FAMILY BUSINESSES:

BUSINESS MODELS & STRATEGIES

Edited by:
Assoc. Prof. Dr. Osman YILMAZ
Assoc. Prof. Dr. Süreyya KARSU

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Business Models and Strategies

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"En İyi Akademi, Bir Kitaplıktır."

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Core of the civilization; FAMILY

(William James Durant, A Member of Philosophical Science, 1935, The Story of Civilization)

Family is the site where the minds come together through blood ties and marriages. As the minds come close to each other with love and respect, with high synergetic effect, positive energy occurs; as minds act incompatible with each other, destructive events occur.

In family businesses, personal goals, family goals, and the company's goals of existence, continuously or sometimes, may differ from each other and may have conflicts with each other. It is vital for family and company existence to protect family integrity and business from the damages and incompatibilities that may be caused by these differentiations and conflicts.

Having no differences and/ or conflicts in the purposes of family members who has right on management of the business, and if there is, to solve them according to a rational solution is vital for continuity of business. Establishment of family business takes place by one (or more) family member, later on, other members of the family, usually in managerial position, become to have right in business management. And each family has its own unique culture and traditions, and these are reflected in the entire business process of the company.

Most of the companies have established as family business structure in the world and Turkey. And they are the most important blocks to shape the world business and trade. The success of management in family businesses depends on the sustainability and development of the intergenerational management process and the ability to make the right decisions and professionalization in the institutionalization process of the management approach.

Family Businesses: Business Models and Strategies book is written for the purpose of sharing precious business and marketing oriented ideas with the reader, that create a synergistic effect on the business success of families where the minds come together through blood ties and marriages. Models, management styles and strategies, competitive strategies, leadership, conflicts, organizational designs and human resource management and also sustainability with social responsibility, marketing effects and internationalization, corporate brand heritage, agile manufacturing and digitalization in family businesses are the subjects of the content.

This book contributes the literature and market players in the business development process of family businesses, with its originality in addressing possible difficulties and requirements in the institutionalization and professionalization of family businesses from an academic perspective, and offering suggestions for sustainable management approaches that are close to development

We thank our honourable authors for taking part in the study

Best regards.

Editors:

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He was born in 1973 in Tarsus /Mersin. Batman University, Faculty of Economics and Administrative Sciences, Department of Business Administration is a faculty member. His studies focus on Intellectual Capital, Entrepreneurship, Organizational Behavior. Had experiences in Turkey's respected institutions as academician, banker, manager and consultant.

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The study titled *Relationship Marketing Dynamics in Participation Banking,* in which Karsu is also featured, was deemed worthy of the International Communications, Economics and Organization Social Science Congress 2020 Best of 10 awards; and A Trip over Pre consciousness to Post consciousness: *A Research on University Students Acquire Reading Habit study* was awarded in the 17 th National Marketing Congress.

As of August 2020, she serves as a researcher in the Online Media Buying as a Behavioural Dimensions: Factors Affecting Older Consumers of Model-Based Theory Test is in Turkey, project of TUBITAK- SOBAG. And studied as leader in a project of East Marmara Development Agency and studied as a researcher for another project of that agency in 2011.

Among the most recent works of Karsu, *2020- The Key of Success in Competition on Relationship Marketing: Customer Satisfaction, Participation to Journey for Collaborative Consumption with Blablacar, Purchase Decision Process, Complaint Management in Distribution Channel, Brand Protection over Innovation Rights, Integrated Innovation Communication; 2019- After-sales Services through Brand Preferences, Customers' Core Sharing Tendencies: Scarcity Leads to Sharing of Bread,* *Sharing Bread is Sweeter than Bread, Digital Traces: The Paradox of Personalization and Privacy Rights, View to Experience Marketing Modules with Elders: The age of 65 and over Consumer Research who Receiving Banking Service, A Story on Sustainability: Both the Firm and the Employees are Green, Industrial Markets studies.*

FOREWORD

Family business is the most ubiquitous form of business organization in any world economy. Resilience is important for family businesses, it seems critical because many family business owners intend to pass the ownership and management of the firm to the next generation of family members. The chapters included in this book all deal with characteristics and strategies that could increase resilience. The world is witnessing dramatic changes brought about by Covid-19 with significant implications for the management of organizations. The pandemic and its social and economic reflections are triggering challenges for family businesses that call into question some fundamental assumptions at the core of family business research. There is a revolutionary digital-based change from education to health. While many sectors were adversely affected during the pandemic period, e-based applications and digital family businesses seems to increase.

This essential publication will be a worthy addition to academic and research libraries, and may prove useful to people with an interest in business economy, management, marketing and social sciences. Students, researchers and educators will find that this resource provides cutting-edge research on trends and applications for use in these fields.

This book is comprised of five parts. The first part gives an introduction to family businesses. The first chapter of the first part is named as ‘Business Models for Family Businesses’. Selçuk Balı draws analysis on different family business models and proposes a family business structure. The second chapter, ‘Management Styles in Family Businesses’ is written to understand the leadership types and Turkish leadership style in the sustainable performance of family businesses by Funda Kılıç. Kübra Mert gives important cases on family businesses in her chapter named as ‘Family Businesses and Management Styles: Cases of Eczacıbaşı Holding and Sabancı Holding’ in third chapter. And Determinations of Strategic Priorities in Family Business chapter is written by Münevver Bayar to explain the priorities of family businesses.

The second part of the book goes deeply to the challenges in family businesses. Sena Arslan, Ayşe Altan Atalay and Zeynep Aycan contribute to the literature by developing a scale to assess the worries about losing leadership in family organizations and their chapter is named as ‘Worries about Losing Leadership in Family Businesses’. ‘Unseen Aspects of Family Businesses: Conflicts’ is written by Ahmet Tuncay Erdem and Gözde Mert with the aim of explaining organizational structure and conflicts in family business.

The third part of the book explains entrepreneurship and institutionalization in family businesses. The first chapter of the third part is named as ‘Human Resource Management in Family Businesses’ is written by Yaşar Akça. The second chapter of this part is named as ‘Organizational Design and Resource Allocation in Family Businesses’, written by Duygu Hıdıroğlu with the aim of giving the relationship between organizational design and resource allocation in family businesses. In the chapter of ‘Family Businesses and Sustainability’, Mübeyyen Tepe Küçükoğlu and Meltem Akca aim to inform about sustainability of family business in Turkey and around the world, to put success factors hindering the sustainability of family business. And the last chapter of this part is written by İbrahim Yıkılmaz, named as ‘Corporate Social Responsibilities in Family Businesses’. The chapter evaluates the importance of family business’ adoption to corporate social responsibility policies for businesses and society.

The fourth part of the book gives marketing strategies in family business. In this context, the first chapter of the fourth part, ‘Marketing Context and Business Models in Family Businesses’, is written by Meftune Özbakır Umut, examines marketing practices, activities, communication and orientation of family businesses. Murat Gülmez and Saadet Sağtaş are the authors of the chapter named as ‘Growths of Family Businesses in International Markets’ with the aim of discussing on family business concept and entry strategies/models. The next chapter named as ‘Corporate Brands and Corporate Heritage Brand in Family Businesses Context’, is written by Bedri Münir Özdemir and Serap Sap, define corporate brand and corporate heritage brand at family businesses level.

The last part of the book determines family business strategies. Nuran Varışlı evaluates family constitution and transfer planning in family businesses in a chapter named as ‘Strategies in Family Business’. Özlem Tuna is the author of the second chapter named as ‘Competitive Strategies in Family Businesses’ with the aim of discussing on family business competitive strategies. The third chapter of the last part is named as ‘Agile Manufacturing in Family Business’ by Sibel Yıldız Çankaya, provides the information and assessments about the barriers to agile manufacturing on the basis of family business. Murat Gülmez aims to explain digitally born family owned with different dynamics from traditional family businesses in the last chapter of book, named as ‘Digital Transformation and Virtually Born Family Corporations’.

Thanks to all authors for their valuable contributions to this book. And also thanks go to the editors for their great effort…

With Regards,

Prof. Dr. Özge Yalçıner Ercoşkun

January 2021

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PART ONE

INTRODUCTION
to
FAMILY BUSINESSES

PART ONE
CHAPTER 1

BUSINESS MODELS for FAMILY BUSINESSES

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INTRODUCTION

Data and statistics indicate that families are increasingly involving in business activities today. The engrossment of the family in corporate ownership and control has been documented to vary significantly from one firm to another (Carr and Sequeira, 2007). Available literature acknowledges the differences in the family business models and governance structure. However there is a deficiency in the literature on the best governance and management structure or business models that present the best governance structure of family-owned businesses. As it is the norm with business organizations, family-owned businesses are expected only to achieve excellent performance and business goals if there are effective governance and management (Graafland, 2020). Similarly, family-owned and managed firms globally have been perceived positively and negatively because of the prevailing institutional context of the people in the society.

Studies that have been done in the recent past indicate that, most of the family-owned businesses do not strive to maturity or for a long time because of the familial issues that overwhelm the need to experience a smooth transition from one generation to the other.

It is because of this most of the scholars are of the view that families, that are involved in business ownership and management, need to have a concise knowledge of the best business models that can suit the interests of the family members.

Sustainability of family businesses therefore depend on the ability of the household members to choose the right business model that may contain their diverse view on business management and governance and their diverse interests in the firm (Sonfield and Lussier, 2004). In this study, first of all an analysis of the different family business models is provided. And secondly, literature from different scholars who have addressed themselves on this subject is reviewed through a literature review chart and a model family business structure is proposed based on the outcomes of the analysis of different models and reviews of literature. Business models for family businesses chapter will be placed in three parts as business models adapt by family businesses, and literature review, and the proposed model for family business.

1. BUSINESS MODELS ADAPTED by FAMILY BUSINESS

Studies indicate that there is a lack of awareness among the family members who involve in business or who own the business is the biggest and most delimiting misconception. Indeed, analysis of the past family business that have been grounded due to poor management, wrangles, and other factors indicates that there was a lack of ownership understanding something that crippled the business resulting in lost competitive advantages (Carr and Sequeira, 2007). However, recent studies have helped to delineate problems that are witnessed in family business. Because they have developed different literature around the family business ownership models which have created enough knowledge to the intended business owners or families in businesses.

Studies have come up with many family business ownership models, including a hybrid model that combines two or more models. But the following briefly models remain dominant in sphere of family trade ownership.

Family businesses are dynamic and have experience changes in different areas which make them to be destabilized. Considering this, the family business' owners need to understand different ownership models so that they can change to a different when the current model is not meeting the interests of the shareholders and avoid wrangles (Graafland, 2020).

The models that will be discussed in this study include partnership, distributed, public, nested, and owner or operator family business models that have been adopted since time immemorial in this domain of business.

The owner-operator business model is one of the most common family business ownership models that replicate the idea of the founder where business ownership is controlled by the founder.

This model has been proven to be successful for many generations and it is still available today (Wąsowska, 2017). The ownership model is associated with the British Monarchy and the Caterpillar Inc., business philosophies that advocate for one person to work in the firm and control the ownership. The ownership family business model works ideally. Because the family members with business authority in the family agree on who will take the business leadership mantle during succession in a democratic way and avoid conflicts (Xu, Hitt and Miller, 2020). In this perspective, the successor who is also nicknamed as the found must-have business governance and management knowledge and expertise to convince the other interested parties that the business will prosper going forward.

The other business model commonly preferred in a family-owned firm setting is a partnership. A partnership model does best for the family businesses because the business' owners are the family members who contributed toward the formation of the company and equally work for the success of the company (Xu et al., 2020). Partnerships also work better for the family business because the founders always have a plan on who will succeed them when they demise or retire hence limiting any form of succession wrangles.

In partnership agreements, the shareholders from the family are likely to draw similar salaries. Dividends are based on their capital contributions and benefits related to their participation in the procedures of the commerce. Family-owned firms that have taken the form of a partnership are common in the construction industry, shipping industry, and transport industry and have remained steady fast for many decades (Wąsowska, 2017).

Whereas a partnership has its limitations, it is a formidable model because it allows the owners who are the shareholders to adapt another model that will work better for them when they are unable to agree on some issues of interests among the partners and save their business.

The distributed family business ownership model is an alternative to a partnership model. In many cases, this model is adapted when a partnership family firm ownership becomes impossible because of many reasons mostly related to succession (Graafland, 2020). In the distributed ownership model, the ownership of the company is passed to the descendants of the business founders whether in business or not working in the company.

The distributed family business ownership model is appropriate for the family business formation because ownership is allowed to all generations and the leaders can be picked from different levels of generations in the family. This model allows the family to install company leadership to people in the generation with leadership capabilities or who have the interests of the firm at heart and save it from leadership deficiency (Pongelli, Caroli and Cucculelli, 2016). Compensation policies of a distributed business model are also effective as they allow those who contribute to the running of the organization to be remunerated different compared to the salient owners.

Studies have indicated that the distributed family business model is the default model for many family businesses that are successful today (He, 2016). This is based on the idea that most of the parents will want their children to benefit equally from their sheer hard work. However, this form of business model has its limitations since in many cases the family associates employed in the company differ with their counterparts outside the firm on matters such as compensation, dividend distribution policies among others.

Similarly, compared to distributed and partnerships forms of family business structures, the nested family business model as proven to be effective more so among the extended family business ownership and among family members who own a particular firm but live separately (Baron and Lachenauer, 2016). In nested business ownership, family divisions agree to jointly own part of business ventures or assets and also own other ventures or assets differently. The model is important to resolve conflicts that may arise due to the line of trade that the family business takes. In this arrangement, the family jointly owned firms act as a revenue-generating venture, and the profits are distributed to the branches or individual ventures. The individual ventures within the family conglomerate have the right to choose on the portfolio they will create using the distributed dividends (Chung and Chan, 2012). The model has been found effective as it reduces tension among a family that relates to decision making and keeps the family together. The main shortcoming of this model is that it tends to underfund the main business which results in tortoise-pace expansion as individual small ventures focus on the success of their businesses.

The other business model is available for family companies in the public model. In a public model arrangement for the family companies, the family agrees to trade a portion of its shares to the public and is then structured as a public company but remains privately owned. The company is owned by the family but it is governed and managed by professionals from the family or exterior (Chung and Chan, 2012). The family members who are responsible for the continuity of the company play minimal roles among them electing board members and sitting on the board of directors. The members are obliged to support the decisions that the professionals running the company on their behalf or agree to trade their shares (Baron and Lachenauer, 2016). This model is adapted or is rather effective when the company needs to source capital from non-family members or the owners are many, or widely dispersed to engage frequently and make company decisions. However, the main limiting factor in this family business model is family control of the business since they make minimal contact with the company and are less engaged in the running of the company.

Some of the models have been discussed according to business models adapted by family businesses in section one and in the continuation of the study literature review will be highlighted in detail.

2. LITERATURE REVIEW

In this part of the study, some of the selected researches have been included which have been published since 2000s about family business context. Within the framework of the literature review, all of the selected studies discussed in this section are based on research. These studies consist of qualitative, quantitative and / or mixed studies.

Table 2.1. Literature review and some details

Authors and Publication Year	Study Methodology	Purpose of the Study	Sample of the Study	Study Conclusion
Mustakallio, M., Autio, E., and Zahra, S.A. (2002)	Quantitative method	The authors investigated the influences that different governance structures have on quality tactical decision making in the firms	192 family corporations in Finland	The authors concluded that formal and social control levels in family firms have a straight influence on the quality of the deliberate decision-making process.

Authors and Publication Year	Study Methodology	Purpose of the Study	Sample of the Study	Study Conclusion
Corbetta, G., and Salvato, C.A. (2004)	Quantitative method using a multinomial logit model	Investigated factors that control and determine the composition of the family-owned small and medium companies in Belgium.	171 articles were reviewed	The authors settled that family-related exigency variables are far more significant than CEO-connected or governance variables, giving sustenance to the view that board conformation in family companies is a replication of the family physiognomies and purposes
Lubatkin, M.H., Schulze, W.S., Ling, Y., and Dino, R.N. (2005)	Qualitative method	The authors explained why the impacts of family on family-owned businesses make ascendency form a theoretical different from private and open non-family firms.	103 business article was reviewed	It was noted that parental altruism combined with owner-management and private-ownership has an impact on owner-manager self-control.
Bennedsen, M., Nielsen, K. M., Pérez-González, F., and Wolfenzon, D. (2007)	Quantitative method	Used unique dataset to evaluate family characteristics effects during decision making and the outcomes of the on firm performance	56 family firms' database from Denmark	Succession politics in family-owned firms have a direct impact on the performance of a family-owned business

Authors and Publication Year	Study Methodology	Purpose of the Study	Sample of the Study	Study Conclusion
Voordeckers, W., Van Gils, A., and Van den Heuvel, J. (2007)	Qualitative	The authors reviewed the literature to analyze the role board of directors play in organizations and how the structure of the board impact family businesses	Review of literature	The authors conclude by designing a theory which explains why board characteristics reflect family powers, experience, and culture makeup
Wan-Hussin, W.N. (2009)	Quantitative method using hierarchical regression analysis	Investigated the effects of specific traits of the board of managers in non-listed family businesses on performance	544 firms' database was used	The author concluded that CEO duality has no impact on a firm's performance regardless of whether the directors are insiders or outsiders.
Bennedsen, M., Pérez-González, F., and Wolfenzon, D. (2010)	A qualitative method incorporating a case study	Investigated governance structures impact of the adopted business model in family-owned firms	113 firms from the U.S. were investigated	The authors concluded that the family model adopted dictated the governance structure used.
Bettinelli, C. (2011)	Qualitative method	To examine the relationship between the composition of the board and processes of the board in family families in Italy	90 family business directors in Italy	Family businesses with outside board members are effective and capable concerning using skills and knowledge

Authors and Publication Year	Study Methodology	Purpose of the Study	Sample of the Study	Study Conclusion
Aguilera, R.V., and Crespi-Cladera, R. (2012)	Qualitative methodology	The study purpose was to reconsider the impacts of family business possession and solid family management on other non-family stakeholders and non-controlling stockholders	73 family firms were investigated	that conventions and clarifications concerning the cost and assistances of family possession in the existent works need to be comprehended relative to other firm control arrangements
Mehrotra, V., Morck, R., Shim, J., and Wiwattanakantang, Y. (2013)	Qualitative method	The purpose of the study was to investigate the impact of blood-heir leadership has on the performance of the family business as compared to professional leaders and adopted heirs.	Leaders from 107 families-owned firms in Japan	The authors concluded that adopted heirs and blood-heirs outperformed professional leaders in family businesses.
Miller, D., Breton-Miller, I.L., and Lester, R.H. (2013)	Mixed method	The study investigated the impacts of firm governance, family involvement impact conformity to firm strategy, and institutional support	107 firms from fortune 1000 firms	

Authors and Publication Year	Study Methodology	Purpose of the Study	Sample of the Study	Study Conclusion
Nordqvist, M., Wennberg, K., and Hellerstedt, K. (2013).	A quantitative method employing three-step cluster analysis	The authors investigated the impact of succession issues in family-owned businesses through a study of available works	Analyzed 117 sources printed on succession in family companies	The authors concluded that the entry and exit of new and longstanding owners respectively are allied with the quest of new business prospects and enhanced innovation.
Nordqvist, M., Sharma, P. and Chirico, F. (2014)	Quantitative using configuration approach	The purpose of the study was to investigate the most relevant governance structure for family firms to achieve desired performance and goals.	The study investigated nine family firms	The authors concluded that the best governance structure is one that enhances incentive systems, authority relationships, and legitimization norms.
Cabrera-Suárez, M.K., and Martín-Santana, J.D. (2015)	Quantitative study	The author investigated the effects of board member structure and adopted family firm structure on corporate transparency	507 family-owned firms databases from Malaysian	The author concluded that boards with outside directors have a high level of corporate disclosure but there was no evidence to support transparency in such family firms
De Massis, A., Di Minin, A., and Frattini, F. (2015)	The qualitative and quantitative method	The authors investigated innovation trends in a family-owned business and how family-driven	Seven case studies from 14 families owned firms were used.	The article concludes that there is a need to have a consistent relationship between strategic innovations in family firms and

Authors and Publication Year	Study Methodology	Purpose of the Study	Sample of the Study	Study Conclusion
		invention to improve the portent in these companies		their idiosyncrasies to achieve competitive advantages.
Villalonga, B., Amit, R., Trujillo, M. A., and Guzmán, A. (2015)	Qualitative method	The authors investigated factors that promote positive governance among the family-owned firms	87 family-owned firms	The authors concluded that conflict of interests between family members outside the company and those in leadership negatively impact governance.
Daspit, J.J., Holt, D. T., Chrisman, J.J., and Long, R.G. (2016)	Quantitative method using literature review	Investigated family firms succession literature using social exchange perspective because of its relationship with multiphase and multi stake holder	Used 88 quantitative articles from 38 journals	The authors concluded the study by establishing an explanation of how the social exchange point of view can be used in future succession research.
Miller, D., Le Breton-Miller, I.L, Amore, M.D., Minichilli, A., and Corbetta, G. (2017).	Quantitative study design	The authors investigated how the family and market institutional logic to the financial and governance structure of family-owned firms.	The sample was 49 privately owned family businesses in Italy.	The authors concluded that family logic predominance enhance family intensive governance especially when the logic is moderate or is countered by market logic

3. PROPOSED FAMILY BUSINESS MODEL

Considering analysis of the popular family business models outcomes and the literature related to family company dynamics, it is clear that several factors have to be considered when making a decision on which family business model a family should adapt (Xu et al., 2020).

Literature review on the dynamics and factors that interplay in family business operations indicate that without proper consideration of the business model that a family wants to venture into a business will opt for; it is easy for such businesses to collapse because of undermining factors. Considering the benefits that are enjoyed by public firms, any family with enough financial muscles to invest must opt for a public business model (He, 2016).

