Chapter 19
Conflict Management in the Family Business:
A Case Study From Turkey

Meral Erdirençelebi
 https://orcid.org/0000-0002-7705-6067
Necmettin Erbakan University, Turkey

Ebru Ertürk
 https://orcid.org/0000-0002-5256-2203
Necmettin Erbakan University, Turkey

ABSTRACT

Conflicts in family businesses can have devastating effects if they cannot be turned into functional conflicts and managed effectively. Institutionalization is the most effective solution in this process. Managing conflicts in family businesses where business and family relationships are bound by certain rules to get easier. However, conflicts can be managed effectively with methods such as; producing solutions before a conflict arises, effective communication between family members and non-family member employees before and during the conflict, separation of work and family from each other, prevention of nepotism, successful and effective planning, fair and performance-based reward system, determining the roles precisely and bringing them to a written form, receiving support from experienced non-family member employees, and bringing professional managers to work. This chapter addresses the Sabansi Holding case study, a well-known and influential business family in Turkey.

INTRODUCTION

Some factors make it easier for each enterprise to achieve its success according to the quality and capacity of the work it does. These factors are defined as critical success factors. Critical success factors determine the points to be considered for success. In some cases, these critical success factors may become inapplicable and may cause problems within the enterprise. These problems may be of internal

or external origin. In family businesses, due to their structure, some internal problems are different from other businesses, and if the necessary precautions are not taken, they turn into a conflict.

Family businesses consist of family and business systems. Both family and business are complex systems by themselves. As family businesses cover both systems at the same time, they have a complex nature with two elements. Family members are part of both the family system and the business system. This situation has the potential for conflict because each system has its own rules, roles, and requirements. The understanding differences between family and business systems lead to conflicts (Barros, Hernangómez, & Martín-Cruz, 2019). As a result of failure or lack of activating conflict management, the life span of these enterprises shortens. It is seen in the studies that the life expectancy of family businesses is limited to the life of the founder. The short life expectancy of family businesses, which are the lifeblood of national economies all over the world, poses a great threat to shareholders as well as other internal and external stakeholders. At the same time, conflicts are seen as one of the defining characteristics of family businesses (Saiz-Álvarez, Leitão, & Palma-Ruiz, 2019; Saiz-Álvarez & Palma-Ruiz, 2019). When family businesses are mentioned, the arrival of conflicts to mind primarily is due to the widespread family relationships that destroy families and companies. While some family businesses can overcome problems with conflict management, many family businesses become victims of conflicts on the other hand (Sorenson, 1999, pp. 325-326; Sharma, 2004).

Types of conflicts in family relations and revealing what they caused are the main purpose of this study. In the literature section of the chapter, the types of conflicts in organizations are explained, and their sorts, causes, and management styles encountered in family businesses are discussed in detail. Afterward, conflict in one of the family businesses that have a voice in Turkey's economy and results are given as a case study.

CONFLICTS IN ORGANIZATIONS AND THEIR TYPES

Conflict is the foremost of the most important topics that are being studied in many disciplines, such as psychology, sociology, and primarily in management science. Therefore, there is no single definition of conflict in the literature (Topaloglu, 2011, p. 251). In terms of management science, conflict can be defined as "disagreement arising from various sources between two or more people or groups" (Kocel, 2010, p. 646). According to Wall and Callester (1995, p. 517), "it is a process that occurs when a person or group understand that their interests are hindered or adversely affected by their opponent." In other words, conflicts occur in organizations when individuals cannot choose between alternatives in case of any decision-making or when individuals prefer different options (Akat, Budak, & Budak, 1999, p. 330). In broader terms, conflict is a "disagreement between two or more organization members or groups due to the necessity of working in jobs with functional dependence and/or having different statuses, aims, values or perceptions" (Kilic, 2001, p. 87). Esquivel and Kleiner (1996), on the other hand, describe the conflict as "a disagreement or dispute over interest or idea."

The common idea in many of the definitions in the literature is that conflict is a perception. If no one is aware of the conflict, then it is assumed that there is no conflict. However, in order to start a conflict process, disagreement and dispute are needed for interaction (Robbins & Judge, 2013, p. 454). Conflicts sometimes appear open and distinct, sometimes remain implicit. However, as the implicit conflict continues internally, it can affect the behavior of the staff from secret confrontation to open opposition, even sabotage. Each conflict puts pressure on the staff. Excessive pressure, in particular, can

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