	0.33	0.67	1.00	0.48	0.73	1.00	0.45	0.58	1.00	0.50
Readiness to sale	MYYK	0.50	0.00	0.51	0.63	1.00	0.49	0.73	1.00	0.45	0.77	1.00	0.43
Company's market value	F_TV	0.55	0.00	1.11	60.04	0.00	242.23	3.55	3.20	7.37	16.43	12.80	19.10
Current benefit is more important than increasing capital	F_E_01	0.73	1.00	0.45	0.21	0.00	0.42	0.50	1.00	0.51	0.19	0.00	0.40
Increasing capital is more important than current benefit	F_E_02	0.20	0.00	0.40	0.50	0.00	0.51	0.30	0.00	0.46	0.59	1.00	0.50
Current benefit and increasing capital are equally important	F_E_03	0.05	0.00	0.22	0.29	0.00	0.46	0.20	0.00	0.41	0.19	0.00	0.40
Neither current benefit nor increasing capital is important	F_E_04	0.02	0.00	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.18
Financial contribution to the realisation of the business idea	F_PANUS_F	0.00	0.00	0.00	0.11	0.00	0.31	0.04	0.00	0.21	0.03	0.00	0.18

Source: Author's calculations based on empirical data

Valuation of the way how values are created and how the owners' will is achieved, are seen as instrumental tools for the achievement of objectives (time, process and risk).

Table 7. Instrument (time)

Relevant analysing dimentions	Code	k 1 (*n* = 41)			k 2 (*n* = 28)			k 3 (*n* = 45)			k 4 (*n* = 32)		
		$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*	$\bar{x}$	*Mo*	*s*
Speed is essential to the achievement of results	AEG_O	0.76	1.00	0.43	0.82	1.00	0.39	0.70	1.00	0.46	0.63	1.00	0.49
Owners' investment horizon (short range vs. long range)	AEGN	0.93	1.00	0.26	0.93	1.00	0.26	0.98	1.00	0.15	1.00	1.00	0.00

Source: Author's calculations based on empirical data

Table 8. Instrument (process)

Relevant analysing dimentions	Code	k 1 (*n* = 41) $\bar{x}$	k 1 *Mo*	k 1 *s*	k 2 (*n* = 28) $\bar{x}$	k 2 *Mo*	k 2 *s*	k 3 (*n* = 45) $\bar{x}$	k 3 *Mo*	k 3 *s*	k 4 (*n* = 32) $\bar{x}$	k 4 *Mo*	k 4 *s*
Founder	F_ASUTAJA	0.78	1.00	0.42	0.57	1.00	0.50	0.76	1.00	0.43	0.69	1.00	0.47
Consensus dominates in the company	VKO_01	0.63	1.00	0.49	0.75	1.00	0.44	0.39	0.00	0.49	0.72	1.00	0.46
Compromise dominates in the company	VKO_02	0.37	0.00	0.49	0.13	0.00	0.34	0.51	1.00	0.51	0.22	0.00	0.42
Rivalry dominates in the company	VKO_03	0.00	0.00	0.00	0.13	0.00	0.34	0.10	0.00	0.30	0.06	0.00	0.25
The company's annual turnover (million €)	F_AKAIVE	0.70	1.90	0.80	18.59	1.90	80.76	2.04	3.20	1.91	28.63	1.90	78.37
Owners' role in governance & management (passive, neutral, active)	FROLLN	2.40	3.00	0.78	2.59	3.00	0.57	2.87	3.00	0.40	2.78	3.00	0.61
Informal agreements (coalition agreements)	F_KOAL	0.31	0.00	0.47	0.36	0.00	0.49	0.32	0.00	0.47	0.43	0.00	0.50
Management board member	F_SEOTUS_J	0.76	1.00	0.43	0.64	1.00	0.49	0.67	1.00	0.48	0.84	1.00	0.37
Supervisory board member	F_SEOTUS_N	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.29	0.13	0.00	0.34
Employee	F_SEOTUS_M	0.16	0.00	0.37	0.28	0.00	0.46	0.22	0.00	0.42	0.00	0.00	0.00
Not involved (outsider)	F_SEOTUS_EI	0.08	0.00	0.28	0.08	0.00	0.28	0.02	0.00	0.15	0.03	0.00	0.18
Professional owner	PRO	0.44	0.00	0.59	0.50	0.00	0.64	0.64	1.00	0.65	0.53	0.00	0.62