This model has been proposed because it does not only offer the business owners opportunity to solicit capital from the public but it also allows the family to tap talented management professionals from the larger labour market. Having a qualified and professional management team will ensure that business operations are conducted professionally and ethically and reduce risks associated with running business organizations (Chung and Dahms, 2018).

Studies indicate that most of the family businesses collapse because of poor management from family members in charge of the firms' operations. Similarly, family members will have minimal contact with the business say for electing members to the board and approving the decisions made. Owners' minimal involvement in the business is also beneficial as it will limit conflict of interest from within the family members who own the firm.

CONCLUSION

Recent researches have presented many business models that can be adopted by families that intend to invest in the business world. Understanding the different models before opting for one is important as it allows the family to assess their potential weaknesses and strength and adapt a model that will explore their strengths and not weaknesses.

Several studies have been done in the past which provide enough knowledge to the intended family investors to choose a model that is relevant based on their plans and goals that they intend to achieve. These studies provide important information on the benefits and the shortcomings that each business model will present to the family and management hence allowing them to choose the best model that fits them.

Based on the analysis of the different models and the literature review outcomes, the public business model since to provide more advantages to the family that wants to invest together as compared to other models.

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PART ONE
CHAPTER 2

MANAGEMENT STYLES in FAMILY BUSINESS

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INTRODUCTION

In today's rapidly globalizing business world, it is getting harder for family business companies to survive in the global competition environment. According to Chakrabarty (2009) "a firm is said to be family-owned if a person is the controlling shareholder; that is, a person (rather than a state, corporation, management trust or mutual fund) has enough shares to assure at least 20% of the voting rights and the highest percentage of voting rights in comparison to other shareholders". One of the basic purposes of family businesses is to maintain their continuity and transfer to the next generations. However, in the USA 40% of the new established family business are eliminated in the first five years, and 66% of the remaining goes bankruptorsold with the first generation.

- Effective founders are mostly defined as people who have higher entrepreneur tendency in the start-up pattern.
- Frequent motives such as self-employment and the desire to make independent decisions.
- More profitable than 2nd or 3rd generation management. However, once the firm reaches a high growth stage, founders may face significant challenges and difficulties.
- The loss of the founder for any reason may result in a decrease in social capital and resources.

The aim of this study is to better understand the leadership types in the sustainable performance of family businesses. In the first part of the study what leadership is and different approaches in the literatüre are explained. In the following sections, in addition to types of leadership which is commonly seen in West, the paternalist leadership style Turkish family businesses mostly experienced is explained.

1. Leadership

Leadership is one of the most studied topics in a cross-cultural research. It is known that managerial attitudes, values, behaviors and effectiveness differ across cultures (Bass et all, 1979; Haire et all, 1966; Hofstede et all, 1980; Hofstede, 1990). Leadership theory has been proposed in different ways over the years and the interaction between the leader and his followers has been emphasized for a long time.

Stogdill (1974) concluded "there are almost as many definitions of leadership as there are people who have attempted to define the concept". Yukl (1994) defined leadership "in terms of traits, behaviours, influence, interaction patterns, role relationship and occupation of an administrative position". Table 1. below includes the definitions of leadership in the literature.

Table 1. Sample definitions of leadership

• Leadership is "the behaviour of an individual and directing the activities of a group toward a shared goal." (Hemphill & Coons, 1957:7)
• Leadership is "the influential increment over and above mechanical compliance with the routine directives of the organization." (Katz & Kahn, 1978:528)
• "Leadership is exercised when people mobilize institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers." (Burns, 1978:18)
• "Leadership is realized in the process whereby one or more individuals succeed in attempting to frame and define the reality of others." (Smircich & Morgan, 1982:258)
• Leadership "as influence processes affecting the interpretation of events for followers, the choice of objectives for the group or organization, the organization of work activities to accomplish the

objectives, the motivation of followers to achieve the objectives, the maintenance of cooperative relationships and teamwork, and the enlistment of support and cooperation from people outside the group or organization" (Yukl, 1994).

- Leadership is "the process of influencing the activities of an organized group toward goal achievement." (Rauch & Behling, 1984)
- "Leadership is the ability of an individual to motivate others to forego self interest in the interest of a collective vision, and to contribute to the attainment of that vision and to manage the collective by making significant personal self-sacrifices over and above the call of duty, willingly". (Shamir & House, 1993).
- "Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished." (Richards & Engle, 1986)
- "Leadership is a process of giving purpose (meaningful direction) to collective effort, and causing willing effort to be expanded to achieve purpose." (Jacobs & Jaques, 1990)
- "Leadership is defined in terms of a process of social influence whereby a leader steers members of a group towards a goal" (Bryman, 1992).
- Leadership "is the ability to step outside the culture to start evolutionary change processes that are more adaptive." (Schein, 1992)
- Leadership is "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization" (Jacobsen & House, 2001)

Source: Based on Yukl G. *Leadership in Organizations.* (New Jersey: Pearson-Prentice Hall, 2005).

Examining the definitions of leadership, most refer that it combines a process whereby intentional influence is deliberated by one person over other people to guide main activities in a group or organization. The definitions of leadership usually appear to have little else in common. They differ in some areas. The differences between them are the measure and purpose of the power used (Yukl et all, 2005).

In this part, we have mentioned about leadership definitions. Next part, the evaluation of leadership theories are going to be explained such as trait theories, behavioral theories, contingency theories and contemporary models of leadership.

2. The Evaluation of Leadership Theories

Leadership is one of the most studied, most researched, and complex and multifaceted phenomena in organizational environment (Burns, 1978). This problem arises not only from theory but also from definitions. Some leadership theories have been created to define leadership styles. Each of them contributed to the development of leadership theory. In this part, the evaluation of these theories will be explained.

2.1. Trait Theories

Early leadership theories focused more on leadership characteristics. According to this approach, leadership comes from personality traits such as innate honesty, self-confidence and intelligence (Ekeland, 2005). These personality traits are inherited. For this reason, the early theories focused on people with these characteristics, not successful leaders (Ekeland, 2005). A long list of leadership characteristics such as ambition, desire to lead, self-confidence was created with the studies carried out in the 1940s. (Bird 1940; Jenkins 1947). This has had two problems: first is as research progressed, the list has grown. Second, some traits could not predict leadership. In 1948, Ralph Stogdill criticized the leadership trait theory for not being multidimensional.

2.2. Behavioral Theories

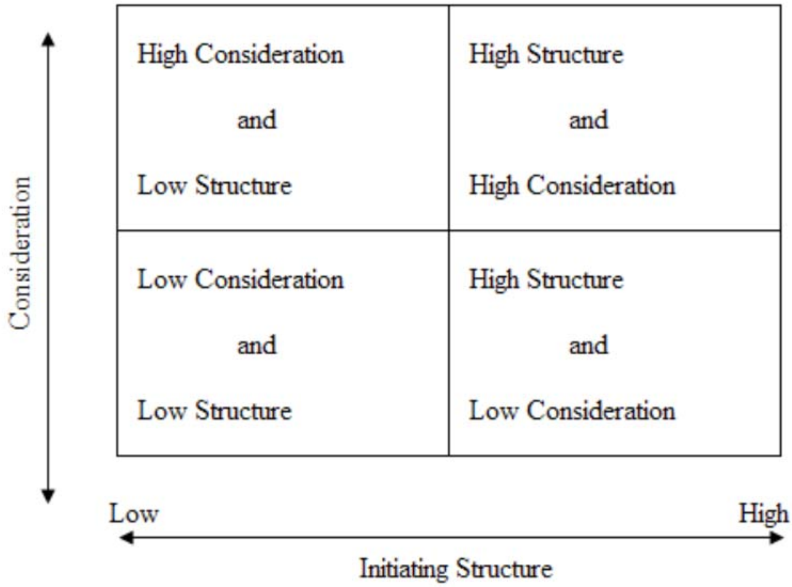
Another approach in leadership theories is behaviorist. In this theory, the behaviors of leaders are observed and the ideal leader is defined accordingly. The central point of this theory is that leaders are not born, but later they are occur and form. If success is understood from actions, then a successful leader can be understood from behaviours (Ekeland, 2005). Behavioural theories of leadership focus on what leaders actually do rather than what leaders' traits are. Studies made to explain behavioural theory can be underlined as below:

- Ohio State Leadership Theory
- Michigan Leadership Theory
- Managerial Grid

Ohio State Theory defined two main factors: consideration and initiation of structure. Consideration is the leaders' activities that are directed to define, shape and mobilize the work and objectives in relation to his or her groups duties; On the other hand, understanding and caring for the individual includes mutual trust in interpersonal relations, bilateral communication, respect for subordinates' ideas and dealing with their feelings (Yukl, 1989). A manager can be high/low in consideration and initiation of strcuture or high in one and low in one.

Figure 1. illustrates four leadership styles representing different combinations of these two dimensions (consideration and initiation of structure).

Figure 1. Ohio State Leadership Model



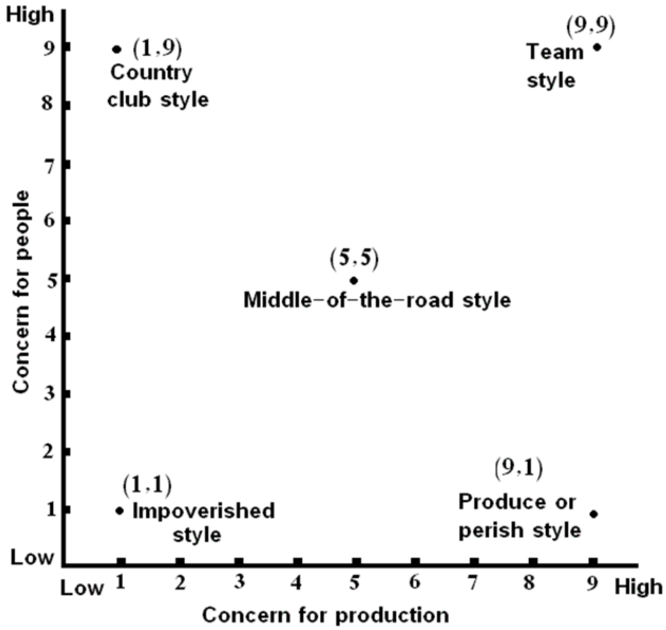
Source: Mondy R., Premeaux S., Management concepts, practices and skills, 7th ed., USA: Prentice Hall 1995.

Ohio State researchers, have used, leader behavior description questionnaire, focused on how the behaviour of leaders were perceived by their subordinates, superiors and colleagues.

The results from Michigan studies (1950) were summarized by Rensis Likert and the researcher found that two types of leadership behaviors have differences between effective and ineffective managers. These are task-oriented and employee oriented. Task-oriented behavior focused on task-oriented (production-oriented) functions such as planning and organizing the work, coordinating subordinate facilities and providing necessary competencies, equipment and technical support. Relationship oriented behaviour focused on more relations such as consideration, supportiveness and helpfulness with subordinates.

In 1964, Blake and Mouton, from Ohio State and Michigan University researches, developed a new leadership model named as Managerial Grid. There are two axes in the grid, x-axis represents task and y-axis represents relationship. Both axes scores are 9-point to 1-point scale. Scores from low to high are indicated from 1 to 9. It creates a 9-by-9 matrix outlining 81 different positions of leadership styles (Daft, 1979).

Figure 2. Managerial grid



Source: Daft (1991), Management 2nd ed., USA: The Dryden Press.

The five main leadership styles identified by the grid are: High concern for people, high concern for production is named Team Style Managers (9,9). Low concern for production, low concern for people is named Country Club Style (1,9). High concern for production and low concern for people (9,1) is named Produce or Perish Style. Low concern for people and production is named Improverished Style. Medium concern for production and people is named Middle of the road Style (5,5) (Robbins, 2001).

Blake and Mouton (1964) suggest that the 9,9 team management style, maximum concern for bothoutput and people, is the most effective style. Blake and McCansey say their studies provethis approach will result in developed performance, lower employee turnover and absenteeism and increased employee satisfaction (Mondy and Premeaux, 1995).

2.3. Contingency Leadership Theories

Another approach is the age of contingency. This era has created an evolution in leadership theory. Accordingly, it is understood that ideal leadership is not in one dimension. In this case, ideal leadership differs according to the leader himself (personality, behavior, influence, etc.) and the situation. Fiedler's Contingency Theory (Fiedler, 1967), House's Path-Goal Theory of Leadership (House, 1971), and the Hersey and Blanchard Situational Theory of Leadership (Hersey & Blanchard, 1969) are the examples of contingency theories of leadership. According to Fiedler (1967), since the leadership style is fixed, either the conditions should be changed according to the leader or the leader should be selected according to the conditions. According to the situational leadership theory of Hersey and Blanchard (1969), ideal leadership is achieved by capturing the right style (directive, imperative, participatory and authoritative leadership) depending on the followers (Hersey & Blanchard, 2001).Employees performing unstructured tasks are satisfied when their leaders' use directive style and are more productive. Achievement-oriented leaders are less effective on performance and job satisfaction when employees are performing routine tasks. Participative leadership style is effective when the employees are performing unstructured tasks.

2.4. Contemporary Models of Leadership

In the early 1980s, it was realized that there were some gaps regarding organizational leadership theories. It has been found that the distinction between leadership styles and various situational approaches towards task and relationship is insufficient. In line with these concerns, leadership approaches taking into account organizational change and strategic vision have been introduced. In this part, some of the new leadership styles will be explained.

2.4.1. Charismatic Leadership

The term charisma is derived from an ancient Greek word meaning "gift". (Conger and Kanungo, 1994). It can be defined "as a person who is gifted by God with some extraordinary and heroic personality characteristics". According to Conger and Kanungo (1994) the word "charisma" occurred insocial science literature with Max Weber at the end of 19th century and most ideas and discussions of leadership have been shaped of his views. In the 1980s, Conger and Kanungo were among the first known scholars in the charismatic leadership field. According to their model, charismatic leadership is based on the followers' perceptions of their leader's behavior. Charismatic leaders can be distinguished from non-charismatic leaders by:

- Sensitivity to both environmental constraints and follower needs,
- Idealized vision, high inspiration skills, and extensive use of impression management skills,
- Innovative perspectives and unfamiliar methods for achieving their goals and using of personal power to influence others.

2.4.2. Authentic Leadership

The word authenticity has rooted in Greek philosophy meaning "to thing own self to be true" (Avolio and Gardner, 2005), or "being true to oneself." Avolio et al.(2005) define authentic leaders as "genuine leaders who are transparent, have integrity and high ethical standards and who create trust". According to Toor and Ofori (2008) authentic leaders are motivated by the well-being of their followers, corporate and the society.

The results of authentic leaders create authentic relations and in turn, authentic subordinates (Avolio and Gardner, 2005), because they are not only true to themselves but by influcing, they also affect others to achieve authenticity. They lead by example: "Authentic relationships are characterized by transparency, trust, openness, guidance towards worthy objects and an emphasis on follower development" (Avolio et al., 2005).

They continually ask: "Who am I?" In their management process, they concentrate on core values, identity, emotions, motives and goals. They also influence their subordinates on their self-awareness, by conveying optimism and hope, by constructing transparent relations and pro-active decision makings which in turn build trust, commitment among subordinates and examining more meaning and connection at work (Avolio and Gardner, 2005).

Self-regulation is defined by Avolio and Gardner (2005) as "the process through which authentic leaders align their values with their intentions and actions". Self-regulation of the authentic leader occurs by incorporating unexaggerated or dismissed reality and information which is referred to uniform processing, authentic behaviour, and relational transparency.

2.4.3. Transactional-Transformational Leadership Theory

One of the scholars is Burns (1978) who focused on the difference between transactional and transformational leadership. In transactional leadership, they primarily refer to tasks and how they should be fulfilled (Bass, 1985). Followers achieve an equal financial and psychological balance to complete tasks (e.g. recognition, reward, etc.) After determining the duties and rewards, these leaders passively watch how their subordinates perform these tasks.

On the contrary, transformational leaders inspire followers to go beyond their contribution and commitment. This inspiring process has mission-related values and strong commitment to the mission. Both public and individual missions are fed by the leaders long-term vision based on values. Formulation, communication and long-term vision values change followers' attitudes. In fact, transformational leaders are motivated to achieve group goals rather than their own. Another dimension of transformational leadership prompts followers to see their work from new perspectives (Bass, 1985).

Transformational leadership refers to inspiration, motivation, challenge, vision, personal growth and high performance of followers. Employee effectiveness and subordinates satisfaction, motivation and performance of transformational leadership (Bass, 1998).

Transformational leadership expresses itself in four ways: (1) Managers become role models for their subordinates as ideal, charismatic leaders. (2) Leaders direct inspiration and motivation to interpretation and challenge in their work. (3) Leaders are preoccupied with the mental urge to be creative in their followers' efforts, and (4) leaders demonstrate individual thought by providing support and mentoring to their followers (Bass, 1998). Transformational and transactional leadership, even if they are separate, never exclude each other. On the contrary, these are leadership types that are complementary to each other and can be implemented by the same manager.

This leadership paradigm is known as “comprehensive leadership” (Bass, 1985, Bass, 1998).

Bass (1998) has argued that “there is universality in the transactional--transformational leadership paradigm, and presented supportive evidence collected in organizations in business, education, the military, and the government”. He stated that "although the model of transformational and transactional leadership may have needs for adjustments and fine-tuning as we move across cultures, particularly into non- Western, overall, it holds up as having considerable universal potential". According to studies which were mostly examined in west, transformational leadership is highly correlated with effectiveness, satisfaction and superior performance (Bass, 1998).

Burns’s (1978) theory of “transforming leadership” was “an early, and to a degree unsophisticated form of transformational leadership theory”. It describes “the evolving relationship process through which political leaders can influence follower behaviour, through either responsiveness or non-responsiveness”. There are three main differences between Burns’s and Bass’s concepts.

First, Bass (1985) added “the expansion of needs and wants to the act of altering the followers’ needs level on Maslow’s hierarchy”; that means Bass clarified of the studybased on rewards instead of drives.

Second, Bass associates transformational leadership with "good or bad", while Burns (1978) associates transformational leadership with only good.

Third, Burns sees interactionist and transformational leadership as the two ends of a process; however, Bass (1985) states that the manager uses someone when necessary.

2.4.4. Multifactor Leadership Questionnaire

In 1980, 70 South Africans senior managers were figured out to describe a person who raises their consciousness in their own lives, increases their motivation according to Maslow's (1954) hierarchy, and enables to do something for the organization and society by taking precedence over personal interests. Burns (1978) also includes the definition of his transformational leadership). In response, managers have identified their own transformational leaders. Also senior executives were asked in 1980 to 70 Africans, if they could identify someone in their lives who had raised their consciousness; elevated their motivation on Maslow’s (1954) hierarchy of needs; or moved them to go beyond their self-interests for the good of their group, organization, or society (These effects were Burn’s 1978 definition of the transforming leader). After identifying such an individual, the executives reported that he leader motivated them to extend and, to develop themselves, and to become more innovative. The executives were motivated to emulate their transformational leader. They became committed to the organization as a consequence of belief in the leader. They exert extra effort for their leader (Bass, 1985).

The original multi-factor leadership scale (MLQ) (Bass, 1985) was created based on the discourse of these managers and questions about situational empowerment. The 141 statements were identified as transformational and interactive leadership by 11 trained judges. Later, this scale was applied in the American military by evaluating it from 0 (no behavior) to 4 (frequency of behavior) (Bass, 1985; Bass et al 1993).The factor studies suggested that the transformational statements could be assigned to four interrelated components:

- Idealized influence(or Charisma),
- Inspirational motivation,
- Intellectual stimulation,
- Individualized consideration.

Idealized influence (or Charisma) refers to “leaders display conviction; emphasize trust; take strand on difficult issues; present their most important values; and emphasize the importance of purpose; commitment; and the ethical consequences of decisions” (Bass, 1998).

Inspirational motivation refers to “leaders articulate an appealing vision of the future, challenge followers with high standards, talk optimistically with enthusiasm, and provide encouragement and meaning for what needs to be done”.

Intellectual stimulation refers to “leaders questions all assumptions, traditions, and beliefs; stimulate in others new perspectives and ways of doing things; and encourage the expression of ideas and reasons”.

Individualized consideration refers to “leaders deal with others as individuals; consider their individual needs, abilities, and aspirations; listen attentively; further their development; advise; teach; and coach”.

Transactional leadership is about achieving goals and improving performance through reward. Therefore, emphasis is placed on interpersonal communication and unconditional reward (Bass, 1985). This is true given the idea that the path to the goal in which leadership is influenced by goal-path theory and value-expectancy theory is through reward (House, 1971; Bass, 1985). Interactionist leaders emphasize the effectiveness of the organization. These types of leaders are good at performing classic managerial functions such as planning and budgeting. In transactional leadership, the trust of the followers is gained by meeting their expectations. The commitment of the transactional leadership to the "follow the rules" approach is directed towards stabilizing the current situation rather than changing the organization. In today's business world, success is through organizational change; thus, effective leaders follow other styles (Vecchio, 2002).

Transactional leadership contains three components:

- Contingent reward
- Management by exception
- Laissez-Faire leadership

Contingent reward refers to “leaders engage in a constructive path goal transaction of reward for performance. They clarify expectations, exchange promises and resources for support of the leaders, arrange mutually satisfactory agreements, negotiate for resources, exchange assistance for effort, and provide commendations for successful follower performance” (Bass, 1997).

Management by exception refers to “leaders who practice management by exception have implicit trust in their workers to finish the job to a satisfactory standard. These leaders do not inspire the workers to achieve beyond expected outcomes” (Northouse, 2001). The leader intervene to subordinates when only process goes wrong.

