Spotlight
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Letting go, moving forward: What happens to psychological ownership when a family sells the business?

Can you "feel like an owner" after you're no longer an owner?

ETHEL BRUNDIN · IRENE S. MCCLATCHEY · LEIF MELIN

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Family businesses don't just sell factories, patents, or brands—they sell a piece of their identity. That's why *psychological ownership*—the sense that the firm is part of "who I am"—is so central to understanding strategic choices, generational transitions, and conflict in enterprising families. Prior research often treated psychological ownership as a stable condition. This study challenges that notion by following three owners (father and two adult sons) through a real-time exit—capturing how their meanings of ownership evolved across four phases (pre-exit, exit decision, due diligence, and post-exit). It shows psychological ownership varies across people, across time, and with context.

WHAT WE STUDIED

The authors conducted a longitudinal, qualitative single-case study of a Scandinavian family firm, anonymized as "Nessa." Established in 1828, Nessa had about €34 million in turnover and ~235 employees in 2016. The father ("Douglas") was majority owner; both sons ("Hans" and "Tom") worked in the business and each held 10% equity.

- **Design and timeline.** The team followed the owners over a ten-year span, with intense fieldwork from May 2016 to August 2018 surrounding the exit. Data include in-depth interviews, emails, and calls—with multiple check-ins before, during, and after the sale.
- **Triggering event.** Douglas decided to sell in February 2016 without involving his sons; they learned of it in April, just before due diligence began.
- **Approach.** Inductive, interpretive grounded theory methods were used to surface each owner's evolving "meanings" of ownership. The analysis explicitly incorporated grief theory—recognizing that exits often produce psychosocial loss (roles, goals, relationships)—to interpret emotions and behaviors during the process.
- **Phases.** The authors reconstructed four phases: pre-exit (2006–2015), exit decision (May 2016), due diligence (June 2016–April 2017), and post-exit (May 2017–Aug 2018).

KEY INSIGHTS

1) Psychological ownership is dynamic, individual, and multifold

Across the three owners, the researchers identified eleven distinct meanings of ownership—ranging from *entrepreneurial identity* and *long-term orientation* to *family business succession*, *business family cohesion*, *personal wealth creation*, *emotional attachment*, *social responsibility*, and *burden*. These meanings coexisted, collided, or faded in each person's story. In short, there isn't one "family ownership mindset"; there are several, and they belong to individuals.

2) Meanings change over time in recognizable temporal patterns

Some meanings were **persistent** (e.g., Douglas's entrepreneurial identity); some **emerged** (e.g., a new sense of burden in Douglas during the sale); some were **abandoned** (Douglas dropping the ideal of family succession); some **lost** (Hans's dream of copreneurship with father and brother); others **remolded** (long-term orientation shifting from a *family* focus to a *business*

survival focus). These patterns are documented across the owners' narratives.

3) Exiting can lead to cognitive and emotional liberation

Against the prevailing view that owners cannot "let go," the case shows owners may free themselves from heavy responsibility and attachment after an exit. The authors describe *liberation*—owners feeling relief, reorientation, and the ability to carry forward only selected meanings (e.g., entrepreneurship) into new ventures. This challenges the notion that psychological ownership is nearly unbreakable.

4) Psychological contracts and perceived breaches matter

Beyond legal ownership, family members hold *imagined agreements*—tacit signals about future roles (e.g., "you'll take over someday") or how proceeds will be shared. The study shows how such *psychological contracts* shaped expectations; when owners perceived breaches (e.g., exclusion from the sale process, altered terms), trust eroded and meanings such as *family business succession* and *business family cohesion* diminished or collapsed—fueling conflict and grief.

5) Entrepreneurial identity versus family cohesion—a core tension

Douglas prioritized the firm's competitive future and market access, concluding that survival required new ownership and that his sons lacked the right profile for the next chapter. In doing so, he remolded his long-term orientation (from family stewardship to business continuity) and abandoned the meaning of *family succession*. The sons, by contrast, held persistent meanings of *copreneurship* and *cohesion*, which, once denied, turned into loss.