Source: Author's calculations based on empirical data

Table 9. Instrument (risk)

Relevant analysing dimentions	Code	k 1 (*n* = 41) $\bar{x}$	k 1 *Mo*	k 1 *s*	k 2 (*n* = 28) $\bar{x}$	k 2 *Mo*	k 2 *s*	k 3 (*n* = 45) $\bar{x}$	k 3 *Mo*	k 3 *s*	k 4 (*n* = 32) $\bar{x}$	k 4 *Mo*	k 4 *s*
Small risk (possibility of losing a small part of the investment)	FRISK_V	0.44	0.00	0.50	0.39	0.00	0.50	0.56	1.00	0.50	0.56	1.00	0.50
Medium risk (possibility of losing half of the investment)	FRISK_K	0.39	0.00	0.49	0.54	1.00	0.51	0.42	0.00	0.50	0.34	0.00	0.48
Large risk (possibility of losing the total investment)	FRISK_S	0.17	0.00	0.38	0.07	0.00	0.26	0.02	0.00	0.15	0.09	0.00	0.30
Owners' attitude to risk (risk takers vs. risk spreaders)	FRISKN	0.68	1.00	0.47	0.93	1.00	0.27	0.61	1.00	0.49	0.81	1.00	0.40
Diversification	FRISKDIV	0.46	0.00	0.51	0.80	1.00	0.41	0.48	0.00	0.51	0.26	0.00	0.45
Share of ownership less than 10%	F_OSALUS_P	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.29	0.16	0.00	0.37
Share of ownership 10% to 50%	F_OSALUS_K	0.35	0.00	0.48	0.42	0.00	0.50	0.58	1.00	0.50	0.52	1.00	0.51
Share of ownership more than 50%	F_OSALUS_E	0.20	0.00	0.41	0.23	0.00	0.43	0.22	0.00	0.42	0.26	0.00	0.44
100% share of ownership	F_OSALUS_A	0.45	0.00	0.50	0.35	0.00	0.49	0.11	0.00	0.32	0.06	0.00	0.25
Wants to increase its contributions	F_OSALUS_S	0.17	0.00	0.38	0.08	0.00	0.28	0.07	0.00	0.25	0.29	0.00	0.46
Wants to decrease its contributions	F_OSALUS_V	0.11	0.00	0.32	0.12	0.00	0.33	0.13	0.00	0.34	0.26	0.00	0.44
Wants to increase and decrease its contributions	F_OSALUS_M	0.03	0.00	0.17	0.12	0.00	0.33	0.04	0.00	0.21	0.10	0.00	0.30
Neither wants increase nor to decrease its contributions	F_OSALUS_EI	0.69	1.00	0.47	0.68	1.00	0.48	0.76	1.00	0.43	0.35	0.00	0.49

Source: Author's calculations based on empirical data

The identified groups were analysed with regard to empirical regularities. Cases that were assigned to a combination of attributes were compared to each other, in order to check the internal homogeneity of the constructed groups. Furthermore, the groups were compared to one another in order to check whether there is a sufficiently high external heterogeneity on the "level of the typology" and to check whether the resulting typology contains sufficient heterogeneity and variation in the data.

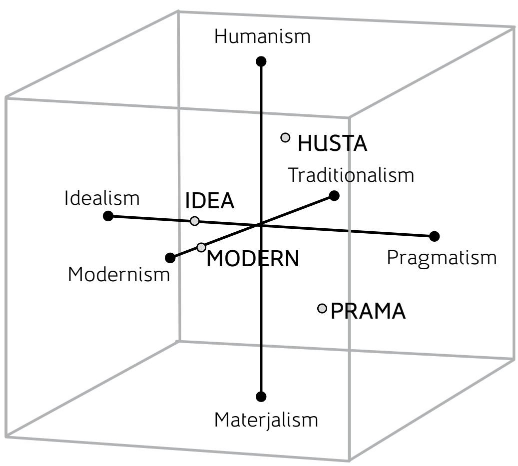
4.2. Constructed Ownership Typology: Analysis of Meaningful Relationships, Type Construction and Characterisation

The examined social phenomenon of ownership should be not only described but also "understood" and "explained", therefore the meaningful relationships that form the basis of the empirically founded groups and combinations of attributes were analysed. Finally the constructed types were described extensively by means of their combinations of attributes as well as by the meaningful relationships. In addition, the criteria for the characterisation of the types were specified. The author chose the ideal types.