Management by exception separates two sides: active and passive. Active management points out that “leaders control their followers” and take corrective actions (Bass, 1998). These types of active leaders display corrective or preventative behaviors when their employees go beyond any standards. However, sometimes leaders may not have a systemic approach to unexpected mistakes; In this case, this type of avoidant leadership type can have negative consequences on the behaviors of the followers (Bass & Avolio, 2004). Passive management refers no action is taken until the problems in management approach become serious (Bass, 1998). These types of leaders resort to punishing their employees when it comes to not meeting the standards. If leaders actively monitor the performance of their employees and warn them before making a mistake, it is defined as being active, and passive if they take corrective action after making a mistake.

The active and passive management by exception types both use negative reinforcement methods instead of positive reinforcement methods (Northouse, 2001; Avolio and Bass, 2002). If leaders expect employees to call them after errors which means leaders perform passive dimension. If leaders perform active dimension, they follow employees' performance and correct the errors.

Laissez faire leadership refers to "a non-leadership component, also emerges leaders avoid accepting their responsibilities, are absent when needed, fail to follow up requests for assistance and resist expressing their views on important issues" (Bass, 1998). Laissez faire is the avoidance or absence of leadership. It is by definition, the most inactive form of leadership.

Some researchers (Kerfoot 2008; Moss, 2006) studied laissez faire leadership as a dimension of transactional leadership. However, some researchers (Burns, 1978; Ekeland, 2005) studied laissez faire as a different leadership style. Additionally, Bass found out that there is a negative correlation between laissez faire and transformational and transactional leadership in 1990 (Hartog, Muijen, Jaap, 1997).

2.2.4.1. Paternalistic Leadership

Webster (1975) defines paternalism as "the principle or system of governing or controlling a country, group of employees, etc. in a manner suggesting a father's relationship with his children". According to Aycan (2005) "this definition implies that paternalism occurs in a dyadic and hierarchical relationship between a superior and subordinate, and that there is a role differentiation in this relationship" and added "he or she takes care of employees like a parent and is involved in every aspect of their lives" (Aycan & Fikret-Pasa, 2003). As a result, the followers are expected to be loyal and commit to the superior and react in a way as to consider the workplace as a family (Aycan, 2001, Aycan2005; Padavic & Earnest, 1994).

Aycan (2005) conceptualized paternalistic leadership behaviors as five dimensions: (1) creating a family atmosphere at workplace, (2) establishing close and individualized relationships with subordinates, (3) involving in non-work domain, (4) expecting loyalty and deference in exchange for care and guidance, and (5) maintaining status hierarchy and establishing authority.

- *Creating a family atmosphere at workplace*; "describes the leader as behaving like a father to his or her subordinates".
- *Establishing close and individualized relationships with subordinates;* "the paternalistic leader is expected to know every subordinate in person (personal problems, family life, etc.), be genuinely concerned with their welfare, and take a close interest in their professional as well as personal lives".
- *Getting involved in the non-work domain*; "leaders' involvement in subordinates' non-work lives",
- *Expecting loyalty; "*represents loyalty and commitment expectations of the leaders from their subordinates".
- *Maintaining authority/status;* "involves leader behaviors such as giving importance to status differences (position ranks) and expecting employees to behave accordingly".

CONCLUSION

This study has been conducted for assessing the leadership styles in family business. Sustainability of family business is getting more difficulty and it makes critical barrier for organizations to survive. Leadership has become the topic to many researches and as a result of these researches, leadership theories have been improved. Transformational-transactional leadership models which are two of the contemporary leadership models and, paternalistic leadership which was common within Turkey in family business. According to Kim (1994) "two types of paternalism that are most frequently discussed in literature are exploitative vs. benevolent paternalism". In exploitative paternalism, the emphasis is on organizational outcomes, whereas in benevolent paternalism there is more emphasis on employee welfare. In return, when the main emphasis is on the employee's welfare by the employer benevolent paternalism occurs. Accordingly, the subordinate shows loyalty and respect and appreciation for employer's benevolence. In exploitative paternalism the overt behavior is also care and nurturance as benevolent paternalism, but for a different reason, which is to elicit employee compliance to achieve organizational objectives. Goodell (1985) figures out that most studies refers the paternalist with benevolent intentions. Benevolent leadership goes beyond the institutions studied and goes into personal issues. While focusing on the long term, it involves granting grace and protection to subordinates and is applied in the context of strong authority.

Benevolent leadership goes beyond the work domain and it is also applied to personal issues, is long-term oriented, involves the granting of grace and protection to subordinates, and is exercised in the context of strong authority (Cheng, Chou, Huang, Wu, & Farh, 2004). However, Aycan and Kanungo (1998) showed that paternalism was strongly negatively correlated with authoritarianism.

For many years, social science scholars have focused on leadership in the more efficient work of family businesses. Their findings help corporates by surviving under competitive conditions in order to increase the performance of their people and generating a work climate which supports the achievement of organizational goals successfully. This study focused on two main concepts such as leadership and family business which are proposed to help these objectives.

Understanding the various leadership styles including their advantages and disadvantages will help corporates and managers increase performance and respond to the changes in subordinates behavior, attitudes, corporate culture, resources, and distribution systems because of market globalization. Leadership is one of the most complex and multifaceted phenomena to which organizational and psychological research has been applied, and also one of the most observed and the least understood phenomena on earth (Burns, 1978).

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PART ONE
CHAPTER 3

FAMILY BUSINESSES and MANAGEMENT STYLES: CASES of ECZACIBAŞI HOLDING and SABANCI HOLDING

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INTRODUCTION

Family businesses are among the most important contributors to the creation of wealth and employment in economies all over the world and they range from small enterprises serving the neighbourhood to large conglomerates that operate in multiple industries and countries (Ramadani & Hoy, 2015). In Europe, these businesses account for 85% of listed companies, but also in the United States some of the largest publicly traded firms are controlled by families (Faccio & Lang, 2002). These firms, which contribute to the economic development of countries as well as adapting social development and technology, should manage not only the business but also the relations of the family members. From small and medium sized enterprises to macro businesses, family business feature is quite common. These businesses dominate the world's leading economies (Sharma, Chrisman & Chua, 1996). Family businesses are generally small in scale and have simple organizational structures.

Family and non-family businesses have quite different characteristics from each other. General characteristics of family businesses can be listed as follows (Neubauer-Lank, 1998; Taşdelen, 2005):

- Employment of owning family in executive or other positions.

- The number of generations of the owning family involved in the business.
- The number of families involved in either management and/or ownership.
- Non-family employees accept that it is a family enterprise.
- They have a different risk compared to others.
- The main purpose of family businesses is to prevent the spread of the owned assets.
- They are generally not institutionalized.
- In family businesses, addiction to people is at a high level.
- If the people who are effective in management are disconnected from the job for any reason in family businesses, they are less likely to continue their lives as long as the person or persons of the same qualification are not included.
- A family owns the percentage of share capital.
- They are social structures where the family's unique culture and tradition are reflected in the business.

Family businesses are those in which a family has most of its capital. An enterprise can be named as a family business, only when the business and the family share the values and assumptions (Astrachan, Klien & Smyrnios, 2002). Several influencing factors linked to the survival of the family business have been reported in the literature (Oudah, Jabeen & Dixon, 2018):

- **Succession planning:** It is a structured approach to plan ahead for leadership positions in a family business and it can improve a potential leader's skills through experience and the assignment of appropriate tasks to individuals who will lead the business in future (Sharma, Chua & Chrisman, 2000).
- **Strategic planning:** Strategic planning is an important factor that ensures a family business' long-term objectives and goals sinceit is the process of developing the business strategy to establish profitable growth.
- **Corporate governance:** Firms should act in accordance with certain principles and/or rules and shape their activities within the framework of these principles and/or rules to exhibit an effective

management. This approach is a fundamental element in the emergence of corporate governance understanding. A multigenerational family business should have an excellent management and governance to succeed and survive (Aronoff & Ward, 2000). Corporate governance describes all the influences affecting the institutional processes including those for appointing the controllers and/or regulators involved in organizing the production and sale of goods and/or services (Turnbull, 1997: 181).

- **Leadership:** Family members also become leaders in the family business. Leadership means guiding others to understand and accept what needs to be done and how it is to be done. It is the processes of helping individuals equip themselves with knowledge to accomplish a unified objective (Yukl, 2010). In addition, for protecting the advantages of being a family business and limiting the disadvantages, the leader is concerned with the business and social lives of family members starting with those who are mainly in the business. The leader encourages and motivates them to be better and provides guidance (Fındıkçı, 2017).
- **Family business values:** The family business' values, which are generally characterized as quality, honesty, and hard work, are defined both for family and business (Tapies & Moya, 2012).
- **Family capital:** Family capital is the major source of the data and resource that influence and control the business, which is proven to increase family members' productivity (Portes, 1998). Sirmon and Hitt (2003) describe the survivability of the family business as the combination of family human capital, social capital, and financial capital. When family members maintain good social capital, they will expand the firm's human and financial capital as well (Sorenson & Bierman, 2009). According to Danes, Lee, Stafford and Heck (2008), family human capital is the knowledge, ability, energy, and experience of family members regarding the business. Social capital is the importance of interactions and networking with individuals and corporations for the benefit of the current and long-term benefit of the family business (Alder & Kwon, 2002).
- **Family business advisors:** Family businesses require advisors to solve issues such as developing the family's personal, financial, succession and strategic plans; aligning family goals with business objectives; and conflicting resolution (Craig & Moores, 2010).

These businesses need guidance to solve problems for both family and business. Lawyers, financial advisors, former and successful managers, and consulting firms can help them for these.

The businesses managed with this style inevitably must deal with problems, they are not used to it since the second and third generations getting into operation and growing in scale. Survival, development, and sustainability are very important for family businesses. The essential reasons why most of the family businesses are short-lived can be listed as, trying to do most of the jobs requiring knowledge and experience with a narrow staff, internal conflicts, not knowing who the business management will be transferred, and the reality of that the family interests are superior to business interests. Generally, it is difficult for small and medium sized family businesses to institutionalize and professionalize. Institutionalization is the process of establishing new systems that follow the changing environmental conditions and the organizational structure in accordance with the developments, and also it is the process of transforming its own communication and business methods into a culture and thus into a different and distinctive identity from other businesses (Karpuzoğlu, 2004). Institutionalization is the transformation of the business into a system independent of individuals. Businesses that cannot be institutionalized combine the concepts of family and profit-making business. For this reason, the lifetimes of businesses are short. However, large family businesses are more successful in institutionalization and they owe this to their professionalization. The main distinction in the concept of family business is the way in which management activities are carried out rather than having a majority stake and whether the powers in this matter are collected in family members.

Management is an important problem in family businesses. How to transfer management to new generations and how to institutionalize and/or professionalize the management is often difficult to solve in family businesses. Businesses that cannot overcome these problems get closed shortly after the first-generation leaves the management. For this reason, family businesses are preparing family constitutions and institutionalizing rapidly to overcome these problems and become long lasting. Minimizing intergenerational conflicts and transferring family and business values towards future generations help businesses at this stage. Interests can conflict because of the confusion in the concepts of family and business. Family members are employed in the business regardless of their skills and education, which leads to inefficiency. Another reason for this can be summarized as the problems which are experienced in performance measurements of family member employees.

The founder of a family business is also considered as an entrepreneur. Therefore, the founder takes on the roles of entrepreneur, manager, and business owner in the early stages of the business. However, all these roles cannot be transferred to other generations. Especially entrepreneurship is generally not preferred by other generations. Future generations who do not want to spoil the pre-established order can also affect the profitability of the business in this context. Unable to overcome these weaknesses, businesses are doomed to fall apart.

In addition to these weaknesses, family businesses also have much strength. For example, in these companies, the decision-making processes are faster because the decisions are generally taken by the founder. Therefore, opportunities can be seized faster. As they grow and evolve and they adapt to the changes in the external environment. Their structures at the stage of establishment are changing and they make efforts to turn many of their features, which are disadvantages, to an advantage (Yolaç & Doğan, 2011). The most important examples of these businesses in Turkey are the largest family holdings of in Turkey. Family businesses are often a matter of controversy in Turkey, especially in terms of joint-stock companies. In diversified family business groups , usually a single family has the control over the group through mechanisms such as a pyramidal ownership structure, headquarters of the business group, placing the family members or trusted managers at key positions, multiple directorships within the group, and the professionalization of the young generation family members (Bugra, 1994; Morck, Wolfenzon & Yeung, 2005; Khanna & Yafeh, 2007, as cited in Yıldırım Öktem, 2010). An important feature of the holdings in Turkey is that, regardless of small or big differences, rather than specializing in an area, they show activity in almost every sector. Often a large holding has affiliated businesses operating in the fields of retail, food, energy, finance, IT, automotive, chemistry, textile, construction, tourism, and media. Almost all the holdings in Turkey are also family businesses. Some of these businesses are open joint stock company. Therefore, in this chapter, Eczacıbaşı Holding and Sabancı Holding, two of Turkey’s oldest and most successful holdings will be analysed in terms of both their histories and management styles.

1. MANAGEMENT STYLES

Management is as old as human history. However, it was scientifically addressed for the first time after the Industrial Revolution. Hence the practice of management is ancient, but formal study of management knowledge is relatively new (Wren & Bedeian, 2009). Management is also a process and should have the following characteristics:

- Human
- Goal
- Universality
- Group
- Collaboration
- Division of labour and specialization
- Authority
- Hierarchy

Management is a concept that has been defined for many years. However, in general, management can be defined as the work that people cannot perform alone to reach their goalsand achieving success through others. Management is the task of managing and it is intrinsically a team job. It is an activity that performs certain functions to obtain the effective acquisition, allocation, and utilization of human efforts and physical resources to accomplish some goals (Wren & Bedeian, 2009). Management also means the process of using organizational resources to achieve organizational objectives through the functions of planning and decision making, organizing, leading, and controlling (Fayol, 1949; DuBrin, 1986):

- **Planning and decision making:** These functions involve setting goals and figuring out ways of reaching them in business. Planning is the first stage of organizing and it is looking for future. Also, there are always choices in business and decision making is a way for reaching plans.
- **Organizing:** Organizing is the process of creating an organization in accordance with the agreed paths to achieve the goals specified in the plans. It also involves assigning activities, dividing work into specific jobs and tasks, and specifying authority relationships among groups and individuals.

- **Leading:** Leading function involves managing, motivating, and directing people. This function also involves communicating, coaching, and showing subordinates how they can reach their goals.
- **Controlling:** Controlling is the last function of management. However, the control mechanism must work while all other functions of the management are being implemented. It compares actual performance to a predetermined standard.

In small scale firms, the organization may show a natural establishment and development. As the firm grows, it may take a long time to solve the problems caused by development. People found that they could magnify their own abilities by working with others and could thereby better satisfy their own needs (Wren & Bedeian, 2009). For this reason, the owner(s) of the firm need organizational information from the beginning of the firm to be prepared for growth and its implications. For this reason, as the organization grows and becomes more complex, it is imperative to find professionals in management.

According to Tull and Albaum (1971), management style is a recurring set of characteristics that are associated with the decisional process of the firm or individual managers. According to Schleh (1977) management style is:

> The adhesive binds diverse operations and functions together. It is the philosophy or set of principles by which you capitalise on the abilities of your people. It is not a procedure on 'how to do,' but is the management framework for doing. A management style is a way of life operating throughout the enterprise. It permits an executive to rely on the initiative of his people.

In general, management styles in a firm can be classified as authoritarian, bureaucratic, conservative, entrepreneurial, familial, intuitive, and participative (Quang & Vuong, 2002). There has been much research on this subject, especially in USA and Japan (e.g. Pascale & Athos, 1981; Peters & Waterman, 1982; Buckley & Mirza, 1985; Lincoln, 1989; Culpan & Kucukemiroglu, 1993). Some studies made a generalization from Japanese to other Asian cultures and made so-called Asian managerial style focus on their studies, contrasting it with Western management styles (Pheng & Leong, 2001; Freeman & Browne, 2004, as cited in Mikhailitchenko & Lundstrom, 2006). But universal and global management styles have not been found yet in the literature.

Also, there are many management styles for identifying issues that firms could cope with. For example, firms can use six management styles (identifier, sorter, selector, unilateral discriminator, evolver, and searcher) to identify strategic issues (Mullen & Stumpf, 1987). Culture also affects the management styles of businesses (Hall, 1976; Hofstede, 1980). According to Hall and Hall (1990), monochronic and polychronic styles in cultures affect firms. Hereunder if the US culture is characterized as highly monochromic, Asian cultures are characterized as polychromic (Hall & Hall, 1990; Bouncken, 2004). Businesses operating in these cultures also adapt their management styles according to the culture.

On the other hand, Mikhailitchenko and Lundstrom (2006) used the following key dimensions for comparison of management styles:

- **Supervision style** – the degree of managers' participation in subordinates' routine work flow.
- **Decision-making style** – the extent to which employees participate in managerial decision making.
- **Information-sharing style** – the degree of key information accessibility to employees and rate of information flow within the company,
- **Paternalistic orientation** – the extent to which the supervisor participates in employees' non-work-related matters.

2. FAMILY BUSINESSES and MANAGEMENT STYLES-CASES from TURKEY

Management styles of family business are studied in many different approaches as mentioned in first part of the chapter. And at the second part cases will be identified from Turkey. As in most of the world, most businesses are family businesses also in Turkey. As family businesses grow, it is known that the economy of the nation and so does family wealth. From that point of view, two main family businesses, Eczacıbaşı Holding and Sabancı Holding, will be the subjects of this chapter's cases.

2.1. History of Eczacıbaşı Holding and an Overview[1]

Eczacıbaşı Holding is mainly a group of industrial organizations working in the fields of building, consumer, and healthcare products for national and international markets. Apart from these basic sectors, the group

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[1] This section has been compiled in line with the information obtained from Eczacıbaşı Holding's corporate website and annual reports.

structure also includes organizations operating in the fields of finance, information technologies, resource technologies, natural resources, and real estate development. Eczacıbaşı Group has 40 affiliated businesses, one of which is with foreign partners, over 11,300 employees and a turnover of 9.5 billion TL as of the end of 2019.

In 1942, the foundations of Eczacıbaşı were laid. Operating on national and international markets, Eczacıbaşı Holding is one of Turkey's leading industrial groups. Nejat F. Eczacıbaşı started Eczacıbaşı's activities in the pharmaceutical sector first and then got involved in electrolytic copper, ceramic goods (especially coffee cups), ceramic building materials, bathroom equipments, and paper products.

In 1942, the founder of the Eczacıbaşı Group, Dr. Nejat F. Eczacıbaşı, established a small venture to produce vitamins that became Turkey's first modern pharmaceutical plant10 years later. Nejat Eczacıbaşı, who started his activities in the pharmaceutical industry during the days of World War II, produced the fish oil called D-Vital by using the vitamins A and D imported from the UK. Later, he launched baby food under the name Vital. Again, as a first attempt, a facility was established to produce insulin and later he produced electrolytic copper in line with the needs of the army. Afterwards, ceramic coffee cups and ceramic kitchenware started to be produced in this facility. Thus, Nejat Eczacıbaşı initiated the establishment of both the first modern pharmaceutical factory and the first modern ceramic sanitary ware factory in the 1950s.

In 1950, wanting to grow the drug factory, Nejat Eczacıbaşı admitted to the Turkish Industrial Development Bank to provide investment financing and obtained the loan he wanted. Every product related to human health from antibiotics to hormones, vitamin and mineral compositions, analgesics and cortisone derivatives, heart, and vascular system drugs to psychotherapeutic drugs were now produced in Eczacıbaşı. In 1957, he was decided to expand the ceramic plant in Kartal/İstanbul. A year later Turkey's first modern ceramic sanitary ware plant was established. These ceramic sanitary wares started to be produced under the Vitra brand. In 1959, to support scientific research in the fields of medicine, chemical and pharmaceutical science and to reward in Turkey, Eczacıbaşı Scientific Research Award Fund was established. The interest in sports among the employees led to the establishment of Eczacıbaşı Sports Club in 1966.

In 1970, in line with the vision of be *a pioneer for a healthy life*, Eczacıbaşı produced Turkey's first tissue products made from tissue paper plant. In 1973, Eczacıbaşı Group, Turkey's first public investment partnership, was founded with the name Eczacıbaşı Investment Holding and Istanbul Foundation for Culture and Arts was founded under the leadership of Nejat F. Eczacıbaşı to organize international art festivals in Istanbul. Eczacıbaşı Group established Intema, the first partnership of the Building Products Group, which develops and markets high quality kitchen and bathroom units and is open to the capital market in 1978. In 1981, Ekom Eczacıbaşı Foreign Trade Inc. was established. In 1989, Eczacıbaşı Information Communication was founded to provide consultancy, service, and support services to the Eczacıbaşı Group companies on information technologies. Also, Eczacıbaşı Real Estate Development and Investment was established to realize the construction projects of the Eczacıbaşı Group.

In 1993, Nejat F. Eczacıbaşı, founder of Eczacıbaşı Group and Honorary Chairman of Eczacıbaşı Holding Board of Directors, passed away. Şakir Eczacıbaşı became the Chairman of the Board of Eczacıbaşı Holding. Also, Eczacıbaşı-Beiersdorf Cosmetics was established with the 50% -50% partnership of Eczacıbaşı Group and Beiersdorf AG and Eczacıbaşı-Baxter Hospital Products was established with the 50% -50% partnership of Eczacıbaşı Group and Baxter International. With the opening of the second production facility of Eczacıbaşı Building Materials and Eczacıbaşı Tile in Bozüyük/Turkey, Vitra’s Bozüyük facilities became the world’s largest sanitary ware production facility gathered under one roof in 1996.

