

## Chapter 20

# Tracing the Root of Conflict: When Good Intentions Turn Bad

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### ABSTRACT

*The evolution of the family and tracing the root of conflict were explained in this chapter using family power framework (FPF). A 60-year-old Filipino family business was used as a case study. Through this perspective, different lenses were unraveled to understand the conflict and nature of the family business dyad. It sought to understand generational conflict (first, second, and third generations) using (FPF). Sources of conflict were a misappropriation of funds, embezzlement, and succession problems. Sources of power involved parental power, sibling power, and kinship power. In a family business, conflict is a genetic makeup of the family and business dyad and it is inevitable but can be mitigated and managed. The case is a struggle within a family system that interplays with forces of power, authority, influence, and generations.*

### INTRODUCTION

Family as the cornerstone of society is one of the social systems (Luhmann, 1995) that provides love, support, friendship, acceptance, and companionship (Hoiberg, 2013). However, it could well be a site of conflict, frustration, disappointment, and rejection (Levinson, 1971).

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Business, on the other hand, a subsystem of the economy that operates according to profit, efficiency, and sustainability (Luhmann, 1995), is the purveyor of social change. It is nature is “hyper-competitive” (Lewin & Volberda, 2003), “high velocity” (Brown & Eisenhardt, 1997), and “shaped by jolts” (Meyer, Brooks & Goes, 1990)

When family and business fused, these two systems are always operating on Achilles heels, which lead to their demise. Why? Because both functions differently, the other focuses on intimacy, love, and relationships while the other operates on profit, performance, and stability.

Hence, the objective of this book chapter is to provide an analysis of intergenerational conflict and understand the power relationships within the family business systems and relate it to a 60-year-old family business.

## **BACKGROUND**

Conflict has been portrayed as a sustained cystic event in the family business (Kaye, 1991). It also diminishes the performance and survival of family firms (Levinson, 1971). Nepotism, co-opting family members, infighting, personal relationship tensions within the family, sabotaging ambitions of family members, emotional exhaustion, and conflict arising between family and non-family managers/employees are the problems that the family in business have been facing (Boles, Johnston, & Hair, 1997; Corbetta & Salvato, 2012). Despite the depth of such problems, these areas have been under-researched. “Although conflict is a core area of concern, we know surprisingly little about it and even less about conflict management in family businesses” (Kraus, Filser & Kellermanns, 2015, p. 123).

Indeed, there is a growing knowledge of conflict and conflict management in other fields. However, we cannot deny the fact that understanding conflict from a family business perspective is scarce (Caputo et al., 2018). This is also supported by the early call from various researchers that there is a need to unpack concepts related to family business and conflict (Prince, 1990; Kaye, 1991; Lunberg, 1994; Kellermans & Eddleston, 2006).

Stemming from this gap, this chapter explored intergenerational conflict using the Family Power Theory of McDonald (1980) and related it to a 60-year-old family business in the Philippines. The Family Power Theory is used to understand the dynamics of relationships within the family in the business. It is a theoretical concept and is used in decision making, familial power, and authority (Blood & Wolfe, 1960) and influence (Safilios-Rothschild, 1970). McDonald (1980) in his assessment after a decade of using family power as a framework, he concluded that it has problems in terms of issues and structures. To settle these issues, he asked future researchers to essentially look inside the structure of family and its final outcome of the process that came out from conflicting relationships and interactional processes (McDonald, 1980) specifically the distribution of power in the family according to (1) who controls the definition of family situation which determines the possible range of relevant decisions, (2) who actually decides which decisions are to be taken into account and which are not and (3) who decides which individual will implement final decision and understand power according to (1) marital, (2) sibling, (3) parental, (4) offspring, and (5) kinship links (McDonald, 1980).

In this book chapter, the authors used the family power framework and tried to understand the dynamics of intergenerational relationships of a 60-year-old family business in the Philippines.

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