An ideal type is formed from characteristics and elements of the given phenomenon, but it is not meant to correspond to all of the characteristics of any one particular case. It is not meant to refer to perfect things, moral ideals or to statistical averages but rather to stress certain elements common to most cases of the given phenomenon. It is also important to pay attention to that in using the word "ideal" Max Weber (1864–1920) refers to the world of ideas (*Gedankenbilder*) and not to perfection; these "ideal types" are idea-constructs that help put the chaos of social reality in order.

Based on the ownership research on capital company ultimate owners' basic human values & will, the author constructed an ownership typology (Figure 3). This typology contains four ideal types of owners (explanatory hypotheses): 1. Humanist-Traditional ownership type (HUSTA); 2. Modern ownership type (MODERN); 3. Pragmatist-Materialist ownership type (PRAMA), and 4. Idealist ownership type IDEA.

Figure 3. Ownership Typology: Ideal Types of Owners in a Three-Dimensional A-Space



Source: Author's calculations based on empirical data; PAST ver. 2.00

The ideal types are placed in a three-dimensional A-space. Axis x: idealism – pragmatism; y: humanism – materialism; z: modernism – traditionalism. The first dimension spans the field from idealism, where "one dramatizes one's values" to pragmatism and instrumentality, where "one compromises one's values" (Zetterberg, 1997). The second dimension separates a concern with human beings from a concern with material things, thus bridging the poles of humanism and materialism. The third dimension of the A-space runs from becoming to being. It corresponds to a scale from modernism, where one welcomes change: "becoming"; to traditionalism, where one upholds stability: "being" (Zetterberg, 1997).

Humanist-Traditional ownership type (HUSTA)

The ownership typology ideal type HUSTA carries the motivationally distinct basic value (value type) benevolence; the main characteristics for benevolence are preservation and enhancement of the welfare of people with whom one is in frequent personal contact. Owners' basic human values – single value items: helpful, honest, forgiving, loyal, responsible, true friendship, a spiritual life, mature love, meaning in life.

What the owners of the company want to have from the company in the long run is seen as objectives and results of achieving the objectives (personal, social, political, and economic values). The ways the values are created and how the owners' will is achieved is seen as instrumental tools for the achievement of the objectives (time, risk, and process).

The company owner wants to have power by giving bonuses; it refers to positive reinforcement and the ability to award something of value. The owner's contribution to the realisation of the business idea is strategic and financial. For him return is more important than power; specifically – economic goal, current benefit, dividends. The owner agrees to found a company with a participatory rate of 100% (majority), and take high risk for the achievement of objectives.

Modern ownership type (MODERN)

The ownership typology ideal type MODERN carries the motivationally distinct basic values (value type), such as: hedonism, stimulation, and self-direction. The main characteristics for hedonism are pleasure and sensuous gratification for oneself – single value items: pleasure, enjoying life, self-indulgent. The main characteristics for stimulation are excitement, novelty, and challenge in life – single value items: daring, a varied life, an exciting life. The main characteristics for self-direction are independent thought and action-choosing, creating, exploring – single value items: creativity, curiosity, freedom, choosing own goals, independent, private life.

The company owner wants to have return and power through owner's legitimacy and punishments; punishment is predicated on the fear of losing status, position, bonuses or job. Equally important to owners' economic goals are current benefit, dividends and increasing capital, increasing stock price. The company's market value is very high. The risk spreading owner agrees to take medium high risk for the fast achievement of objectives (short range owners' investment horizon). Owners are working in the company or used to work in the company they own (insiders). Consensus is important.

Pragmatist-Materialist ownership type (PRAMA)

The ideal type PRAMA of the ownership typology carries the motivationally distinct basic values (value type), such as: conformity, security, power, and achievement. The main characteristics for conformity are restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms – single value items: politeness, honouring parents and elders, obedient, self-discipline. The main characteristics for security are safety, harmony and stability of society, of relationships, and of oneself – single value items: clean, national security, social order, family security, reciprocation of favours, healthy, sense of belonging. The main characteristics of power are social status and prestige, control or dominance over people and resources – single value items: social power, authority, wealth, preserving my public image, social recognition. The main characteristics for achievement are personal success through demonstrating competence according to social standards – single value items: successful, capable, ambitious, influential, intelligent, self-respect.