Eczacıbaşı Health Care was established to provide home healthcare services to patients in 2000. In 2006, Eczacıbaşı acquired Germany’s long-established ceramic company Engers. Eczacıbaşı acquired a 51% stake in Villeroy & Boch Tile Division, a subsidiary of the world’s oldest and known ceramic brand Villeroy & Boch AG, in the field of tile ceramics. Having strengthened its strength in international markets, Eczacıbaşı acquired the majority shares of Burgbad, the European leader in luxury bathroom furniture market in 2008.The ceramic tile factory of Eczacıbaşı Building Products Group, which operates on an area of 25 thousand m2 and has an annual production capacity of 3.2 million m2, started operations in the Serpukhov region of Russia in 2011. In 2014, Eczacıbaşı Building Products Group established the first ceramic sanitary ware production facility abroad in Russia, where the tile factory is also located. Eczacıbaşı Building Products Group increased its ceramic sanitary ware production capacity to 5.6 million with its new generation facility in Bozüyük and Eczacıbaşı Momentum Technological Investments Inc. was established in 2019.

2.1.1. Management in Eczacıbaşı Holding

Dr. Nejat F. Eczacıbaşı, Eczacıbaşı Holding's first chairman of the board, was born in 1913 in İzmir. His father, Mr. Süleyman Ferit who graduated from the pharmacy school opened by Sultan Abdülhamid was one of the most famous pharmacists in İzmir. Mr. Süleyman Ferit had opened a national laboratory in 1910 and had laid the foundations of the Eczacıbaşı Group with this move. Nejat Eczacıbaşı, who completed his chemistry education in Germany in 1934, received his PhD. degree in 1937. Nejat Eczacıbaşı was an important businessman who transformed his theoretical knowledge into practical knowledge and used it in his business life.

Being the eldest of six siblings, he could not be sure how his brothers would welcome him to work alongside his father with his own tendencies in the future, and he went to Istanbul with the desire to take initiatives in the industrial field.

> After I finished my higher education in Germany, it was natural for me to return to Izmir and work in my father's pharmacy and take responsibility for his laboratory in Beyler street. My father wanted it to be like this anyway ... However, a negative observation that made me think has never crossed my mind since school days. Turkey's economy had not come to the stage of institutionalization yet. Family assets cannot be passed down from generation to generation. When a business started by an entrepreneur fell into the hands of the generation that followed, it either broke up in a crowded family or, worse, created conflict between relatives (Eczacıbaşı, 1999).

> Due to his knowledge in the field of chemistry, Dr. Nejat F. Eczacıbaşı could have easily earned a living by working with his father in İzmir, but he did not do that. Leaving the task of benefiting from his father's establishment and developing the business to his brothers, he embarked on a tiring and weary road that required a great effort (Yazman & Yazman, 1944, as cited in Eczacıbaşı, 1999).

Nejat F. Eczacıbaşı had made significant investments in various sectors, significant breakthroughs in the fields of culture, arts, and sports and had established a sports club and arts foundation, was closely involved with corporate social responsibility.

His brother, Şakir Eczacıbaşı, became the chairman of the board in 1993, replacing Nejat F. Eczacıbaşı, who was the chairman of the board of directors of Eczacıbaşı Holding until his death. However, after Mr. Şakir’s withdrawal from business life in 1996, Nejat Eczacıbaşı’s eldest son Bülent F. Eczacıbaşı became the chairman of the board of directors and he still continues this duty.

Table 1. Eczacıbaşı Holding's Board of Directors

Bülent Eczacıbaşı	Chairman of the board
Faruk Eczacıbaşı	Vice president of the executive board
Erdal Karamercan	Vice president of the executive board
Faik Açıkalın	Member of the board
Ant Bozkaya	Member of the board
Atalay M. Gümrah	CEO and member of the board
Esra Eczacıbaşı Coşkun	Member of the board
Ayşegül İldeniz	Member of the board
Emre Eczacıbaşı	Member of the board
Saffet Karpat	Member of the board
Hüseyin Gürer	Member of the board
Total	**11**

Source: Eczacıbaşı (2020). *Yönetim*,https://www.eczacibasi.com.tr/tr/eczacibasi-toplulugu/yonetim, Date of access: 20/07/2020

Table 1 shows the board of directors of Eczacıbaşı Holding as of 2020. There are 4 family members in the board of directors, with a total of 11 members. Bülent Eczacıbaşı is still the chairman of the board of directors today as the first son of the founder Nejat Eczacıbaşı. Bülent Eczacıbaşı, who became the chairman of the board of directors after Şakir Eczacıbaşı's[2] quit his business life in 1996, started his career at Eczacıbaşı Holding in 1974. He held managerial positions in various organizations of the group. He became the Chairman of the Board of TUSIAD[3] between 1991 and 1993, Founding Chairman of the Board of TESEV[4] between 1993 and 1997, High Advisory Council Chair between 1997 and 2001, and the Chairman of the Board of the Pharmaceutical Employers' Union between 2000 and 2008.

When it was time to start my higher education, I made up my mind: I would become a businessperson. I understood that our family name had determined my lifeline from the moment I was born. The name we carried was expressing a family tradition that sees its field of duty in the economy, accepts investment and production as its main responsibility, is interested in the problems of the country and the world, and believes that social development is a whole. For me, there could not be a better life purpose than keeping this tradition and its values alive (Eczacıbaşı, 2018a).

(…) According to Nejat Eczacıbaşı, a businessperson was the person responsible for creating value in the economy. He defined happiness as creating

[2] Nejat F. Eczacıbaşı's brother.

[3] Turkish Industrialists and Businesspeople Association

[4] Turkish Economic and Social Studies Foundation

something, being respected while creating. It was not possible to be his son and not to admire businessperson. He did not hide that he wanted his own businesses to be owned by his sons in the future. My brother Faruk and I were brought up in an environment where the importance of keeping family values and traditions alive was constantly emphasized (Eczacıbaşı, 2018a).

In an interview he gave in 2018, Eczacıbaşı answered the question "*What would you be if you weren't a businessperson?*" as follows. Bülent Eczacıbaşı, who studied chemistry with his father's guidance, emphasizes that he wanted to be an academician even if he did not take part in the family business.

I would like to be an academic. I had a passion for physics and mathematics. My father worried about this, "These passions set people on a certain path. It is very difficult to pull it back," he would say. But he thought that coercion would cause unhappiness and failure. "Study chemistry or physics or whatever you want. I am also very interested in music. But what have I done? I entered the business life. I became the founder of the Istanbul Festival. I guess my contribution to music and art is more than any other musician. Business life gives people such opportunities, you make a difference". It has also been successful. It created this feeling in me (Oskay, 2018).

Faruk Eczacıbaşı is the second son of Nejat Eczacıbaşı and operates as the vice chairman of the board. He received bachelor's and master's degrees in business administration in Berlin. Faruk Eczacıbaşı, who started his working life at Eczacıbaşı Holding like his brother, is working in the holding as the second generation. After gaining experience in American Hospital Supply Co. in the United States for a while, he started working in Eczacıbaşı Group at various levels. Faruk Eczacıbaşı, became the Vice Chairman of the Board of Eczacıbaşı Holding in 1996, and he still holds this position. In addition, he has been the President of Eczacıbaşı Sports Club since 1999. As family members, two children of Bülent Eczacıbaşı are also on the board of directors as third generation.

(...) I completed my education in 1980 and started to work at Eczacıbaşı in Istanbul as a young man ready to work. Although I was influenced by the progressive movements in my youth, I had a life that continued within the framework of very regular, determined codes and expectations. (…) My father passed away when he was eighty years old, and in fact I believe that Turkey lost a significant person. The businessman as well as sociable personality culture had led to the establishment of important concepts in Turkey in the field of arts and sports. Perhaps most importantly, he was one of the first and most important representatives of the industrialization drive of the republican era. He was anticipated enough to take care to train and work with managers who would consider the operation of corporations to operate independently of the people who led the most important priority and who could take this responsibility, regardless of their family or not. When he passed away, Eczacıbaşı Group was an industrial institution that was prepared to continue on its way without Mr. Nejat (Eczacıbaşı, 2018).

2.2. History of Sabancı Holding and an Overview[5]

Hacı Ömer Sabancı Holding Inc. is the headquarter representing the businesses affiliated to Sabancı Group, one of Turkey's largest community, and manages the affiliated companies with a strategic portfolio approach. Sabancı Group's main business areas are banking, insurance, energy, industry, cement, and retail. Sabancı Holding defines the sectors in which it operates as *strategic business lines*.

Among the international business partners of Sabancı Holding, there are the world's leading names in their fields: Ageas, Aviva, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni, and Philip Morris. In 2019, Sabancı Group achieved combined sales revenue of 97.6 billion TL and a consolidated net profit of 3.8 billion TL. In addition to the shares of Sabancı Holding, its 11 subsidiaries are also traded on Borsa Istanbul and constitute 8.1% of Borsa Istanbul's market value. The Sabancı Family is the largest shareholder group of Sabancı Holding. The actual free float rate of Sabancı Holding shares was 48.3% as of the end of 2019. The holding, which has investments in 4 continents and 12 countries as of 2020, has more than 62 thousand employees. The businesses affiliated to the holding are Akbank, Akçansa, Brisa, Carrefoursa, Çimsa, Enerjisa, Kordsa, and Teknosa.

The foundation of the community was laid when Hacı Ömer Sabancı, who was born in Kayseri in 1906, settled in Adana, Turkey in 1925. Sabancı started cotton trade in the same year and became a partner of a cotton gin in 1932. Hacı Ömer Sabancı became a partner to an oil factory in the 1940s and bought two oil factories. Akbank, which still operates today in both Turkey and Germany, was founded in 1948. Bossa Flour and Ginning Factory was established in 1950 and Bossa Textile Factory was established in 1951. Various investments were made until the 1960s.

Hacı Ömer Sabancı passed away in 1966. After that, Sakıp Sabancı, one of his six sons, took over the 19 jobs and continued to grow his business successfully from where his father left off. In 1967, all businesses were gathered under one roof and Hacı Ömer Sabancı Holding became

[5] This section has been compiled in line with the information obtained from Sabancı Holding's corporate website and annual reports.

operational. So Sabancı Holding was founded by Hacı Ömer Sabancı in the 1920s, but in 1967 it became a holding with Sakıp Sabancı. Akçimento was founded in the same year. Temsa was established in 1968 and Çimsa was established in 1972. In the following year, two important companies of the Holding, Yünsa and Kordsa, started their operations. On Turgut Özal's insistence, the holding headquarters moved to Istanbul in 1974 and in the same year, the Hacı Ömer Sabancı Foundation was established in Adana and the Sakıp Sabancı Foundation and Lassa were established in Istanbul.

In the 80's, activities in the international arena increased and businesses were established with foreign partners in Turkey. The most important of these is the Dusa[6] partnership with DuPont in 1987. Philsa was founded in 1991 in partnership with Philip Morris and I-Bimsa was founded in 1992 with IBM partnership. Marsa KJS started its operations in 1993 in the partnership with Kraft Jacobs Suchard. Toyotasa started its operations in 1994. Enerjisa was established in 1996 and Carrefoursa started its operations with the partnership of French Carrefour.

In 1997, Sabancı Holding went public. Two important acquisitions were made in 1998, Interkordsa GmbH and Danonesa Tikveşli. In 2002, Kordsa and Dusa enterprises merged under the name of Kordsa and in the same year Sabancı University started its education activities in 2002, Sabancı University Sakıp Sabancı Museum was opened and all Kraftsa shares were sold to the partner. In 2004, Sakıp Sabancı, the chairman of the board, passed away and Güler Sabancı became the chairwoman of the board. In 2006, Kordsa Global, one of the important affiliated businesses of the Holding, acquired 99.5% of IQNE Qingdao Nylon Enterprise Limited operating in China.

Focusing on energy investments, the Holding signed a cooperation agreement based on an equal partnership with Verbund, one of the important electricity companies of Austria and the foundations of Bandırma[7] natural gas, Kavşakbendi[8] and Hacınınoğlu[9] hydroelectric power plants were laid in 2008. In 2009, Sabancı Holding's shares in Toyotasa were transferred to ALJ Lubnatsi. In the same year, Enerjisa took over the shares of Başkent Electricity Distribution Inc.

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[6] Merged with Kordsa in 1999.

[7] Located in Turkey.

[8] Located in Turkey.

[9] Located in Turkey.

In 2013, Sabancı Holding and Carrefour decided to restructure the CarrefourSA partnership, which had been going on for 17 years. Sabancı Holding took over the management of the firm by purchasing 12 percent of CarrefourSA shares from Carrefour for 141 million Turkish liras. In 2015, Kordsa Global started its second production facility in Indonesia and Carrefoursa bought 85% of Kiler. Kordsa, Fabric Development Inc. and Textile Products Inc. decided to acquire its companies in 2017 with an investment of approximately 100 million USD. In 2018, Enerjisa went public. In 2019, Kordsa acquired Axiom Materials for 181 million USD, Sabancı Holding transferred 41% of Temsa Heavy Construction owned by its subsidiaries to Marubeni and Sabancı Holding decided to sell its shares of Yünsa.

2.2.1. Management in Sabancı Holding

The foundations of Sabancı Holding were laid by the founder Hacı Ömer Sabancı. Thanks to his entrepreneurial skills, Hacı Ömer Sabancı started to invest in more than one field and establish partnerships. Affiliated businesses, which form the basis of the organizations that constitute the present-day Sabancı Group, were established by Hacı Ömer Sabancı. Bossa, Marsa, Yağsa, Akbank and Aksigorta are a few of them.

> Thus, Akçakayalı Ömer's commercial intelligence started to increase by taking every opportunity to make money. (…) The mid-1920s his fortune exceeded one thousand Turkish liras. Now, when he went to Kayseri, he was able to make expenses that would bring a little comfort to the crowded family (Tanju, 1983).

Starting business with cotton and margarine trade, Hacı Ömer Sabancı expanded the business lines by establishing flour, fabric, and gin factories. He then laid the foundations of Akbank to utilize the opportunities in the changing economic system. Today, Akbank is one of Turkey's major private banks.

> Until the end of the 1940s, Hacı Ömer had learned many things in his business life. First, he saw that Turkey had changed. Just like the clothes he wore during his labor years, the economic structure was narrow to the country, arms and legs were out. This would not be possible with such small machines in paternal ways! Hacı Ömer was looking at his own life. (…) Without a standing tree, he gained millions from the cotton trade, which became a partner in cotton gin, yarn and oil factories in 20-25 years, and became the owner of an asset that can be said to be enough for him or his children. There were even those who said only Erciyes Hotel, cinema, restaurant, and ice storage were enough. However, Hacı Ömer was in the calculation of the insufficiency of his presence on that day for his future work (Tanju, 1983).

Hacı Ömer Sabancı, who had six sons, asked each of them to complete their education first and then take over the business. However, they did not obey him, they wanted to start their business lives early by taking their fathers as an example. It is because although Hacı Ömer Sabancı wanted them to study, he also introduced them to business life, difficulties, and discipline, and made them become experienced at an early age. İhsan, Sakıp and Hacı Sabancı brothers, three of his six sons, dropped out of their education and started working with their father full time. While İhsan Sabancı was mostly interested in cotton trade, Hacı Sabancı was engaged in automobile trading and cotton exports. Later, he served as the chairman of the board of directors of many affiliated businesses of the holding. Other brothers Şevket, Erol and Özdemir Sabancı started their professionalbusiness life after completing their university education in England.

Like his other sons, Sakıp admired his father. Ever since he was a child, Hacı Ömer used to tell them his work stories. Their father sanctified working in the eyes of children like a religion. When Sakıp was a younger boy, Hacı Ömer would ring the bells at home in the early morning and raise them all up, take him to the Köprü Başı, and teach how to shop, how to leave the cotton for the better. (…) They modeled their fathers and were determined to look like him. Hacı Ömer had harmed them unknowingly. However, Mrs. Sadıka[10] knew better than anyone that Hacı Ömer wanted the opposite. Hacı Ömer wanted to teach his children to be educated and not to leave his shortcomings with them. “The present is not like my time, Sadıka.” he always said and added “there is no bread for those who do not read and fill their head with information (Tanju, 1983).

The main reason behind this behaviour of Hacı Ömer Sabancı was his concern that the businesses he had established with great difficulty would fall apart after his death. This was a problem many family businesses faced, and he wanted the business to be owned by his sons and their business to be long-lastingas much as possible. Moreover, he wanted it to happen while he was alive, not after his death.

As he raised his children, he had seen how many large families had fallen apart before his eyes. When the father died, the children took their share of the inheritance, breaking down the wealth and business integrity that the father created as the first thing. Then, each one scattered to one side. Some were devouring the existing, some trying to turn a smaller business with his share. Hacı Ömer knew the fragmentation of the soil in his peasant life, the division of the soil that fed a family into pieces that could not feed anyone in time. Human labour and human product should not have crumbled to the length of integrity, this seemed a great injustice to Hacı Ömer. The work produced should not have been spoiled. (…) He would not let

[10] Sadıka Sabancı, Hacı Ömer Sabancı’s wife.

the integrity that he gave a lifetime starting from the age of a child be broken, but when he was not there, he wanted his sons to protect that integrity and grow it. Hacı Ömer knew the only solution. His sons should have thought like him. (...) He should have convinced his sons in the power of a large extended family when he was still at work and while he was strong (Tanju, 1983).

However, Hacı Ömer Sabancı also believed in advanced and educated human power. For this reason, he succeeded in the partnerships he established. Arzık (1985) expresses this situation as follows.

During the operation phase, important factors are authority and responsibility factors. Family businesses often deviate from "We are here, we have good machines, the rest is not important." Ömer Ağa did not attach any importance to this view. (…) He has measured the powers and responsibilities of outsiders, sometimes unlimited according to their knowledge. Another feature of Ömer Ağa was that he gave open space to new staff (Arzık, 1985).

Hacı Ömer Sabancı had what he wanted, and his sons claimed their work. After Hacı Ömer Sabancı died in 1966, his second son Sakıp Sabancı took over the business. Sakıp Sabancı started his business life when he was very young. He became a trainee officer at the age of 15 at Akbank. After leaving school due to illness, he started to work as a cashier at Bossa Flour Factory. He later became the Manager of Bossa Textile Business. He served as a member and the chairman of Adana and Kocaeli Chambers of Industry and Turkish Union of Chambers of Industry and Commerce for 25 years since 1964. One year after he took over, he gathered all the businesses under one roof and switched to the holding structure, which became a phenomenon in the business system of that period. Not only with major industrial investments, but also with their foundations and associations, sports teams, and various corporate social responsibility activities, holdings started their institutionalization processes in 1960s (Mert, 2017).

The Sabancı family went to the holding organization in 1967.Therefore, Sabancı Holding is known as one of Turkey's first holding companies. Sakıp Sabancı, who became the Chairman of the Board of the TUSIAD in 1986, served as the Chairman of the High Advisory Council of TUSIAD between 1987 and 1990. In fact, it was Sakıp Sabancı that brought Sabancı Holding to its present point. Sakıp Sabancı, who played an important role in the rise of the holding by making deep-rooted investments in the fields his father did not enter and signing important international partnerships to gain know-how and prestige. Having honorary doctorate degrees from many universities, Sabancı passed away in 2004. Unlike his father, Sakıp Sabancı believed that family members did not necessarily have to work in the family business.

It is a very difficult thing, but the successful person must separate his/her family from work. (...) If the successful person wants success to continue even after his death, it is imperative that he set up and run the enterprise while he is alive.If he cannot separate the family and the family business, establishment from each other, as the successful person dies, both his business and his family collapse. The survival of both the family and the business depends on the severing of all ties between the family and the establishment. (...) Let family members flourish away from the shadows of successful people. If they have the power, they should be even more successful. Successful people have a responsibility to strive for the success of their family members as well. (...) For this, all family members do not have to do the same job. Let family members choose their success areas according to their preferences (Sabancı, 1998).

After the death of Sakıp Sabancı, Güler Sabancı, the daughter of İhsan Sabancı[11]became the chairwoman of the holding's board of directors. After graduating from the Business Administration Department of Boğaziçi University, Güler Sabancı started her professional business life in Lassa, one of the important affiliated businesses of the holding, in 1978. Sabancı, who was the general manager of Kordsa in 1983, became Sabancı Holding Tire and Reinforcement Materials Group President after 14 years.

Table 2 shows the board of directors of Sabancı Holding. The board of directors consists of 9 members and majority members are from the family. Considered as the third generation, Güler Sabancı was elected as the chairwoman of the board of directors at the request of her other uncles after the death of her uncle Sakıp Sabancı in 2004. Güler Sabancı is also the executive member and serves as the Founding Chairwoman of the Board of Trustees of Sabancı University, the Chairwoman of the Sabancı Foundation Board of Trustees, and the Chairwoman of the Sakıp Sabancı Museum. Güler Sabancı, who was deemed worthy of many awards given by various organizations for years, is also the first Turkish person to receive the FIRST, “Responsible Leader of the Year” award.

[11] The eldest son of Hacı Ömer Sabancı.

Table 2. Sabancı Holding's Board of Directors

Güler Sabancı	Chairwoman of the board-Managing member
Erol Sabancı	Vice president of the executive board
Suzan Sabancı Dinçer	Member of the board
Sakıp Sabancı Holding Inc. (In the name of Saime Gonca Artunkal)	Member of the board
Serra Sabancı	Member of the board
Cenk Alper	Member of the board and CEO
Ahmet Erdem	Member of the board
Mehmet Mete Başol	Member of the board
Nafiz Can Paker	Member of the board
Total	**9**

Source: Sabancı (2020). *Yönetim kurulu*, https://www.sabanci.com/tr/yonetim/yonetim-kurulu, Date of access: 30/07/2020

Apart from Güler Sabancı, three other family members are on the board of directors.At the same time, Sakıp Sabancı Holding Inc., which represents family members is also on the board of directors. Erol Sabancı who is the vice president of the executive board of Sabancı Holding is one of the sons of Hacı Ömer Sabancı. He is the second generation of the family and at the same time, he has been working as the Honorary Chairman of the Board of Directors, Consultant and Member of the Board of Directors at Akbank, where he has been managing since 1967.