6) Personal wealth vs. business wealth appears as a real difference in emphasis

The study highlights how owners weight "wealth meanings" differently. One son (Tom) emphasized personal wealth creation/dividends, while the father emphasized reinvestment and business survival; these divergent emphases colored views on timing, valuation, and whether to "dress the bride" before selling.

7) Grief is part of the process—and can be managed

The authors interpret emotions using grief theory (e.g., sadness, anger, withdrawal, questions of meaning) and show how these reactions exposed what really mattered to each owner (e.g., being included in decisions signaled *cohesion*; being excluded shouted *breach*). Recognizing grief reactions helped the researchers decode shifting meanings across phases.

TAKEAWAYS

1) Map the meanings—person by person

Don't treat "the family" as a single psyche. Before major decisions, ask each owner to articulate what ownership *means* to them today (identity, wealth, cohesion, stewardship, social responsibility, burden). Repeat this mapping at key points during an exit—meanings move.

2) Surface and formalize psychological contracts

Invite family members to write down what they believe has been promised (roles, timelines, dividend policy, sale proceeds). If assumptions differ, reconcile them early—or you risk perceived breach later.

3) Stage the exit as a multi-phase transition

¨"Plan communication for each phase—pre-exit, decision, diligence, post-exit—so inclusion matches expectations. Use a neutral facilitator to maintain cohesion when roles shift quickly.

4) Design "liberation pathways"

Owners often want relief from omnipresent responsibility. Create post-exit roles that preserve valued meanings—e.g., channel *entrepreneurial identity* into a new venture or innovation portfolio; retain *social responsibility* via buyer selection or employee guarantees; protect *emotional attachment* with symbolic rituals.

5) Choose the buyer with non-financial criteria in view

The case shows the majority owner prioritized continuity and employee security when selecting a buyer—an expression of *social responsibility*. Bake such criteria into mandate letters for brokers.

6) Govern for dissent, not just consensus

Include minority owners in formal processes (e.g., board seats, staged briefings during diligence). Exclusion magnifies breach and grief.

7) Name and normalize grief

Owners who can say, "I'm grieving the dream of working together" tend to move through loss with less collateral damage. Build in space for acknowledgment rituals—farewell events, legacy projects, or even personal symbols (yes, tattoos count) that honor the bond while making room for change.

8) Mind the wealth frames

If family members emphasize *personal* vs. *business* wealth differently, bring those frames to the table explicitly. It will clarify timing and deal structure arguments.

IMPACT

This study reframes psychological ownership in family enterprise as *dynamic* rather than static—and shows that exits can catalyze both injury and insight.

Practically, that means family leaders should treat ownership meanings as living constructs to monitor and manage, especially around high-stakes events like sales or mergers. It also encourages professionals to plan for *liberation*, not just *loss*: owners can carry valued meanings (like entrepreneurship or community stewardship) into new arenas, while letting go of burdensome ones (like being the perennial problem-solver). Conceptually, it nudges the field away from "one-firm, one-feeling" assumptions toward richer, person-level stories of change.

RECOMMENDATIONS

1. **Run a "Meanings of Ownership" workshop** six to twelve months before any contemplated exit. Use owner-authored statements to identify common ground and fault lines.
2. **Translate psychological contracts into paper.** No more implied promises—document roles, inclusion protocols, and proceeds policy.
3. **Write a values-based buyer brief.** Define non-negotiables (jobs, location, brand legacy), not just price and terms.
4. **Create a grief-aware communication plan** that pre-empts avoidable breaches of trust.
5. **Craft post-exit identity bridges**—advisory roles, venture labs, philanthropy vehicles—to carry forward cherished meanings and relieve burdens.

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CEFEO AUTHORS



Ethel Brundin

Professor Emerita

Jönköping International Business School

ethel.brundin@ju.se



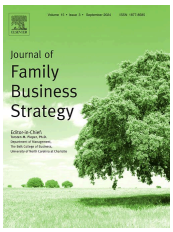
Leif Melin

Professor Emeritus

Jönköping International Business School

leif.melin@ju.se

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