The company owner wants to have power through personal authority, in a company that rewards stakeholders and has a role in society. For the achievement of objectives the owner agrees to take low risk. Owner's participatory rate is 10 to 50% (minority). They are relatively professional ultimate owners, make compromises, and have an active role in governance and management. An active owner is interested in his property, and might have some emotional connection to it.

Idealist ownership type IDEA

The ideal type IDEA of the ownership typology carries the motivationally distinct basic values (value type) – universalism and tradition. The main characteristics for universalism are understanding, appreciation, tolerance and protection for the welfare of all people and for nature – single value items: protecting the environment, a world of beauty, unity with nature, broad-minded, social justice, wisdom, equality, a world at peace, inner harmony. The main characteristics for tradition are respect, commitment and acceptance of the customs and ideas that traditional culture or religion provides for the self – single value items: devout, accepting portion in life, humble, moderate, respect for tradition.

The company owner wants to have power through identification, which refers to the ability to influence others through charisma, personality, and charm. For him the owners are the key stakeholders. Capital is raised ethically, through quality and contributing in strategy. For the achievement of objectives owner agrees to take low risk. Owner's participatory rate, in a high turnover company, is more than 50% (majority). The investment horizon is long range, which means an investment for more than one year. He enters into a coalition agreement, and is ready to work as a management board member (insider) in the company owned by him.

5. Conclusions

The conducted research (Wahl, 2011) allows making a series of conclusions and recommendations. The problem set by the author is solved; the author studied basic human values & will of capital company's ultimate owners and based on the analysis, constructed an ownership typology. The ownership typology improves understanding about the owners' role and behaviour at the individual, firm, and societal level. Knowing the owners' basic human values (RQ 1) and how the values are related to what owners want to get from the company in the long run (RQ 2), and how the owners' will is achieved (RQ 3) it is possible to solve the problem in the form of the typology. The research process allowed obtaining new and original results. The ownership typology and constructed ideal types (HUSTA, MODERN, PRAMA, and IDEA) shed light to the phenomenon of ownership, and help to explain behaviour of the most important actor in corporate governance. The main implication of the ownership research for corporate governance and ownership theory is the ownership typology constructed by the author. Perhaps most important, the ownership typology explains how basic human values and will are linked.

Two classic models as well as an alternative model of corporate governance were represented in the author's ownership typology. The shareholder-value model (Berle & Means 1932; Davis, Schoorman, & Donaldson, 1997; Donaldson & Preston, 1995; Eisenhardt, 1989; Friedman, 1962; Jensen & Meckling, 1976; La Porta, Lopez-De-Silanes, & Shleifer, 1999; Smith, 1776) is represented by ideal type MODERN. The stakeholder-value model (Carroll, 1979; Freeman, Wicks, & Parmar, 2004; Tricker, 2009) is represented by ideal types HUSTA and PRAMA. The alternative model of corporate governance that transcends the classic shareholder-stakeholder polarization – enlightened shareholder value (Andreadakis, 2011; Hilb, 2006; Pichet, 2011), is presented by ideal type IDEA.

The highest values of entrepreneurship are borne by ideal types MODERN and PRAMA. In entrepreneurial ownership, an owner's view is directed to the future, they welcome change, and material things are made to compromise one‘s values. Organizational success (personal, social, political, and economic values) through company's performance (market-based performance and financial performance) is related to growth, development, and specifically capability development.

Capability development is an outcome of a firm's dynamic capabilities over time. If dynamic capabilities are a firm's behavioural orientation to constantly integrate, reconfigure, renew and recreate its resources and capabilities, and upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage, then the dynamic capabilities are borne by ideal types MODERN and PRAMA. Their view is directed to the future; they welcome change, and material things are made to compromise one‘s values. Firms tend to develop capabilities as directed by their firm strategy (Eisenhardt & Martin, 2000; Wang & Ahmed, 2007). However, the effects of dynamic capabilities on capability development and company's performance are rather complex: a firm strengthens particular capabilities as directed by its own strategic goals; and when capability development and firm strategy are effectively aligned, a firm's dynamic capabilities lead to better performance and hence sustained competitive advantage (Wang & Ahmed, 2007). Effective capability development requires a consistent vision, and has an ownership strategy based corporate strategy at heart.

Methodologically the research is valuable in the designed research process for constructing of an ownership typology. The research process shows how to use in an explanatory ownership research the case study as a research strategy, choosing mixed methods, and successfully integrating Kluge's (2000) "model of empirically grounded type construction."