Suzan Sabancı Dinçer who is Erol Sabancı's daughter is also a member of the board as a third generation. Dinçerhas also been the Chairman of Akbank Board of Directors since 2008 and was previously the executive member of the bank. Another family member of the board of directors is Serra Sabancı. Sabancı, who started her business life at Temsa, one of the affiliated companies of the holding, serves as a board member in various group firms and as a member of the Board of Trustees at the Sabancı Foundation.

At the same time, there are finance, human resources and sustainability, bank, financial services, building materials, energy and industry group heads directly affiliated to the CEO as top management. In the senior management, there are the head of audit, various department heads, general secretary, consultants, and directors. There are also an audit committee, corporate governance committee, early detection of risk committee, and portfolio management committee that exist in line with corporate governance principles.

2.3. Ownership Structures and Management Styles of Eczacıbaşı Holding and Sabancı Holding

Ownership significantly influences a firm's strategic choices (Zahra & Pearce, 1989; Zahra, 1996), especially within family businesses where owners hold a significant equity stake. Owner managers are expected to behave as stewards of the firm's resources (Zahra, 2003). Ownership aligns the interests of the family business and its managers (Lansberg, 1999). The ownership structure of the two holdings can be examined in the tables below.[12]

Table 3. Shareholding Structure of Intema

Sharer	Capital Amount (TL)	Share in Capital (%)
Eczacıbaşı Holding Inc.	7.327.299,93	37,69
Eczacıbaşı Pharmaceutical, Industrial and Financial Investments Industry and Trade Inc.	2.876.579,62	14,80
R. Faruk Eczacıbaşı	1.520.660,30	7,82
F. Bülent Eczacıbaşı	1.388.867,76	7,14
Eczacıbaşı Investment Holding Inc.	890.418,88	4,58
Intema Construction and Installation Materials Investment and Marketing Inc.	275.779,00	1,42
Other (Eczacıbaşı in-group)	1.039.405,45	5,35
Other (Eczacıbaşı out of group)	4.120.989,07	21,20
Total	**19.440.000,00**	**100,00**

Source: Eczacıbaşı (2020). *Intema Ortaklık Yapısı*, https://www.eczacibasi.com.tr/tr/yatirimci-iliskileri/intema/intema-kurumsal-yonetim/intema-ortaklik-yapisi, Date of access: 02/08/2020

12 The partnership structure of Eczacıbaşı Holding could not be reached.

Table 4. Shareholding Structure of Eczacıbaşı Pharmaceutical, Industrial and Financial Investments

Sharer	Capital Amount (TL)	Share in Capital (%)
Eczacıbaşı Holding Inc.	165.836.635,09	24,20
Eczacıbaşı Pharmaceutical, Industrial and Financial Investments Industry and Trade Inc.	129.307.591,26	18,87
R. Faruk Eczacıbaşı	68.356.502,00	9,98
F. Bülent Eczacıbaşı	62.432.182,88	9,11
Eczacıbaşı Investment Holding Inc.	40.025.980,79	5,84
Other (Eczacıbaşı in-group)	46.723.203,50	6,82
Other (Eczacıbaşı out of group)	172.577.904,48	25,18
Total	**685.260.000,00**	**100,00**

Source: Eczacıbaşı (2020). *Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Ortaklık Yapısı*, https://www.eczacibasi.com.tr/tr/yatirimci-iliskileri/eczacibasi-ilac-sinai-ve-finansal-yatirimlar/ilac-kurumsal-yonetim/ilaci-ortaklik-yapisi, Date of access: 02/08/2020

Table 5. Shareholding Structure of Eczacıbaşı Investment Holding

Sharer	Capital Amount (TL)	Share in Capital (%)
F. Bülent Eczacıbaşı	68.356.502,00	9,98
R. Faruk Eczacıbaşı	62.432.182,88	9,11
Eczacıbaşı Investment Holding Inc.	40.025.980,79	5,84
Other (Eczacıbaşı in-group)	46.723.203,50	6,82
Other (Eczacıbaşı out of group)	172.577.904,48	25,18
Total	**685.260.000,00**	**100,00**

Source: Eczacıbaşı (2020). *Eczacıbaşı Yatırım Holding Ortaklık Yapısı*, https://www.eczacibasi.com.tr/tr/yatirimci-iliskileri/eczacibasi-yatirim-holding/yatirim-holding-kurumsal-yonetim/yatirim-holding-ortaklik-yapisi, Date of access: 02/08/2020

Table 3, 4, and 5 show the shareholding structure of Eczacıbaşı Holding's main affiliated businesses. The three businesses are also publicly traded businesses. Intema and Eczacıbaşı Pharmaceutical, Industrial and Financial Investments were offered to the public in 1990 and Eczacıbaşı Investment Holding in 1986. Considering that the Istanbul Stock

Exchange[13]was established in 1985, it can be said that Eczacıbaşı Holding moved rapidly in this sense. This situation also affects the corporate management of firms because, publicly held firms must comply with corporate governance principles. For example, the minutes of the general assembly of public firms are shared with the public.

Eczacıbaşı Holding is the largest partner of Intema and Eczacıbaşı Pharmaceutical, Industrial and Financial Investments. The biggest shareholder of Eczacıbaşı Investment Holding is F. Bülent Eczacıbaşı, the chairman of the holding's board. Faruk Eczacıbaşı has a higher share in Intema and Eczacıbaşı Pharmaceutical, Industrial and Financial Investments.

Table 6. Shareholding Structure of Sabancı Holding

Partner's Commercial Title Name-Surname	Nominal Value (TL)	Share in Capital (%)	Voting Right Ratio (%)
Sakıp Sabancı Holding Inc.	287.100.000,56	14,07	14,07
Serra Sabancı	147.370.880,80	7,22	7,22
Suzan Sabancı Dinçer	141.566.960,87	6,94	6,94
Çiğdem Sabancı Bilen	141.566.960,87	6,94	6,94
Other	1.322.799.127,90	64,83	64,83
Total	**2.040.403.931,00**	**100,00**	**100,00**

Source: Sabancı (2020). *Ortaklık yapısı,* https://yatirimciiliskileri.sabanci.com/tr/kurumsal-yonetim/ortaklik-yapisi, Date of access: 30/07/2020

Table 6 shows the partnership structure of Sabancı Holding. Accordingly, the biggest share is Sakıp Sabancı Holding Inc. of which family members are shareholders. Other partners are also family members. The table clearly show the dominance of family ownership in the holding. It shows that the families often have a dominant position in the ownership and management of business groups in late industrializing countries (Chung & Luo, 2008; Yıldırım-Öktem & Üsdiken, 2010).

Management and control are both centralized in these holdings. Both two holdings take decisions on their boards of directors and receive support from the general assembly and corporate governance committees when needed. Management is centralized in family businesses because ownership and management are held by the same person. In this management approach,

[13] Now known as Borsa Istanbul-BIST.

all decisions, plans, and controls regarding the business are taken and implemented by the founding generation. Centralism, which is a useful approach for making quick decisions during the establishment and development periods of the business, turns into a more static state as the life of the business extends and makes the business cumbersome. On the other hand, there are also people whose job is to be a manager in the management, especially in family businesses that have become professional in management. These managers, who are selected from very well-educated professionals who speak more than one foreign language if possible, can work in the business for a long time and are therefore considered like a family member.

With the appointment of these managers, it is important to determine the authorities and responsibilities in advance to prevent conflicts between both family members and managers (Aydın, 2018). Management is a function that directly affects the life of the business. A well-managed business lives longer than a badly managed business. Therefore, the management structure positively affected the long-term success of Eczacıbaşı Holding and Sabancı Holding, which were established in 1942 and in 1925, respectively. Although family members are prominent in the board of directors, chief executive officers (CEO) and other board members are selected from professional managers.

One of the main aspects that characterise modern corporations, noticed formerly by Berle and Means (1932), is the separation of ownership from management. In family businesses, the top management level is usually chosen from family members. However, CEOs are chosen from professional managers in the context of corporate governance principles in many large Turkish holdings. CEOs are not family members at Eczacıbaşı Holding and Sabancı Holding. In this context, another important issue is the CEO duality. The expression dual refers to a board leadership structure in which the CEO wears two hats- as CEO of the firm and as chairperson of the board of directors (Rechner & Dalton, 1991). Interest in duality has emerged primarily because it is assumed to have significant implications for organizational performance and corporate governance (Baliga, Moyer & Rao,1996). Especially agency theory (e.g. Levy, 1981; Dayton, 1984) suggests that CEO duality diminishes the monitoring role of the board of directors over the executive manager and this in turn may have a negative effect on corporate performance. However, CEOs in both holdings are also members of the board of directors and serve in corporate governance committees.

The board of directors of the holding's headquarter is controlled by family members who own capital (Buğra, 2010). As known, business groups are not just formal; they are also linked by informal ties such as family, friendship, social class, religion, language, ethnicity, and environment (Granovetter, 1994). With these informal ties, a person working in a subsidiary can easily be assigned to another subsidiary or holding headquarter. For example, Mehmet Tevfik Nane, who worked as the general manager of CarrefourSA, a subsidiary of Sabancı Holding, started to work as the CEO of Pegasus Airlines, a subsidiary of Esas Holding, where another Sabancı family member is the chairman of the board. These ties allow both Turkish holdings to easily obtain the workforce required for the continuity of their activities and to work with qualified personnel (Mert, 2017).

This situation and family members on the board are signs that these holdings are central to management and control. As it is known, the boards of directors are the representative bodies authorized to take the most strategic decisions in the business and make long-term decisions within the framework of effective risk management. The highest authority belongs to the board of directors. Besides boards contribute to the performance of the firms by carrying out their legally mandated responsibilities (Zahra & Pearce, 1989). Therefore, the family members and the chairman and deputies of the holdings are from the family, which is an important feature that shows the influence of the family on business decisions.

At the same time, a holding is a type of business that invest unrelated to a wide variety of fields. Investors who want to make good use of opportunities invest not only in their fields of activity, but in almost every field they see profits. Especially in the 1970s, holdings whose number gradually increased in Turkey are the most important economic actors of the Turkish business system today. They make important investments not only in the country but also abroad. This situation brings with their entrepreneurship. Nejat Eczacıbaşı and Hacı Ömer Sabancı are both important entrepreneurs in this sense. According to Eczacıbaşı, Sabancı has invested in more diverse business lines since its establishment. Eczacıbaşı has invested in relatively similar business lines. However, Sabancı has also turned to focusing rather than diversification strategy in recent years. He withdraws from areas he finds unprofitable.

The holding structure has brought institutionalization with it. Holdings in Turkey are established as joint-stock companies. Joint stock companies are also managed by boards of directors. The chairmen and their deputies have been family members since the holdings were established. As of 2020, Eczacıbaşı Holding is headed by the second generation and Sabancı Holding is headed by the third generation. However, this board is accompanied by professional managers and corporate governance committees.

Another common feature of the two holdings is that the fact that the family capital is not dispersed is the concern of the founders and the new generations make a choice in their business life on this concern. Nejat Eczacıbaşı has set his own path while the father is continuing the profession but explains the reason for this as he does not know what the other siblings will react in the future if the father continues his job. Both this thought and the desire to turn to industry by seeing the opportunities in the developing Turkish industry formed the basis of today's Eczacıbaşı Group. However, he asked his brother Şakir Eczacıbaşı and his sons not to split the capital, to continue the business and to receive training in this direction.

Hacı Ömer Sabancı also inspired his sons with the same requests. All his six sons took various positions in the businesses he founded and later his son Sakıp Sabancı gathered the businesses under a holding structure. Family businesses are established with the entrepreneurial skills of the founder and survive in the early days when the founder puts these skills into practice. However, his sons also configured with the same entrepreneurial spirit then have made the holding as one of Turkey's most important holding with their national and international investment. Considering all these and the historical developments and management styles of holdings, it can be said that both holdings have managed to be permanent.

In family businesses that have managed to be permanent (Karpuzoğlu, 2000):

- Ownership is distributed among family and many professionals.
- The organizational structure is complex.
- Decisions are taken by a committee consisting of professional managers, consultants, and the family.
- Communication is multidimensional.
- Domestic and foreign market values dominate the business.

Institutionalization elements are heavily involved in both holdings. Accordingly, the authorities and responsibilities are correctly allocated to carry out the works to be done in these businesses efficiently. In this context, the management of both holdings is family-dominated, has an entrepreneurial feature and participative.

CONCLUSION

In the world, family businesses generally disintegrate after the first and second generation and 30% after the second generation. The management and control of a large part of family businesses are concentrated in a single family. The most important reason for this is that most of the capital is owned by the family that is in the hands of the management. Management in family businesses has been discussed in the management literature for many years because most of the family businesses are short-lived. Therefore, the life expectancy of the vast majority is limited by the life span of the founder. The main reasons for this are excessive centralization, the fact that most of the jobs that require knowledge and especially experience are carried out by non-professionals, the inability to define the jobs, nepotism, time management, devolution of authority, internal conflicts, not being able to deal with professional managers, training problems of the managers and staff, the lack of qualified personnel, the issue of who will be replaced by leaving the management and conflicts of interest.

Nowadays, businesses that are globalizing, changing rapidly, keeping up with important technological innovations and providing efficiency are considered successful. However, management emerges as an important function to incorporate the elements that seem very simple but cause difficulties in practice. Family businesses that are aware of this situation and therefore live long leave the management in the hands of professionals who have turned it into a profession. It is because if a business is dependent on a person, it is not possible to ensure the continuity of that business.

The most important value for businesses in modern economies is to ensure the continuity of businesses as organizations that are accepted as old, rooted, years of experience are firms that have gained an important place in the eyes of their stakeholders. Even if the business maintains its continuity at some point, these problems may arise again at some point and cause problems in terms of the continuity of the business. Family businesses are fragile. Therefore, institutionalization and professionalization in management and establishment of the ideal business order are more important in these firms. Institutionalization is essential for the continuation of works and successes. Institutionalization is to ensure cooperation between people, to make correct job and job descriptions. Authorities and responsibilities in the business are also clearly defined with institutionalization. Thus, it is known in advance who is responsible for which jobs and tasks, decisions are made faster accordingly, and the control mechanism works more accurately. Institutionalization means good management and planning in the business. Family members who want to be permanent and leave a strong and healthy institution to future generations must renew, institutionalize, and prepare their businesses with a different perspective (Aslan & Çınar, 2010).

In this sense, two of Turkey's major large family businesses Eczacıbaşı Holding and Sabancı Holding, have been studied in terms of their historical development, important breaking points, boards, and ownership structures. Both holdings are businesses whose foundations were laid in the early years of the young Turkish republic. After completing his education in chemistry, Nejat Eczacıbaşı, the founder of Eczacıbaşı Holding, took a risk and entered the Turkish industry, which was still in its infancy, rather than work alongside his father. However, he entered the pharmaceutical industry and showed that he did not leave his father's footsteps because many sources base the foundation of Eczacıbaşı Holding on his father Mr. Süleyman Ferit. Nejat Eczacıbaşı believed in the value of institutionalization from the beginning to the end of his business life. Besides, Bülent Eczacıbaşı is the chairman of the board of directors of three important affiliated companies. Here, a feature of being a family business that is considered important by family members comes into play: being centralized. Therefore, it is thought that there is a concern about the release of the power of attorney.

Sabancı Holding, founded by Hacı Ömer Sabancı, is also a family business. Contrary to Nejat F. Eczacıbaşı, Hacı Ömer Sabancı, who came from a poor family and could not complete his education, made important investments in the field of industry by making good use of the opportunities he gained after starting his business life. Therefore, both businesspeople have an entrepreneurial spirit. Since the opportunities captured by Hacı Ömer Sabancı they are often unrelated to each other, he has invested in various fields compared to Nejat Eczacıbaşı. Holding is a financing model used in situations where financial markets are underdeveloped and under pressure and the private sector suffers from financial resources (Günçavdı, 2009). At the same time, with the structuring of the holding, efficiency in the business increases, efficiency is ensured in management and competitive power increases.

Another common point of the two businesspeople is their concern about the continuity of the businesses they have established. Although Sabancı Holding was established one year after the death of Hacı Ömer Sabancı, it is obvious that such a decision could be made within a year or not. It is very likely that Hacı Ömer Sabancı's positive opinion on this issue was received by his sons before his death. After the death of both businesspeople, the sons did not fall apart, and the capital was not divided. Most family businesses may face this problem. Family businesses in Turkey are distributed after quitting the first generation. Many of family businesses that can be described as long-lived in our country have changed hands. However, family holdings whose seeds were sown during the early Turkish republic period continue their lives with the third or fourth generation today.

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PART ONE
CHAPTER 4

DETERMINATION of STRATEGIC PRIORITIES in FAMILY BUSINESS

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INTRODUCTION

The way for companies to enter new markets and maintain their position is possible by creating new products, services, processes and management. In this context, continuous innovation in product, service, process and management has shifted the competition to quality, performance and gain rather than the price of the product. One of the most important factors in profitability and growth sustainability is that businesses create different values from their competitors and turn this into competitive advantage with strategic innovations. This means providing a strong competitive advantage to businesses whose strategic innovations reveal a process that has not yet been discovered and implemented by competitors.

In our age where international competition has increased and its importance has increased, the rapidly spreading science and technology developments have been effective in almost all departments of organizations. In this method applied to carry out a transaction, the way to make organizations efficient is through innovation and creativity. The concept of innovation is a new structure or management process, policy, plan or program, a new process and newly created product and service established in organizations. Development and adoption of innovation by organizations is becoming a necessity day by day, and even in an intense competitive environment, strategic innovation and its management are seen as important as knowledge and technology. Organizations that place innovative understanding in the structure of organizational culture and provide this structure will achieve significant success in adapting to the environment they are affiliated with and progress.

Businesses will be able to be effective in the market and continue their lives thanks to the competitive advantage. Strategy is a managerial tool that primarily evaluates uncertainties and variables by ensuring innovation, development and adaptation of organizations to the environment where competition is intense, and manages them with a control mechanism. In other words, it does not seem possible for organizations without a strategy to climb the steps required by innovation management.

Today, the most important power of creativity, change and development is the concept of innovation. Innovation is the only address for businesses to be superior to each other in an ever-increasing competitive environment in a constantly changing world. Businesses that use innovation well can walk to the future with more confident and reliable steps. Especially in the century we live in, as a result of the scientific developments triggering each other, innovation is needed much more than before.

In the study, it is to make an assessment in terms of which priorities are included in the context of strategic management understanding in family companies and in terms of competitive gain towards innovation and innovation management practices that are in the first place of these priorities. In line with this purpose, firstly, basic information about the concepts of strategy, strategic management, and family companies was given, and then the strategic management of innovation and competition gain practices implemented by today's family businesses were examined by giving examples based on the literature.

The aim of this study is to reveal the importance of the methods emerging in the strategic management approach for family businesses, to examine the structure and elements of family businesses that adopt strategic management and to evaluate the importance of strategic innovation management and competitive advantage for organizations.

1. STRATEGIC MANAGEMENT CONCEPT

In the basic context of strategic management, it is said that there are long-term plans realized by the top management in order to reach the situations expressed in the goals and missions in an organization (Eren, 2005). In this respect, strategic management is making the decisions determining the long-term success of the organization, determining and implementing the organization, program, budget and activity processes in order to put the strategy into effect, constantly controlling the status of achieving the results stated by the goals and missions at all stages and taking corrective actions (Aslan, 2020).

Considering the effectiveness of the human factor, which is considered to be the most important element of intellectual capital, it is accepted that recruiting employees that will add value to the business is one of the most important stages of strategic management activities (Varışlı, 2020).

Strategic management elements are easily applied to large and corporate companies. The institutionalism stated here is attributed to the stakeholders in the organization having more responsibilities, exercising authority and fulfilling their duties. Relationships in small or medium businesses are more informal. It is stated that organizations that are structurally complex and adapt to changing environmental conditions tend to have a strategic orientation. Especially companies with differences in product and market segments should focus more on strategic orientation elements. In addition to providing cost advantage, companies that bring efficiency to strategic management elements also consider superiority in factors such as rapid development, success and effectiveness in competition. Strategic management provides the following benefits to family businesses:

- The future of the business is shaped; it provides managers with proactive behavior.
- It helps to provide fluency in activities and to achieve success.
- Provides the formulation of highly effective strategies.
- Provides increased productivity.
- It provides an increase in sales.
- Provides increased profitability.
- It increases the productivity of the employees.
- The strategies of competitors are better analyzed.
- External threats are recognized.
- Productivity is achieved by rewarding performance.
- Problems are detected and resolved early.
- The resistance to change is reduced.

The family business can achieve success with special instruments similar to strategic orientations by using some administrative activities based on goals and tactics in strategic management. These strategic orientations consist of activities that include both managerial content and applications in the company. In today's business life, strategic orientations named relationship, innovation, market, customer, entrepreneurship and learning have been used extensively by family companies. The main purpose in strategic management is to determine methods that will bring success over time as well as high performance (Habbersson et al., 2003).

Family businesses has 95% share in Turkish economy companies. Besides this, family companies are seen to be the founding elements of important companies in the world. The establishment, growth and continuity of these enterprises are also an important element of the global economy. Family businesses have some characteristics in providing competitive advantage. Strengthening the long-term growth targets and the future positions it provides to family members, is necessary to ensure company continuity. It is also seen that these goals give a clear identity to the family business (Cadburry, 2000).