Practically, in order to stay sustainable and be able to develop further there is a need for professional corporate governance and also professional ultimate owners. They should start paying more attention to the basic human values and will of major stakeholders, and see the companies as a part of the business environment and society. The constructed ownership typology gives the owner an opportunity to understand his basic human values, and clearly express his will. Knowing of the ownership types also increases managers' competence.

Understanding why some options of the owners are as they are, the owners desire will be carried out by the managers. It significantly improves the communication between the owners and managers, resulting in fewer conflicts and with increasing mutual trust. Managers can better understand what values to create, and what brings its core stakeholders together. Creating value for enlightened shareholders creates value for core stakeholders. It's obvious that enlightened, competent, professional ultimate owners knowing what results they want to have from the company in the long run – diverse personal, social, political, and economic values. It's also clear that they succeed in a dynamic environment only if they invest those same values.

Values are transmitted to the next business generation through the socialization process (Dietrich, 2003). Another important practical implication is that the ownership typology gives the owner an opportunity to provide or educate the next generation, with suitable values of his objectives. The ownership typology is also a tool for the owner who is facing the problem to whom to bequeath his life‘s work.

The current research was limited in several ways. First, the research used a non-probability sample that does not allow making statistical generalizations. Second, the research was not specifically designed to evaluate factors related to dynamic capabilities. Third, interpreting the results, it is important to keep in mind the prevailing economic situation during the ownership research, the global economic crisis of 2009. The most important limitation lies in the fact that the crisis reflects in the constructed ownership typology.

Future developments of author's ownership research will be related to testing of the explanatory hypotheses. Repetition of the designed research process allows supplementing and improving the ownership typology. It is recommended to combine the designed research process with other methods. A future development of the author's ownership research is a cross-national research, involving owners‘ competencies (e.g. problem finding, framing, and formulating; problem solving; solution implementation; and operating implemented solutions) of a professional business owner. The addition of a new research question, "What capabilities are essential for the professional business owner?" is suggested in future studies.

Corporate governance has become a major topic in the world of business, politics, and academia, in Estonia and throughout the world. Ownership research has important implications not only for business, but for the wider economy and society. The findings are of importance insofar as they provide new knowledge and consequently, further our understanding of the diverse phenomena of ownership.

References

Aguilera, R.V., & Jackson, G. 2010. Comparative and International Corporate Governance. *The Academy of Management Annals, 4*(1), 485–556.

Andreadakis, S. 2011. *Towards an enlightened shareholder value: The tension between shareholder and stakeholder models in modern corporate governance*. Paper presented at the European Institute for Advanced Studies in Management (EIASM) 8th workshop on corporate governance, Brussels.

Barney, J.B. 2001. Is the Resource-Based "View" a Useful Perspective for Strategic Management Research? Yes. *Academy of Management Review, 26*(1), 41–56.

Berle, A.A., & Means, G.C. 1932. *The modern corporation and private property*. New York: Commerce Clearing House.

Bunge, M. 1974. *Treatise on Basic Philosophy, Vol. I Semantics I: Sense and Reference*. Dordrecth-Boston: Reidel Publishing Co.

Carroll. A.B. 1979. A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review, 4*(4), 497–505.

Charkham, J.P. 1995. *Keeping good company: A Study of Corporate Governance in Five Countries*. Oxford: Oxford University Press.

Daily, C.M., Dalton, D.R., & Rajagopalan, N. 2003. Governance through ownership: Centuries of practice, decades of research. *Academy of Management Journal, 46*(2), 151–158.

Davis, J.H., Schoorman, F.D., & Donaldson, L. 1997. Toward a Stewardship Theory of Management. *Academy of Management Review, 22*(1), 20–47.

Demsetz, H. 1967. Toward a Theory of Property Rights. *American Economic Review, 57*(2), 347–359.

Dietrich, E. 2003. Werte und Wertewandel in gesellschaftlichen Transformationsprozessen: Dargestellt am Beispiel Führungskräfte. In R. Lang, C. Baitsch und P. Pawlowsky (Eds.), *Arbeit, Organisation und Personal im Transformationsprozess, 20*. München und Mering: Rainer Hampp Verlag.

Djakov, S. 1999. Ownership Structure and Enterprise Restructuring in Six Newly Independent States. *Comparative Economic Studies, 41*(1), 75-95

Donaldson, T., & Preston, L. 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Academy of Management Review, 20*(1), 65–91.

Doty, H.D., & Glick, W.H. 1994. Typologies as a unique form of theory building: Toward improved understanding and modeling. *Academy of Management Review, 19*(2), 230–251.

Eisenhardt, K.M. 1989. Agency theory: An assessment and review. *Academy of Management Review, 14*(1), 57–74.

Eisenhardt, K.M., & Martin, J.A. 2000. Dynamic capabilities: what are they? *Strategic Management Journal, 21*, 1105–1121.

Elo-Pärssinen, K. 2007. *Arvot ja yhteiskuntavastuullinen toiminta suurissa suomalaisissa perheyrityksissä. Omistajan näkökulma* [*Values and corporate social performance in large Finnish family firms: Owners view*]. Doctoral dissertation. Jyväskylä: University of Jyväskylä.

Erikson, T. 2007. Discriminating "Schumpeterian" from "Austrian" informal investors – an empirical assessment. *Journal of International Entrepreneurship, 5*(1–2), 1–10.

Freeman, R.E. 1984. *Strategic management: A stakeholder approach*. Boston: Pitman.

Freeman, R.E., Wicks, A., & Parmar, B. 2004. Stakeholder Theory and "The Corporate Objective Revisited". *Organization Science, 15*(3), 364–369.

Friedman, M. 1962. *Capitalism and Freedom*. Chicago: University of Chicago Press.

Gartner, W.B. 1988. "Who is an entrepreneur?" Is the wrong question. *American Journal of Small Business, 12*(4), 11–32.

Gerndorf, K. 1997. *Äriühingute valitsemine* [*Corporate governance*]. Lecture notes. Tallinn: Tallinn University of Technology.

Hall, M., Frank, E., Holmes, G., Pfahringer, B., Reutemann, P., & Witten, I.H. 2009. The WEKA Data Mining Software: An Update. *SIGKDD Explorations, 11*(1). Retrieved from http://www.kdd.org/explorations/issues/11-1-2009-07/p2V11n1.pdf

Hammer, Ų ., Harper, D.A.T., & Ryan, P.D. 2001. PAST: Paleontological Statistics Software Package for Education and Data Analysis. *Palaeontologia Electronica, 4*(1), 9. Retrieved from http://palaeo-electronica.org/2001_1/past/issue1_01.htm

Helfat, C.E., & Peteraf, M.A. 2003. The dynamic resource-based view: Capability lifecycles. *Strategic Management Journal, 24*, 997–1010.

Hilb, M. 2006. *Integrierte Corporate Governance: Ein neues Konzept der Unternehmensführung und Erfolgskontrolle. Zweite Auflage*. Berlin: Springer-Verlag.

Hine, D., & Carson, D. (Eds.). 2007. *Innovative Methodologies in Enterprise Research*. Cheltenham, UK: Edward Elgar.

Hitt, M.A., Beamish, P.W., Jackson, S.E., Mathieu, J.E. 2007. Building Theoretical and Empirical Bridges across Levels: Multilevel Research in Management. *Academy of Management Journal, 50*(6), 1385–1399.

Hornaday, R.W. 1990. Dropping the E-Words from Small Business Research: an Alternative Typology. *Journal of Small Business Management, 28*(4), 22–33.

Hung, H. 1998. A typology of the theories of the roles of governing boards. *Corporate Governance: An International Review, 6*(2), 101–111.

Jensen, M.C., & Meckling, W.H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360.

Kaplan, B., & Maxwell, J.A. 1994. Qualitative research methods for evaluating computer information systems. In J. G. Anderson, C. E. Aydin, & S. J. Jay (Eds.), *Evaluating health care information systems, methods and applications* (pp. 45–68). Thousand Oaks, CA: Sage.

Kellermann, H. 1979. Typen des betrieblichen Investitionsverhaltens: Möglichkeiten einer Typologie anhand von Jahresabschlussinformationen. In C. Aschoff & P. Müller-Bader (Eds.), *Wirtschaftswissenschaftliche Forschung und Entwicklung, 38*. München: Florentz.

Kluge, S. 2000. Empirisch begründete Typenbildung in der qualitativen Sozialforschung [Empirically grounded construction of types and typologies in qualitative social research]. *Forum Qualitative Sozialforschung / Forum: Qualitative Social Research, 1*(1), Art. 14. Retrieved from http://nbn-resolving.de/urn:nbn:de:0114-fqs0001145

Koiranen, M. 2007. *Good ownership* [*Hyvä omistajuus*]. Tampere: Konetuumat.