After family companies use various strategic orientations, a new structure can be created for the organization in line with the main philosophy of re-process. It is aimed to increase organizational performance by using new managerial techniques (Aktan, 2003). Hammer and Champy state that it is necessary to make radical changes in business processes and to redesign plans in a realistic way in order to develop the most important performance criteria of the age, namely cost, quality, service and speed. Restructuring, on the other hand, is defined as a management technique that enables the structure, system, process and applied policies to be rapidly and radically designed and changed in an organization to achieve a higher performance level from the current situation and to attempt new breakthroughs. The main purpose is to increase the performance level of the organization and to ensure the continuity of this performance (Aktan, 2003). The new organizational structure that has emerged takes on a new form that responds to customer expectations faster, innovative activities are adopted by the senior management, has a tendency to take risks when making managerial decisions, and restructures the communication of the organization's internal and external environment. In this context, it seems possible to seize new opportunities if the organization can easily adapt to the changes in the external environment called “dynamic balance” and the changes in the market conditions in which it operates. An important issue here is to answer the questions whether senior managers will take a bold attitude towards strategic orientations and how will these orientations be integrated into the family business. The reason for this can be similar results in the form of strict attitude towards the change that family companies sometimes face and the lack of attention to these current approaches. In addition, senior management should pay attention to analyzing the contributions to be provided to the business by these orientations and making radical decisions about their implementation.

In family businesses, it is possible that these present particular challenges for directors and shareholders. Creating an organizational culture specific to the organization and determining the policies and ensuring that these policies are valid for everyone can cause difficulties for managers. Even in the case of institutionalization of family businesses, it is seen that the cultural structure in the establishment is dominant. In addition, it is stated that the strategic orientations that are integrated into the organizational culture are an important advantage in terms of the strategic management process (Üzün, 2000). Each strategic orientation has different effects on profitability and growth in the family business. Strategic orientations have a direct impact on firm performance, provide a competitive advantage that can be sustained in dynamic business environments that are rapidly changing, and enable the firm to become strong and easily defensible against its competitors. The main goal of family business managers is to listen to the customers in the market where they operate with the understanding that customer demands and needs are met, and to gain competitive advantage by developing marketing ideas in accordance with this understanding. The difference of strategic management from other managements is explained as follows:

1. Strategic management should be considered as a function of the top management of the organization. In this context, strategic management is about the future of the business.

2. It is about business vision; It expresses what needs to be done in order to reach a result by developing long term goals for the future.

3. Strategic management is a holistic view of the business; It contains all the parts that make up the whole.

4. According to strategic management, businesses are open systems. In this respect, it is seen that the environment is closely monitored.

5. In strategic management, there is a social responsibility that protects the interests of the society against the external environment.

6. In strategic management, resource allocation is made effectively within the framework of realizing the business objectives.

7. In strategic management, a starting point is established to be applied by everyone, even to the lowest units, in the determined goals, decisions and activities.

2. STRATEGIC PRIORITY APPROACHES in FAMILY BUSINESSES

2.1. Entrepreneurship Orientation Approach

The entrepreneurship orientation approach includes an important strategic orientation in which the potential market requirements of the firm can be met in the coming years. In the market-based definition made by Morris and Paul in 1987, there is a tendency to take risks in the top management of the business, the presence of innovation and the evaluation of proactive applications (Paksoy, 2005). In addition to the existing definitions in 1996, Lumpkin and Dess stated that entrepreneurial businesses are more willing to make decisions on their own, have an autonomous structure and prefer more aggressive strategies against competitors (Panayides, 2007). In 1983, Miller tried to find a definition of entrepreneurship orientation with a method that combines market innovation, risky investments and being the first in the field. Entrepreneurship, risk taking, proactive actions, autonomy and competitive aggression, which form the common point of definitions from a general point of view, form the basis of this orientation (Waltera et al., 2006).

For success in entrepreneurship orientation, the organizational structure, corporate culture and environmental dynamism in the company must be fully compatible. In many studies, it is said that company performance with entrepreneurial orientation will be successful if supported by technological environment. Especially if innovative technologies are effective in the innovative activities of the company, organizational ideas can be commercialized more easily. In general, the entrepreneurship orientation has focused on the philosophy of behaviors and processes towards entering new markets and producing new products and services. Five basic features are used in the definition of entrepreneurship orientation. The first of these is autonomous and refers to the ability of all organizational elements to be independently decided and applied to managerial events and decision-making. The second is to take risks, and it refers to the decision making and implementation by the business on matters whose consequences cannot be predicted. Another is innovation and it means supporting new ideas in the business and putting them in the target. The fourth is taking responsibility and describes new business opportunities and proactive action in the developing market. Finally, there is competitive aggressiveness and the challenge of competitors during market entry or to strengthen the market position.

Although the business cares about entrepreneurship in the corporate context, it is possible to remain passive in entering new markets and pursuing business opportunities by engaging in a small amount of innovative activities without taking a risk by choosing a more conservative orientation. The choice in question is about which model will be chosen and implemented by the top management. Besides this, entrepreneurship orientation controls the development of activities that will be a source for the general competitive advantage of family businesses, and the times of learning and production (Waltera et al., 2006).

2.2. Innovation Orientation Approach

Since the early 2000s, much new information on strategic orientations has been acquired from the field of business administration. In this context, it is seen that the innovation orientation has become the most important strategic management tool that directly affects the increase in market shares, competitive positions, quality and efficient production style. In all organizations, innovation activities form a field of application (Yılmaz, 2020). The concept of innovativeness, which forms the basis for the innovation orientation, was defined by Luecke and Katz in 2003. For them, innovation is the successful presentation of a product or method. In this context, it is the synthesis of the original information with new and valuable products, processes and services that are suitable for the company and the customer (Berthon et al., 2004).

As can be seen, the definitions focus on products and services that will be put on the market by family companies and that emerge with an innovation orientation. Basically, it includes the activities of defining the needs of the customer and creating and searching for new markets. (Berthon et al., 2004). The innovation-oriented information structure is based on a system that includes all the strategies and actions of the organization, all formal and informal business systems, behaviors, authorities, and company processes, and carries common beliefs and understandings throughout the organization (Siguaw et al., 2006). Studies investigating innovation focus on the factors that affect innovation, speed and gain. If we take the system as a basis, the innovation orientation affects the organization positively or negatively under certain conditions. In organizations that can be called an innovation oriented structure, it is ensured that business capabilities are managed correctly and that continuous R&D activities are carried out (Siguaw, 2006). Innovative-oriented enterprises strive to gain a competitive advantage over resource supply, technology, employees, activities and the market. The outputs of the innovative process also have some effects on the organization (Totterdell et al., 2002). Innovation orientation gives the company the ability to develop and use technology. The orientation brings along the renewal of the process and management regarding the method, techniques, information flow and the equipment used (Simpson et al., 2006).

Increasing importance in R&D and innovation activities and institutionalization increase the importance in ensuring economic growth and development for all family companies. Determining the strengths and weaknesses of corporate identity may require making a difference in economic activities. In addition, factors related to history and culture can affect the corporate identity specific to the family business in the market within the framework of the laws and conditions related to the economy, which includes different institutional structures (Maher and Andersson, 1999).

Creating a brand new value by differentiating the product or service offered to the market by the family business with innovative methods is a preferred strategy to be implemented in order to generate income above the sector average. In this framework, the family business should move its perspective on technological change beyond the boundaries of the sector (Porter, 2009)

The stages of the new product development process are expressed as follows:

1- Generating the idea

2- Following the idea

3- Designing and testing the concept

4- Job Analysis

5- Beta testing and market testing

6- Realization of technical applications

7- Commercialization

8- Pricing of the new product or service

2.3. Customer Orientation Approach

Customer orientation requires understanding customers in order to create services and products that value the customer at the highest level. Creating value for the customer means increasing the benefit provided while reducing costs for the customer. The formation of such an approach requires collecting data about the customer and understanding the nature of the economic and political boundaries in which they are located. Customer orientation, also known as customer orientation, consists of activities determined on the basis of understanding the target customers as required in order to continuously create superior value from the previous one. That is, the basis of customer orientation includes efforts aimed at responding to the customer through customer analysis. In this context, being customer-oriented is primarily to understand the customer in order to produce value-added services and products. Customer orientation is an aid to which the business can get support in presenting attractive suggestions to the customer.

According to Reichheld (1996), the customer is important to the company for the following reasons:

- Earning customers can be costly; therefore, customers who are loyal to the company for less than one year are not considered profitable for the company.

- Customers who continue to work with the company after customer acquisition costs are deducted after a year can generate a significant income.

- As the number of customers increases, so does the income.

- Depending on the learning curve, as more efficient service is provided to customers, costs decrease.

- Keeping the customer in the company's portfolio and satisfying the customers attracts other potential customers to the company.

- This relationship has some costs for the customer as well, if the brand and company dependency continues, the price sensitivity of the customers decreases over time.

Kutner and Cripps (1997) base their customer relationship orientation on four pillars:

- Customers should be managed as the most important resource of the business.

- Customer profitability may vary depending on the situation; not every client makes equal requests.

- Customers should be classified according to their wishes; purchasing habits and price sensitivity should be considered.

- Depending on customer demands, customer profitability depends on maximizing the value of the products and services that companies generally offer in their customer portfolios.

If the business understands the customer preferences very well, it will be successful in responding to its suggestions that attract the customer. According to Deshpande et al. (1993), customer orientation is a set of values that prioritize the benefit of the customer, on the condition of protecting the interests of all stakeholders of the enterprise in order to be a profitable business in the long term.

Day and Wensley stated in their study in 1988 that customer focus can be formed as a result of the determination and implementation of the activities to be carried out by the business to meet the customer needs after analyzing the factors that benefit the customers in detail. Since the need for a product and service is understood by the customer, it is possible to achieve differentiation that cannot be imitated by competitors through development and improvement studies that can be achieved in the period until the product or service is given up (Çandır & Uray, 2008).

2.4. Learning Orientation Approach

Learning orientation is the tendency to use mental models and strong logic elements in the organization in a way that makes the organization the most competitive in the market. Learning orientation is a mechanism that covers the entire activities of the firm to compete with old values and include new techniques in the system. Organizational learning is a continuous activity; specific changes need to be made to ensure a continuous flow of information. In the context of organizational learning, there is a direct impact on innovation and firm performance, so family companies should use their learning orientation effectively in managerial activities (Lee and Tsai, 2005).

2.5. Team Orientation Approach

Team orientation, which is defined as encouraging the organizational climate in order to create a realistic vision under the leadership of a leader, to ensure that all employees move towards a common goal, expresses that the element that starts real learning is dialogue. The orientation, which includes making decisions by considering the steps for the future of the company together, includes creating, developing and adding new information by the individuals to the company as added value (Lee and Tsai, 2005).

2.6. System Orientation Approach

The area of interest of system orientation is structuring, employee groups, roles, employee relations and performance outcomes. System orientation, which has an important place in organizational learning, is used in determining the cognitive learning criteria of the organization. For example, the understanding of system orientation helps managers in order to create an organizational culture for employees and to increase the level of productive learning by strengthening cultural patterns (Lee and Tsai, 2005).

2.7. Market Orientation Approach

Market orientation is accepted as the basic element in marketing and is a phenomenon that increases its importance in terms of working areas such as strategic management. It is seen that the concept has increased in importance over time and has become a branch of managerial practice. Market orientation is included in all studies on management science. At the same time, market orientation is an indicator of organizational success. Although market orientation is a growing area of research and an increasingly attention-grabbing concept, it seems that many companies make little effort to create a market-oriented structure. Market orientation defines the effort of all employees of the organization to create superior value in order to ensure the continuity of customers (Çandır & Uray, 2008).

Market orientation aims to create a company culture with strategies based on understanding and satisfying customer expectations and needs and maximizing the value given to them. For this purpose, the fact that all stakeholders in the business constantly keep up-to-date information about competitors and customers and the behavior that can share information within the business is defined as market orientation (Bulut et al., 2009). Today, most enterprises direct their production activities in a market-oriented way, not product-oriented.

With the help of market orientation, the domination of market-oriented culture to the companies in order to maintain effective competition in modern business life, ensuring high performance and continuity in success, and re-establishing marketing practices within the framework of the changing needs of the customer is ensured (Danışman & Erkocaoğlan, 2008). Market orientation is the set of organizational activities aimed at understanding customer expectations and needs, satisfaction and maximizing their values. It is stated that market orientation provides a higher rate of innovation (Porter, 2009).

The organizational structure of many companies is oriented towards high profitability and being ahead of the competition. In particular, in the global competitive environment, changes in technology and increase in product variety are the main factors that require creating new production environments (Pun, 2004). The family business must be able to take on a structure that includes technology, demographics, laws and industry codes. In this way, it becomes easier to achieve long-term goals.

The strategic orientation of the company directed to basic price, quality, delivery or service policy, as well as a strategy for efficiency can be developed in order to maintain the market position. This leads the company to develop market-based strategies with its short-term experience. Strategically oriented companies determine their strategies by making efficiency and productivity analyzes. It is expected that the market-oriented business will provide a competitive advantage by accurately conveying the new process that occurs by creating new knowledge and methods in the business environment. The characteristic determinants of market orientation are focusing on customer surveys, conducting market research, meeting with departments, and rapid response to competitors' tactics for price, product and service (Kohli et al., 1993).

2.8. Relationship Orientation Approach

Relationship orientation is a multidimensional concept and has been studied in various dimensions by different authors. According to the model created by Panayides in 2007, it has five different dimensions: trust, borders, communication, shared values and empathy. Relationship orientation is important in terms of using strategic management elements in order to create a strong organizational culture and shared values in family businesses. It includes relations with all organizations that have business partnerships in connection with supply chain management in inter-organizational relations.

The senior managers of a relationship-oriented family business should consist of people who clearly theorize and apply the concepts of supply chain management and logistics management. Supply chain management is to ensure the effective use of internal resources by integrating with external resources for the company. It aims to increase the values that affect business performance, such as improved production capacity, market sensitivity and relations with customers or suppliers. In the process, managers are given the opportunity to make informed decisions throughout the whole chain from raw material procurement to the manufacturing process and from there to the distribution of processed products to consumers (Paksoy, 2005). In this context, logistics management; is to design and manage a system that will control the flow of materials and produced and processed goods in the realization of strategic objectives in the enterprise (BTSO, 2007).

CONCLUSIONS and RECOMMENDATIONS

The importance of using effective strategic approaches by family businesses is increasing. Designing and implementing an effective strategy lays the groundwork for periodically controlling the performance of the family business, establishing a closer relationship with the customer, directing market competition, and thus developing new strategies. In this context, family businesses should try to gain competitive advantage by choosing a strategic orientation in line with the organizational structure in order to maintain their existence in the competitive market and to increase their performance within the framework of continuous improvement. In this way, profitability and growth rate can be increased in the family business.

It is stated that the innovation orientation is a strategic management tactic that is considered important especially by family business managers. Likewise and especially the innovation orientation that places great importance on new product development including R&D activities is perceived by top managers of family businesses working in Turkey, as selling a new product in a new market or make a connection with customer with a special service and product in a dfiferent part of market.

The warning has to be done to managers of the family businesses operate in Turkey is fact that applying strategic orientations together, not individually, will have an uplifting effect on company performance. If entrepreneurship orientation and innovation orientations are used together by supporting each other, the synergy of strategic orientations may increase. Businesses that have international activities due to the present and increasing interest in strategic orientations around the world, aiming profitability and aiming to grow, with foreign partners or with the goal of choosing foreign investments as partners, can take important steps in achieving sustainable competitive advantage by choosing the strategic orientation suitable for their structures or combining with a few.

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PART TWO

CHALLENGES
in
FAMILY BUSINESSES

PART TWO
CHAPTER 5

WORRIES about LOSING LEADERSHIP in FAMILY BUSINESSES

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"Succession in a family business is probably the most complex management challenge anybody faces."

Peter Davis (1988)

INTRODUCTION

"*Family business"* refers to companies that are owned or controlled by a family with one or more relatives being involved with management (Olson, Zuiker, Danes, Stafford, Heck & Duncan, 2003). It has been estimated that 80 percent of all firms in the U.S. and European Union economy meet this definition (Poza & Daugherty, 2020). Currently, the average longevity of the family business is only 24 years, which is also the average tenure of the founders of the firm (Perryer & Te, 2010). Also, only one-third of family businesses survive into the second generation, and with only 10-15 percent making it into the third generation (Perryer & Te, 2010). One possible factor that plays a role in the longevity of family owned companies is the succession process which has the potential to give rise to negative outcomes in organizations such as conflict and chaotic environments as consequences of the changes in the company structure (Sharma, Chua & Chrisman, 2000). Research has shown that, the succession process is associated with more difficulty within the family business, dues to the dynamics of the relationship among family members (Handler & Kram, 1988). In addition to this, leader's worries and stresses regarding the loss of their leadership status may also have an impact on the process (Howorth & Ali, 2001).

A key challenge in this process, considering the experiences of leaders, is understanding and assessment of the leaders' worries about losing leadership role in family businesses. With the purpose of clarifying this issue, the current study aims to conceptualize and operationalize this phenomenon, and contribute to the literature by developing a scale to assess the "worries about losing leadership" in family organizations. As such, this study is expected to have both scientific and practical contributions. First, the available literature focusing on the association between worry and leadership is mainly restricted to the concept "worries about leadership" (WAL), which was suggested, by Aycan and Shelia (2019). WAL refers to the tendency to focus on the possible negative consequences of the leadership, which leads the individuals to experience intense levels of worry, when they assume having a leadership role. The concept of "worries about losing leadership" (WALL) is inspired by this concept and refers to the anxieties that people experience when the have to leave the leadership role to somebody else especially if they have been in the leadership positions for a long time. According to the readings and literature reviews, it is seen that there are not so many studies on WALL and leadership connection. Therefore, it serves as a means of filling the gap in the literature. Second, research affirms that one of the most crucial issues that family businesses face with is the succession process (Sharma, Chua & Chrisman, 2000) also makes it a necessity to develop intervention programs to help leaders to cope with their worries associated with losing their leadership role. Herein, developing a scale to assess the construct is expected to make a significant contribution to assess WALL, which may play an important step towards understanding the attitudes of leaders in terms of their child, their company or their environment and develop interventions to help family owned companies go through the succession process more smoothly.

The succession process refers to handing over of the management control to someone else (Howorth & Ali, 2001). According to Collins (2001) good companies can turn into great companies through the process of the arrival of a new chief executive officer (CEO). However, this finding indeed is in contrast with the line of research that attests the process of succession is a chaotic time for most organizations (Howorth & Ali, 2001; Hogan, Curphy, Kaiser & Chamorro-Premuzic, 2018; Filser, Kraus & Mark, 2013) and that a smooth succession process seems quite unlikely (Handler & Kram, 1988). The level of succession related stress appear to be more elevated in the family business due to the involvement of personal emotions and the concerns regarding making the right decision regarding who will be the next leader (Filser, Kraus & Mark, 2013). In line with these arguments, empirical work articulates that problems with the succession planning is one of the most significant reasons why family-owned businesses usually cannot exist in the long run (Lansberg, 1988). Most research suggests that the difficulty of the succession process in the family business stems from the emotional reactions of the leader such as the tendency of sustaining the leadership position (Fisch, Watzlawick & Weakland, 1974; Doud & Hausner, 2000). There is evidence that these worries are most likely to arise from fear of losing the status in family or in company by giving up on the leadership role (Sonnenfeld & Spence, 1989), from the strong emotional attachment between the leader and the company (Levinson, 1971), and from the difficulty of acknowledging the mortality and retirement (Lansberg, 1988). In this study, the overall experiences of individuals who are to leave their leadership role behind are referred as worries. As such, this work allows us to conceptualize and operationalize the construct of worries leaders experience during succession process and to assess it, particularly in the family business context.

1. WORRIES about LOSING LEADERSHIP

The worries about losing leadership refer to the concerns people have regarding the possible negative consequences of losing the leader role. According to literature, these concerns may stem from four different domains (Howorth & Ali, 2001; Sonnenfeld & Spence, 1989; Perryer & Te, 2010; Lee-Chua, 1997; Handler & Kram, 1988; Lee-Chua, 1997; Sharma, Chua & Chrisman, 2000; Filser, Kraus & Mark, 2013; Barach & Ganitsky, 1995; Lansberg & Astrachan, 1994; Ibrahim, Soufani & Lam, 2001) as (1) “worries about losing leader’s status” referring to the fear of losing status in the other domains of life as well, as a result of leaving the leader status (Howorth & Ali, 2001; Sonnenfeld & Spence, 1989; Perryer & Te, 2010; Lee-Chua, 1997), (2) “worries about losing identity without own business” which refers to the tendency to conceptualize the business as an extension of the self and not being able to define the self, independent from business (Handler & Kram, 1988; Perryer & Te, 2010), (3) “worries about the company’s future” is the leader’s fears ragarding his/her company’s longevity and future (Sharma, Chua & Chrisman, 2000; Filser, Kraus & Mark, 2013) and (4) “worries about the competency of the new generation” refers to the leader’s negative thoughts about the next generation’s competency (Filser, Kraus & Mark, 2013; Barach & Ganitsky, 1995; Lansberg & Astrachan, 1994; Ibrahim, Soufani & Lam, 2001). WALL is a constructed as a concept that is composed of 4 dimensions. Thus, we have developed a scale of WALL as composed of four dimensions.

Dimensions of Worries about Losing Leadership

1.1. Worries about Losing Leader’s Status.

“Worries about losing status” basically refers to the concerns of the leaders regarding the consequences of losing the leadership status thinking that losing the leader role is equal to the loss of perceived competency of themselves, and the respect of others. Presumably, these individuals may indicate the tendency to try conserving the leadership status because these individuals feel powerless and worthless without their leadership status. This condition can be elucidated through Hobfoll’s (1989) Conservation of Resources Theory (COR). The theory suggests that people struggle to acquire, protect and increase their valuable resources and they experience stress in case of a threat to the available resources, or the resources are really lost or when the available resources are not sufficient (Hobfoll,1989).

It is noteworthy to mention that there are no previous studies on the leadership literature directly take COR theory into account however; there may be a supposed relationship between the WALL and the COR Theory (Hobfoll, 1989). Such as, the leader may perceive the idea of losing leadership role as a resource loss due to the fact that it helps maintaining the self-esteem or self-worth (Lee-Chua, 1997). Put it differently, leaders might experience feelings of inferiority due to the idea of losing control and power on the company (Perryer & Te, 2010) and finally, losing the role of a leader might be coupled with the perception of losing the status within the community as well (Lansberg, 1988).

Furthermore, most of the time the company owners dedicate their life for the business of their own, at the expense of having not having interests outside the business (Perryer & Te, 2010). This situation, in the long run, may give way to the perception of the self as incompetent and passive outside the work-related fields (Doud & Hausner, 2000). For instance, Doud and Hausner (2000) reported that such individuals often think that they are worthless without their jobs, which is a perception that is connected with workaholism that is defined as "the compulsion or the uncontrollable need to work incessantly" (Qates, 1971) and people who see themselves as inseparable from their work are mostly perceived as workaholics. People who are highly workaholic tend to spend extraordinary amount of time for their work (Spence & Robbins, 1992) which indeed might interfere with their psychological and physical well-being (Líbano, Llorens, Salanova & Schaufeli, 2010). For example, people who are high in workaholism report higher levels of worry, hopelessness and hate (Minirth, 1981).

Workaholism has two dimensions as (1) working excessively and (2) working compulsively. The former one indicates that the individual allocate more time and resputces to work than other activities in their life and that they work a lot harder than it is required (Schaufeli, Taris & Bakker, 2006). The latter, on the other hand, is responsible for making individuals feel like they are obliged to work with a sense of coercion and necessity (Schaufeli, Taris & Bakker, 2006). Based on these findings, it is reasonable to predict that leaders who are higher on workaholism are more likely to experience worries about losing leadership. Due to the fact that these leaders are highly addicted to their work (Schaufeli, Taris & Bakker, 2006) and being in the role of a leader, if/when they lose their role they might be more likely to think themselves as worthless without their business comparing to leaders who are lower on workaholism.

1.2. Worries about Losing Identity without Own Business.

"Worries about losing identity without own business" is represented as a second dimension of WALL. This dimension can be defined as the tendency to conceptualize the business as an extension of the self and not being able to define the self without the business. Thus, even the idea of leaving the leader position to someone else can be perceived as a threat for their self-esteem because being retired or losing the leader status can be extremely anxiety provoking for the individuals who have a strong identification with their business and the leader role. This dimension is different from first dimension because while this dimension only represents a huge bond between leaders and their work, first dimension includes leaders' opinions about their status and their environment's opinions about these leaders. This dimension will be further investigated through two subdimensions following: job involvement and organizational identification that are basically put under the category of work-related attitudes (Riketta, 2005; Myers, Davis, Schreuder & Seibold, 2016).

Organizational identification is defined as the perception of unification with the organization through the overlap between individual's and organization's values in working people (Riketta, 2005). Also, job involvement is the degree of individual's identification with his/her job psychologically (Myers, Davis, Schreuder & Seibold, 2016). Organizational identification is important for individuals because it is an area through which they define themselves, since they communicate with others by using this identification which eventually becomes a part of the self-identity (Myers, Davis, Schreuder & Seibold, 2016). Accordingly, "worries about losing identity without own business", specifies the situation in which leaders who are highly identified and involved with their organization thinking that they will lose a significant part of their personal identity in case of losing the leadership position. It is due to the fact that leaders define their self-identity coupled with the position itself and more general with their job. The threat directed towards this identity and possibility of losing that connection may trigger feelings of worry because their business is indeed the core of their self-concept. Thus, one can argue that leaders may not want to leave because leaving the leadership position can be perceived as a threat for the self-identity motives such as their work and their self-esteem (Myers, Davis, Schreuder & Seibold, 2016). Correspondingly, they may choose to resist leaving leadership position and therefore they avoid the threat for their self-identity.

1.3. Worries about Company's Future.

The current study is offering "worries about the company's future" as another dimension of WALL that is associated with unwillingness to get retired due to the concerns regarding what will happen to the company when the new leader takes over the management. Such an ambiguity regarding the future is suggested as a factor that possibly would increase the levels of WALL. Previous studies that focus on the relationship between worry and ambiguity have indicated that these two constructs are highly correlated (Buhr & Dugas, 2006). The underlying focus of the feelings of worry is on the future and thus, people who are highly intolerant of uncertainty and ambiguity are documented to be more likely to experience worry (Ladouceur, Gosselin & Dugas, 2001). That is why the current dimension might have a strong association with the construct of intolerance of uncertainty. The intolerance of uncertainty is defined as a predisposition which involves emotional, cognitive and behavioral negative response to uncertain events and situations (Buhr & Dugas, 2002). It was emphasized that concerns based on the uncertainty about outcomes of the future incidents may be identified as a worry (MacLeod, Williams & Bekerian, 1991). Indeed, it was shown that there is a relationship between intolerance of uncertainty and worry, and that worriers have different features from non-worriers in terms of the discomfort that they are experiencing in situations that bear uncertainty (Metzger, Miller, Cohen, Sofka & Borkovec, 1990). For example, when worriers complete tasks that involve ambiguity, they experience more difficulty compared to the non-worriers and that the performance is influenced negatively because of the uncertainty and they need more information to decrease uncertainty level before they arrive at a decision (Metzger, Miller, Cohen, Sofka & Borkovec, 1990). These studies show the important role intolerance of uncertainty play in worry (Buhr & Dugas, 2002). In conclusion, it can be predicted that if a person is highly intolerant of uncertainty s/he may be more likely to experience worries about losing leadership because of the concerns about the company's future in terms of its success and longevity due to the ambiguity that awaits following the loss of the leader role. For example, leaders may generate catastrophic scenarios about the company's going bankrupt due to certain problems in management after they are retired. Accordingly, it is likely that company owners resist the succession process due to their worries regarding the future of the company.

1.4. Worries about Competency of the New Generation.

Last dimension which is “worries about the competency of the new generation” is conceptualized as the current leaders’ negative thoughts and concerns about the next generation’s competency as potential leaders. In other words, it refers to the old generation leaders belief that the members of the new generation do not have the capacity to manage their family business as they did and will fail to be good leaders in case of their retirement. Thus, worries about the new generation’s competency may be associated with elevated levels of WALL. Presumably, the worries about competency of the new generation may stem from the gap between the generations which refers to differences in the values, communication styles and attitudes between two distinct age groups, often between parents and their children (Tolbize, 2008). The generation gap is explained through the difference in the characteristics of people born in different eras (Tolbize, 2008). For example, baby boomers who are individuals born between 1943 and 1965 had been documented to be individuals who are respecting authority and fond of hierarchy and formality. They are also found to be extremely performance driven and work focused. Whereas, people born in more recent decades (such as generation X and Y) are relatively more independent, are more inclined to balance their time between work, family and perhaps recreational activities (Tolbize, 2008; Yu & Miller, 2005). Accordingly, these generational differences might give rise to the perception that new generation managers that are going to take on the leader position in the near future may not be as competent as their predecessors by the current leaders. Thus, the old leaders might want to choose different paths rather than handing over the management control to the new generation such as postponing the retirement for the continuity and success of the family business. That can be articulated as the generation gap problem being insurmountable in the succession process. It is also worth noting that these generational differences may make it difficult to protect harmony of the family business and longevity of the family business. In this present study, according to literature, these worries may stem from four different domains. As such, this work allows us to conceptualize and operationalize the construct of worries leaders experience during succession process and to assess what these worries, particularly in the Turkish family business context. Thus, we aimed to develop a scale of WALL as composed of four dimensions.

Considering all of these, all hypotheses can be stated as:

Hypothesis 1: There will be four dimensions of this construct which are "worries about losing leader's status", "worries about losing identity without own business", "worries about the company's future" and "worries about the competency of the new generation".

Hypothesis 2: There will be a positive association between the intolerance of the uncertainty and the all dimensions of worries about losing leadership.

Hypothesis 3: There will be a positive association between the workaholism and all dimensions of the worries about losing leadership.

Hypothesis 4: There will be a positive association between job involvement and all dimensions of the worries about losing leadership.

Hypothesis 5: There will be a positive association between organizational identification and all dimensions of the worries about losing leadership.

2. METHOD

WALL Scale was developed and validated in two phases. The first phase, which involved in depth interviews with people who are running family business, was aimed at item generation. After this phase, first version of WALL consisting of 35 items was developed. In the second phase, factor structure, reliability and validity of the measure were examined.

2.1. Phase 1 – Item Generation

2.1.1. Participants

20 individuals were interviewed with the purpose of generating items for the WALL scale. The sample consisted of the owners of the family businesses. The participants were recruited through personal contacts. The interviewees were selected based on the following criteria; owning a family business, being the leader of the company for a long time, and preparing to transfer the leadership to the members of the next generation who have been in the business. Additionally, in order to eliminate any possible age-related and gender-related differences, samples involved individuals from a variety of different age ranges and that both females and males.

Interviewees consisted of 3 females and 17 males with a mean age of 56.64 years (*SD*= 10.77).While 19 participants were married, 1 participant was divorced. Their information about their general life is presented in Table 1. All interviewees were working in family businesses involved in different sectors such as food, textile, construction, energy, electronic, service and automotive (See Table 1 for detailed information).

2.1.2. Measurement

Data from all interviewees were collected through a semi-structured interview that is composed of two sections. The interview questions were composed of demographic questions (such as age, marital status, education and work experiences) and questions focusing on their family business in order to collect information about organization such as the founder of the company and sector of the company.

As the second part, some questions that were related to thought of relinquishing the leadership and worries about leaving the leadership was the main focus of the interview. These questions were generated by examining related literature and taking experts' opinions. According to the responses, the possible causes of the worries about losing leadership were analyzed. Sample questions can be given such as "Do you experience any worries about losing your authority on your employees, when you leave the leader position? or "Do you experience any worries regarding the chances of loss of respect and love from your family and employees, when you leave the leader position?".

2.1.3. Procedure

Interviews were conducted at different places such as interviewees' offices, meeting rooms of their companies or houses. After signing the consent form, participants were interviewed individually. Interviews were recorded, which was already stated in the consent form, but participants were informed verbally one more time for the confirmation. The interview process lasted approximately 25-30 minutes each.

Following the interviews, the voice recordings were analyzed in detail and merged. First, the demographic information of both the interviewee and their family business were noted. Second, the answers of the interviewees to the questions about possible worries about losing leadership and their thoughts of relinquishing the leadership were listed, and transformed as an item sentence in the item pool of WALL. This item pool included 48 items. Thirteen items which are very similar to other items were deleted. Final form of the questionnaire consisted of 35 items.

2.2. Phase 2 – Validation Study

2.2.1. Participants

To test the psychometric characteristics of the 35-item version of the WALL scale, data were collected from 245 individuals that are currently the owners of the family businesses. The participants were recruited through personal contacts. In order to meet with the inclusion criteria; individuals should own a family business and hold the same leader position in the family business for a long time and be close to transferring their leadership. Additionally, in order to eliminate any possible age-related and gender-related differences, samples involved individuals from a variety of different age ranges and that both females and males. Also, the owners of the family businesses do not indicate any specific generation due to eliminate generational differences.

The participants consisted of 22 females and 223 males with a mean age of years 53.40 (*SD* = 7.55). While 237 participants were married, 5 participants were divorced and 3 participants were widowers. Their information about their general life was showed in Table 1. All interviewees were working in family businesses involved in different sectors such as food, textile, construction, energy, electronic, service and automotive (See Table 1 for detailed information).

Table 1

Demographics of Two Phases of the Study

	Phase 1	***Phase 2***
Sample Size	20	245
GENDER		
Male	85%	91%
Female	15%	9%
AGE (in years)		
Minimum	44	40
Maximum	85	86
Mean	56.65	53.40
SD	10.77	7.55
MARITAL STATUS		
Married	95%	96.7%
Divorced	5%	2%
Widow	-	1.2%
PLACE OF BIRTH		
Urban Area	55%	58.3%
Rural Area	45%	41.7%
CURRENTLY RESIDING IN		
Urban Area	95%	90.6%

	Phase 1	*Phase 2*
Rural Area	5%	9.4%
EDUCATION		
Literate without School	-	0.4%
Primary School Degree	5%	4.1%
Primary School Drop Out	-	0.4%
Middle School Degree	20%	11.4%
Middle School Drop Out	-	2%
High School Degree	35%	30.2%
High School Drop Out	-	3.7%
University Degree	20%	38%
University Drop Out	5%	4.1%
Master's Degree	10%	5.3%
Master's Drop Out	5%	0.4%
AGE OF THE COMPANY		
Minimum	15	10
Maximum	74	99
Mean	37.35	30.20
GENERATION OF THE COMPANY		
Minimum	1	1
Maximum	3	5
Mean	1.70	1.53
NUMBER OF THE EMPLOYEES		
Mean	364.65	46.63
POSITION YEAR IN LEADERSHIP		
Minimum	10	10
Maximum	55	55
Mean	27	22.53
SECTOR		
Food	45%	14.7%
Textile	10%	20%
Construction	-	17.1%
Energy	5%	9.8%
Electronic	-	8.2%
Service	30%	23.3%
Automotive	10%	6.9%

2.2.2. Measures

Demographic information. Demographics consisted of questions about age, gender, marital status, birthplace, home city, level of education, existing year of the company, generation of the company, number of the employees, position year in leadership and sector of the company.

Intolerance of uncertainty (IUS). IUS is composed of 27 items responded on a 5-point-Likert scale that assess individuals' reactions to uncertain situations. This scale includes four factors: (1) uncertainty is stressful and upsetting, (2) negative self-assessment about uncertainty, (3) disturbing thoughts about the uncertainty of future, (4) uncertainty keeps me from acting (Freeston, Rhéaume, Letarte, Dugas & Ladouceur, 1994). "Uncertainty is stressful and upsetting" factor includes a such item which is "Uncertainty makes me uneasy, anxious, or stressed". Also, "Disturbing thoughts about the uncertainty of future" factor includes a such item which is "I always want to know what the future has in store for me." Buhr and Dugas (2002) translated this scale from French to English. This version of the scale has excellent internal consistency, α =.94 and adequate levels of validity. Sarı and Dağ (2009) developed the Turkish adaptation of this scale. The Turkish version of this scale has .79 internal consistency. Also, it has a satisfactory level of convergent and discriminant validity.

Workaholism. This questionnaire is originally developed by Schaufeli, Taris and Bakker (2006). There are 14 items in this questionnaire which have two dimensions. These dimensions are working excessively and working compulsively. The working excessively subscale consists of items that indicate that the individual places more work than other activities in his/her life and that s/he works harder than it should (Schaufeli, Taris & Bakker, 2006). The working excessively items include "I find myself working at work when my colleagues stop working". The working compulsively subscale consists of statements that make the individual feel obliged to work with a sense of coercion and necessity (Schaufeli, Taris & Baker, 2006). The working compulsively items include "I usually feel something inside me that pushes me to work hard". Responses is indicated on a 5-point Likert-type scale (1= *not very true of me*; 5 = *very true of me*). The internal consistencies of the working excessively and working compulsively scales are satisfactory (Cronbach's α values of .80 and .86, respectively). Doğan and Tel (2011) developed the Turkish adaptation of this scale. The Turkish version of this scale has .85 internal consistency.

Organizational identification. The organizational identification scale was developed by Mael and Ashforth (1992) is composed of 6 items such as "When someone criticizes the institution I work in, I perceive this as an insult to myself." and "The success of my institution is my success.". Responses is indicated on a 5-point Likert-type scale (1= *strongly disagree*; 5= *strongly agree*). This version of the scale has .89 internal consistency. Items were translated by Göksel and Ekmekçioğlu (2016). The Cronbach alpha value of the Turkish version is 0.89. Also, it has a satisfactory level of convergent and discriminant validity.

Job involvement. The job involvement scale was developed by Kanungo (1982). This scale consisted of 10 items. There are such statements as "I live with my job, my work is like eating, breathing" and "I am personally and closely interested in all the details of my job". Responses is indicated on a 5-point Likert-type scale (1= *strongly disagree*; 5= *strongly agree*). This version of the scale has .81 internal consistency. Items were translated by Göksel and Ekmekçioğlu (2016). The Cronbach alpha value of this Turkish version is 0.89. Also, it has a satisfactory level of convergent and discriminant validity.

Worries about losing leadership (WALL). An item pool was generated as a result of interviews with 20 participants. This item pool included 48 items. According to experts' opinion, 13 items which are similar to other items were deleted. Final form of the questionnaire consisted of 35 items. Responses are indicated on a five-point Likert-type (1= *I definitely do not agree*; 5 = *I definitely agree*). Participants were asked to answer this scale according to thinking current status. The psychometric features of this scale will be explained below in detail (See Appendix I). The scores of this scale can be from 35 to 175 and the average score is 105. When the score is closed to 35, level of people's WALL is low; when the score is closed to 175, level of people's WALL is high.

2.2.3. Procedure

After the Ethics committee approval, the participants, before responding to the questionnaires, were provided with the informed consent form. After consenting to participate in the study they filled out the questionnaires. The data collection process was carried on in different locations such as interviewees' offices, meeting rooms of their companies or houses of interviewees. This process took around 15-20 minutes.

3. RESULTS

In line with the relevant literature, an item pool which includes 35 items was created. Afterwards, studies on the reliability and validity of the 35-item draft scale were carried out and the findings regarding the reliability and validity studies of the scale were explained.

3.1. Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis (CFA) is used to test the appropriateness of scale structures formed within a particular theoretical basis (Brown &

Moore, 2012). CFA is defined as a kind of structural equation modeling (SEM) which aims to determine the relationship between the observed variables and the unobserved variables and how the observed variables explain the unobserved variables (Şimşek, 2007). In the current study, the covariance matrix as input and Maximum Likelihood (ML) estimation, which requires continuous variables and normally distributed data were employed in the CFA analysis. For normally distributed data, the skewness and kurtosis values should be zero but the range of -2 and +2 can be considered as normally distributed (e.g., Chou & Bentler, 1995; Hu, Bentler & Kano, 1992).

CFA was performed to determine the adaptability of four-factor structure of WALL which was suggested based on the conceptual model proposed in the current study rather than exploratory factor analysis (EFA) which defines to explore the possible underlying factor structure of a set of observed variables without proposing structure on the outcome (Williams, Onsman & Brown, 2010). In order to be able to accept confirmatory factor analysis results as valid, the goodness of fit indexes should be sufficient. Although the chi-square, confirmatory fit index (CFI) and root mean square error of approximation (RMSEA) were reported to be adequate for the adequacy of the model, all indices were checked in the adaptation study (Hair, Black, Babin, Anderson & Tatham, 2006).

There are many indices provided by CFA, although there is no agreement among researchers as to which fit indices should be reported (Awang, 2015). In the present study, the model fit is determined based on the following criteria. An acceptable value for the X^2/df ratio should be less than 3.0 (Tay & Drasgow, 2012). Kline (2005) suggested that when RMSEA $\leq$ 0.10, the fit is acceptable value. If Standardized Root Mean Square Residual (SRMR) and RMSEA are less than .05, there is a good fit value (Cunningham, Holmes-Smith & Coote, 2006). However, a range of acceptable values for the RMSEA ratio have been suggested, ranging from 0.05 to 0.08 is commonly acceptable (Hair, Black, Anderson & Tatham, 1995). An acceptable value for the CFI value should be equal to 0.90 or greater (Hair, Black, Anderson & Tatham, 1995; Hu & Bentler, 1999). Similarly, Tucker-Lewis Index (TLI) is named as a non-normed fit index (NNFI) (Marsh, Balla & McDonald, 1988; Hair, Black, Anderson & Tatham, 1995) and it should be equal to 0.90 or greater (Bentler & Bonett, 1980).

The confirmatory factor analysis of the WALL scale was performed with the IBM SPSS AMOS 24 package program. As can be seen in Figure 1, one model suggesting WALL to be composed 4 factors was tested. These four factors are Worries about Leader's Losing Status (F1), Worries about Losing Identity without Own Business (F2), Worries about Company's Future (F3) and Worries about Competency of New Generation (F4).

When the fit indices of the first confirmatory factor analysis are examined before making any modifications on the model of the four-factor structure, it is seen that X^2/df is 2.04, CFI value is .85, TLI value is .84, RMSEA value is .06 and SRMR value .08. The results revealed relatively poor model fit statistics. Although X^2/df value had a good compliance value, CFI and TLI values were below the suggested .90 and RMSEA and SRMR were above the suggested .05. Also, the item WALL4 was removed because its factor load remained below .40 (Brown & Moore, 2012).

To improve the model fit, 8 additional constraints were added to error terms of items WALL 24 and WALL 25, WALL 25 and WALL 26, WALL 27 and WALL 28, WALL 29 and WALL 34, WALL 6 and WALL 7, WALL 13 and WALL 14, WALL 13 and WALL 15, WALL 14 and WALL 15 as suggested in the modification indices. An examination of item content revealed that they are related to each other.

When the fit indices of the second confirmatory factor analysis are examined after making eight modifications on the model of the four-factor structure, it is seen that X^2/df is less than 3, CFI value is .92, TLI value is .91, RMSEA value is .05 and SRMR value .05. Thus, it was observed that compliance values increased and the model had better fit statistics. X^2/df, RMSEA and SRMR values had a perfect compliance value in addition to CFI and TLI revealing acceptable compliance values. Figure 1 shows the results of CFA after modification. It was observed that the data had a good fit to the model and the scale was obtained the final version by subtracting of item WALL4 from the scale.