La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. 1999. Corporate Ownership around the World. *Journal of Finance, 54*(2), 471–517.

Nickerson, J., Yen, C.J., & Mahoney, J.T. 2012. Exploring the Problem-Finding and Problem-Solving Approach for Designing Organizations. *Academy of Management Perspectives, 26*(1), 52–72.

Pedersen, T., & Thomsen, S. 1997. European Patterns of Corporate Ownership: A Twelve-Country Study. *Journal of International Business Studies, 28*(4), 759–778.

Peirce, C.S. 1931. *The Collected Papers Vol. V: Pragmatism and Pramaticism*. Retrieved from http://www.textlog.de/peirce_pragmatism.html

Pichet, E. 2011. Enlightened Shareholder Theory: Whose Interests Should Be Served by the Supporters of Corporate Governance? *Corporate Ownership & Control, 8*(2-3), 353–362. Retrieved from http://ssrn.com/abstract=1262879

Schwartz, S.H. 1992. Universals in the Content and Structure of Values: Theoretical Advances and Empirical Tests in 20 Countries. In M. Zanna (Ed.), *Advances in Experimental Social Psychology, 25*, 1–65. New York: Academic Press.

Schwartz, S.H. 2003. A Proposal for Measuring Value Orientations across Nations. Chapter 7 in the Questionnaire Development Package of the European Social Survey. Retrieved from http://www.europeansocialsurvey.org/index.php?option=com_docman&task=doc_view&gid=126&Itemid=80

Smith, A. 1776. An Inquiry into the Nature and Causes of the Wealth of Nations. In K. Sutherland (Ed.), *World's Classics*, 1993. Oxford: Oxford University Press.

Sneath, P.H.A. & Sokal, R.R. 1973. *Numerical Taxonomy: The principles and practice of numerical classification.* San Francisco: W. H. Freeman and Company.

Steiger, O. 2006. Eigentum und Recht und Freiheit: Eine Triade und 66 Thesen. In F. Malik (Ed.), *Schriftenreihe «forum»*, 12. St. Gallen: Malik Management Zentrum St. Gallen.

Sur, S. 2006. For Whom the Firm Toils: On the Importance of Ownership. *Academy of Management, 2006 Annual Meeting Proceedings.*

Teece, D.J., Pisano, G., & Shuen, A. 1997. Dynamic capabilities and strategic management. *Strategic Management Journal, 18*(7), 509–533.

Tricker, B. 2009. *Corporate Governance: Principles, Policies and Practices.* Oxford: Oxford University Press.

Van der Laan, G. 2009. *Behavioral Corporate Governance: Four Empirical Studies.* Doctoral dissertation. Groningen: University of Groningen.

Wahl, M. 2006. The ownership structure of corporations: Owners classification & typology. *EBS Review: Corporate Governance, 21*(1), 94-103.

Wahl, M.F. 2009. Governance and Ownership: Practices in Estonia. In G. Prause & T. Muravska (Eds.), *Baltic Business and Socio-Economic Development 2008: 4th International Conference Riga, Latvia, September 30–October 2, 2008* (pp. 89–102). Berlin: Berliner Wissenschafts-Verlag.

Wahl, M.F. 2011. *Kapitaliühingute lõppomanike alusväärtuste ja tahte uurimine ning omanikkonna tüpoloogia konstrueerimine* [*Basic Human Values & Will of Capital Companies' Ultimate Owners and Construction of an Ownership Typology*]. Doctoral dissertation. Tallinn: TUT Press. Retrieved from http://digi.lib.ttu.ee/i/?632

Wang, C., & Ahmed, P.K. 2007. Dynamic Capabilities: A Review and Research Agenda. *International Journal of Management Reviews, 9*(1), 31–51.

Watson, R. (Ed.). 2005. *Corporate Governance in the New Global Economy: Governance and Ownership.* Cheltenham: Edward Elgar Publishing.

Winter, S.G. 2003. Understanding dynamic capabilities. *Strategic Management Journal, 24*, 991–995.

Zetterberg, H.L. 1997. The Study of Values. In R. Swedberg, & E. Uddhammar (Eds.), *Sociological Endeavor. Selected Writings* (pp. 191-219). Stockholm: City University Press. Retrieved from http://www.zetterberg.org/Papers/ppr1997b.htm