In order to examine whether the modifications led to any significant changes in the model fit, a chi-square difference test was employed. It was found that chi square difference was above the critical values of chi-square which indicated that a 4-factor structure for WALL with modification indices provides a better fit for the data, than a 4-factor structure for WALL [$\Delta\chi2$ (9) = 240.664, $p< .001$] (Hu & Bentler, 1999; Tabachnick & Fidell, 2001). It is observed that the validity of the model is evaluated in CFA and the model - data compliance of the indices is ensured. Thus, *Hypothesis 1* was supported.

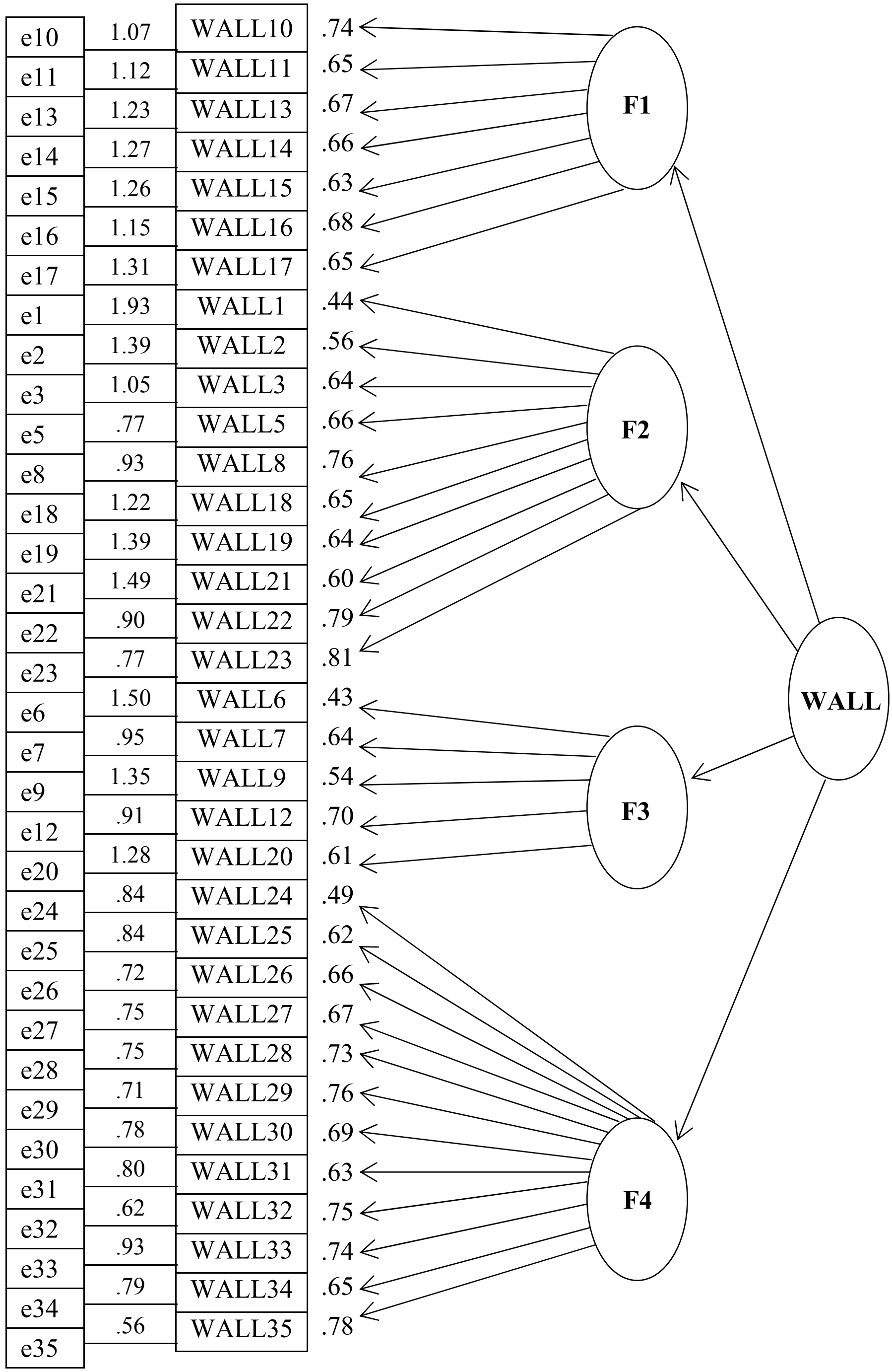

Figure 1. Second confirmatory factor analysis graph

3.2. Reliability Analysis

3.2.1. Average Item-Total Correlation Analysis

For the reliability analysis, the item analysis was used to determine the extent to which the items which created the measurement tool were related to the whole of measurement tool. Correlation coefficient was calculated for item analysis.

When the corrected item-total correlations of 35 items were examined, correlation reliability coefficients of all items were found to be positively correlated and it was found that the corrected item-total correlation coefficients ranged between 0.34 and 0.68 and the smallest corrected item-total correlation coefficient for the scale was item 6 and the highest item 23. None of the items were removed because the corrected item - total correlation of 0.30 and higher had a good discriminant property (Cristobal, Flavián & Guinaliu, 2007).

3.2.2. Cronbach's Alpha Analysis

Cronbach's alpha reliability coefficient was analyzed for internal consistency reliability analysis of the WALL Scale and its sub-dimensions. The total WALL scale had a high level of internal consistency, as determined by a Cronbach's alpha of 0.94. Moreover, internal consistencies of "Worries about Competency of the New Generation" "Worries about Losing Identity without Own Business", "Worries about Leader's Losing Status" and "Worries about Company's Future" sub-scales were found to be .92, .88, .98, and 0.75 respectively, showing that Cronbach's Alpha values of WALL and its sub-scales are satisfactory.

3.2.3. Convergent Validity

Correlation analyses conducted to assess the convergent validity of WALL revealed significant positive relationship between WALL Scale and Intolerance of Uncertainty Scale with r = .59 (p < .01). Also, there was a significant positive relationship between WALL Scale and Workaholism Scale with r = .58 (p< .01). Thus, *Hypothesis 2 and 3* were supported. Also, it is seen that the WALL Scale and all sub-dimensions of these two scales had a significant positive relationship. In addition, it is seen that these two scales and all four sub-dimensions of the WALL Scale had significant positive relationships.

WALL Scale and Job Involvement Scale had a significant positive relationship with r = .57 ($p < .01$). Also, there was a significant positive relationship between WALL Scale and the Organizational Identification Scale with r = .20 ($p < .01$). Thus, *Hypothesis 4 and 5* were supported and the results provide evidence for the convergent validity of WALL, While Job Involvement Scale and all sub-dimensions of WALL Scale had a significant positive relationship, all but one sub-dimension of WALL Scale was observed to have a significant positive relationship with Organizational Identification Scale (See Table 2).

Table 2

Correlation of the WALL with Its Subdimensions and Other Scales with Their Subdimensions

	M	SD	MIN	MAX	WALL	LS	LI	CF	NG	IUS	USU	NSA	DUF	UKA	W	WE	WC	OI	JI
WALL	3.34	.76	1.31	4.80	1														
LS	2.28	1.11	1.00	5.00	.75**														
LI	3.10	.92	.91	4.55	.85**	.49**													
CF	3.35	.96	1.00	5.00	.73**	.50**	.56**												
NG	3.83	.87	1.17	5.00	.84**	.48**	.57**	.48**											
IUS	3.37	.86	1.07	5.00	.59**	.38**	.53**	.46**	.49**										
USU	3.47	1.04	1.00	9.22	.53**	.34**	.49**	.38**	.46**	.90**									
NSA	3.05	.98	1.00	5.00	.54**	.36**	.51**	.42**	.42**	.89**	.69**								
DUF	3.46	.99	1.00	5.00	.48**	.33**	.41**	.41**	.39**	.81**	.63**	.67**							
UKA	3.54	.94	1.00	5.00	.45**	.26**	.39**	.37**	.42**	.85**	.70**	.70**	.66**						
W	3.63	.90	1.29	5.00	.58**	.32**	.59**	.46**	.45**	.65**	.55**	.63**	.55**	.54**					
WE	3.55	.96	1.13	5.00	.57**	.34**	.60**	.45**	.44**	.68**	.57**	.66**	.56**	.53**	.97**				
WC	3.72	.92	1.33	5.00	.53**	.28**	.53**	.45**	.43**	.56**	.46**	.53**	.48**	.49**	.94**	.84**			
OI	4.01	.86	1.00	5.00	.20**	.01	.26**	.15**	.18**	.31**	.26**	.27**	.27**	.27**	.39**	.35**	.40**		
JI	3.72	.83	1.50	5.00	.57**	.30**	.66**	.40**	.41**	.51**	.43**	.48**	.40**	.40**	.67**	.66**	.62**	.50**	1

Note. ** $p < .01$, *$p<.05$, WALL = "Worries about Losing Leadership", LS = "Worries about Losing Leader's Status", LI = "Worries about Losing without Own Business Identitity, CF = "Worries about the Company's Future", NG = "Worries about the Competency of New Generation", IUS = "Intolerance of Uncertainty Scale", USU = "Uncertainty is stressful and upsetting", NSA = "Negative self-assessment about uncertainty", DUF = "Disturbing thoughts about the uncertainty of future", UKA = "Uncertainty keeps me from acting", W = "Workaholism", WE = "Working excessively", WC = "Working compulsively", OI = "Organizational Identification", JI = "Job Involvement".

DISCUSSION

The overarching aim of the study was to create a new construct that is "worries about losing leadership" specifically within the family business context and develop a scale to measure this construct. This novel construct can be defined as the concern leaders have about the probable negative outcomes as a consequence of losing the leadership role. WALL has been conceptualized as being composed of four different domains following (1) "worries about losing leader's status" which refers to the leaders fear losing their leadership status at their company, (2) "worries about losing identity without own business" refers to the tendency to conceptualize the business as an extension of the self and not being able to define the self, independent from business, (3) "worries about the company's future" is the leaders' fears about their company's longevity and future process and (4) "worries about the competency of the new generation" refers to the leader's concerns about the next generation's competency (Howorth & Ali, 2001; Sonnenfeld & Spence, 1989; Perryer & Te, 2010; Lee-Chua, 1997; Handler & Kram, 1988; Sharma, Chua & Chrisman, 2000; Filser, Kraus & Mark, 2013; Barach & Ganitsky, 1995; Lansberg & Astrachan, 1994). In line with the proposed model, the results confirmed the four-factor structure of WALL. It can be said that the WALL Scale developed within the scope of the research is a sufficiently valid tool to measure the worries about losing leadership of leaders.

Also, both the WALL and its subscales appeared to have satisfactory reliability as indicated by the corrected item-total correlations and Cronbach's alpha, indicating that the WALL Scale developed within the scope of the research is a sufficiently reliable tool to measure the worries about losing leadership of leaders. Furthermore, also in line with the expectations, WALL total score and subscale scores appeared to have significant associations with other study variables indicating that intense levels of worry regarding the loss of the leader position is associated with high levels of intolerance of uncertainty, workaholism, organizational identification and job involvement, suggesting that a leader who is highly intolerant of uncertainty is more likely to experience worries about losing leadership because the leader is worried about the company's future based on both its success and longevity (Doud & Hausner, 2000). Moreover, these leaders may be fearful of the retirement process and post-retirement life because they can perceive retirement process as full of uncertainties and likewise the post-retirement life may be perceived as unpredictable and thus full of threats (Handler & Kram, 1988). When the relationship between sub-dimensions of both scales was examined, the highest coefficients appeared between losing identity without own business sub-dimension of the WALL Scale and negative self-assessment about uncertainty sub-dimension of the Intolerance of Uncertainty Scale. There is a chance that a person who is prone to make negative self-assessment about uncertain situations is more likely to experience worries about losing leadership because these people cannot think of themselves independently of their work and possible uncertainty about their future and their company's future may trigger their worrisome thoughts about losing leadership with a focus on either the consequences of this for the company or the individual's own life. In other words, they may perceive themselves and their company's future in danger and their worry level can increase quickly.

Also, the significant positive association between WALL and workaholism indicates that a leader who is high on workaholism is more likely to experience the worries about losing leadership status because leaders may have high self-satisfaction as a person both in their working hours and also, in their leadership roles. In addition to that, the life outside job itself may be ambiguous since these people spend most of their life involved in job related activities or job-related thoughts. That is why, when leaders who are highly workaholic think about losing leadership position, this situation can be hard because they want to continue working constantly, so they can feel more stressed and worried and they may not want to leave the leadership roles. Also, a closer look at the association of WALL with different dimensions of workaholism revealed that working compulsively is related to more worry and anxiety related cognition stuck in the mind of the individual independent from whether they are actively involved in a job-related activity or not (Schaufeli, Taris & Bakker, 2006). However, excessively refers to time-spent on work related activities (Schaufeli, Taris & Bakker, 2006). Thus, these leaders may desire to interested in their work actively rather than think about them because they may feel good themselves during working physically.

In addition, people who are highly involved with their organization are more likely to experience the worries about losing leadership role due developing a self-definition that is highly enmeshed with their organization. Retirement is experienced as a very significant and painful loss by leaders because their leadership status and job create the majority of their identity and their self-worth. (Handler & Kram, 1988; Myers, Davis, Schreuder & Seibold, 2016) and these leaders struggle to protect and increase their valuable leadership status as mentioned in COR Theory because they may want to protect their power and status (Hobfoll, 1989). Thus, probable cause of the significant association between the Job Involvement Scale and the WALL Scale being can be related to the perceived threat that stems from losing the status, power and work aims to their identity and possibility of losing that connection may trigger too much worry. Also, the Job Involvement Scale has high connection with losing identity without own business subdimension of WALL Scale, it shows once that their self is highly related to their work and they may experience a painful loss when they lose their work or status which are their valuable sources.

Lastly, people who have high levels of identification with their organization are more likely to experience the worries about losing leadership due to the self-definition being intertwined with their organization. Although, there was a positive relationship between WALL Scale and Organizational Identification Scale, a closer examination of the connection coefficient indicates that the association is rather weak, which may be due to the fact that the scale used in measurement of assessment of employees' organizational identification rather than that of the people that have the leader role or leader status (Mael & Ashforth, 1992). For example, "This company's successes are my successes." item may be perceived by some leaders as a selfishness, some of them said that this company's success are our successes and they evaluated this item by giving a low score. In contrast to other variables, there was lack of a significant positive relationship between the Organizational Identification and losing status subdimension of WALL because the status of the participants may have a bigger impact on them than their organizational identification, and their need of power were satisfied by their perceived status rather than their organizational identification. In general, these significant and positive values are sufficient for the convergent validity of WALL Scale.

LIMITATIONS, CONTRIBUTIONS and FUTURE DIRECTIONS

The study had several limitations. First of all, even though the sample size was adequate, the participants were not recruited through random sampling. The sample was obtained through snowball sampling. Although they were not controlled as a study variable, these features (e.g. religiousness level) may have effect on obtained score. Second, gender equality could not be maintained because number of men was more than number of women, so these results cannot be generalized in terms of gender. Third, the scale was just tested for the convergent validity but not for the discriminant validity however; it could have been tested as well if questionnaires based on the different concepts of worry would be distributed. Also, participants expressed several worries about losing their leadership roles during the interviews but it is not known whether such concerns are realistic since the data relies on self-report measures. Use of self-report measures due to problems of honesty, introspective ability and understanding questions jeopardize the reliability of the findings (Fan, Miller, Park, Winward, Christensen, Grotevant & Tai, 2006). Fifth, since the scale was developed in Turkey, so generalizability might be a problem in terms of culture. Cross-cultural validation is required before using WALL for research or training programs in different cultures, because Turkey has different cultural features compared to other countries in terms of collectivism and power distance (Hofstede, 2001). Finally, the current study focused mainly on the family business, thus the difficulties of handing over the management control to the new generation could be examined but handing over the management control in different context such as in political context are not known.

First of all, Turkish culture has collectivistic features (Hofstede, 2001), so other studies may focus on individualistic culture. Second, because there is an inequality among genders in this study, further studies may provide this equality. Third, further researches may use different populations by using random sampling. Fourth, the future studies may focus on collecting evidence for discriminant validity of WALL, which is lacking in this study. Specifically, discriminant validity can be tested by testing the overlap between WALL and constructs such as worry, neuroticism because work related worry and entertaining worrisome thoughts about all domains of may differ from each other. Also, the predictive validity evidence for the WALL scale may be obtained through examination of leaders' behaviors following the succession process because people who are high on WALL are expected to have mental or physical health issue without their leadership position and are expected to feel themselves as nothing without their leadership position. Finally, this study was carried out in the family business context, future studies may examine in other types of companies such as political organizations.

This research will have both scientific and practical contributions. First of all, "worries about losing leadership" is a novel construct which has never been studied before in the leadership literature and thus fills an important gap in the literature of leadership. Also, development of WALL Scale was an important initial step towards understanding the attitudes of leaders in terms of their child, their company or their environment. In addition, WALL Scale can be used for further research in the area of leadership to clarify leaders' worries whether about their status, their company, their child or their self. Lastly, in accordance with WALL Scale, intervention programs can be implemented in order to decrease the individuals' worries-related scores on the different dimensions which can be considered as its practical contributions.

After the development of "worries about losing leadership" scale, related intervention programs can be designed according to the individual's scores on each different dimension. Interventions can be described as a set of scheduled, behavioral and theory-based practices to eliminate or change the job stressors and to enhance individuals' welfare (Nielsen, Randall, Holten & González, 2010). Using organizational intervention programs can decrease people's worries about losing the leader role and accordingly they can go through the succession process more smoothly.

Individuals who experience worries about losing leadership can benefit from plenty of interventions such as the coaching or the job rotation. Coaching appeals to the whole person, including one's work life and personal life such as the career issues and the personal relationships (Grant & Cavanagh, 2004). The characteristic of coaching is a being non-directive and the coach makes feel as a "thought partner" (Leonard-Cross, 2010, p. 36). Thusly, coaching can be an effective way of intervening people who have worries about losing leadership and decreasing their WALL to optimal level. Through the assessment of scores – based on the different dimensions of the WALL Scale, coaches can work with their coachee within a deeper focus and they can understand the root causes of the worries about losing leadership. Thus, each dimension of WALL can be examined in detailed and possible solutions of these worries which are discussed by coach and coachee can be created effectively.

On the other hand, according to Kaymaz (2010), the job rotation is an interesting mechanism which is defined as "working at different tasks or in different positions for set periods of the time" (Jorgensen, Davis, Kotowski, Aedla & Dunning, 2005, p. 1723). The rotation enables managers to experience a variety of practices and contribute their professional development (Kaymaz, 2010). Considering all of these, we suggest that people who experience worries about losing leadership can benefit from job rotation in a way of observing the new leader on the job and people have a better chance for evaluating the decision they made about the new leader. Overall, these implementations can provide facility to decrease worries about losing leadership and emerge new leaders with old leader' collaboration.

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PART TWO
CHAPTER 6

UNSEEN ASPECTS of FAMILY BUSINESSES: CONFLICTS

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"The bigger confrontation is the one an individual has with itself."
Asghar Farhadi

INTRODUCTION

Though family businesses differ from other businesses due to their structure, it is known that family businesses face many problems due to their features. Since family business managers are composed of family members, high emotional intensity is seen as an advantage for these businesses, but in some cases, this can turn into a disadvantage. Although conflict is the fore coming of these problems, nowadays, thanks to the policies implemented by the administrators, conflict can turn into the benefit of the organization.

The entrepreneur, who established family business and then transferred this business to different generations, essentially sees the business as a property of the family and so accepts the business as a part of the family (Erdem, 2019: 75). On the other hand, family members are generally appointed as managers in family businesses due to the perception arising from business shares and ownership. At this point, as time passes family managers who avoid employing professional managers cannot manage the organization well enough and therefore conflicts occur within the organization. In addition, conflicts that are not managed properly will cause family business to collapse and disappear over time.

Today, it is known that small and medium-sized businesses around the world are mostly family businesses. And also its known that some features specific to family businesses set these businesses apart from others. Complex relationships and dynamics between family members not only affect the performance and productivity of family businesses, but also the change, growth and generational transitions of these businesses (Venter, Van Der Merwe and Farrington, 2012: 75). Since family members have been worked as managers in family business, which they have labor in the business. The family members want to meet their needs by putting their capital together with these efforts. Conflict occurs in organizations because the needs are endless and the resources to meet them are limited. The reason for this situation is that all members of the organization want to increase their welfare and want to meet their needs. At this point, conflict occurs between members of the organization and especially family members as a result of encountering obstacles (Hatipoğlu, 2006: 1). According to Mert (2019), the sharing of scarce resources or distribution of duties between two or more people or groups within the organization create a dispute or conflict arising from the differences in status, purpose, value or perception between these persons or groups. In this context, while creating management strategies in family businesses to prevent conflict, unlike other businesses, methods and strategies should be determined for the benefit of both family and business corporations. Conflict in family businesses will be minimized by determining and implementing strategies and methods suitable for organizational culture and family structure in the researches (Harris et al., 1994: 1994).

This study stands on two parts; at first organizational conflicts and reasons will be explained in detail and then some approaches on organizational conflicts, which are mentioned as prior in literature and professional business, will be stated. Next, family business structure and conflicts in family business with the causes will be explained

1. ORGANIZATIONAL CONFLICT and CAUSES

Conflict is defined as the behaviors and emotional structures that individuals in the society exhibit in their social environment, during a certain period of time, when they encounter unwanted and unexpected situations (Wu, Zhao and Zuo, 2017: 128; Shahin, 2019: 10; Sivaranjani, 2020: 285). However, all individuals in the society make certain efforts and behaviors to meet their needs. Individuals who encounter an obstacle to satisfy their needs exhibit the behavior of conflict by experiencing distress and tension (Yelkikalan, 2006: 198). In this context, it can be said that human needs which cannot be met are at the root of the conflict. This view shows that conflict is an emotional and social concept. According to Bodtker and Jameson (2001: 260), social conflict consists of the parties and the choices of the individuals concerned with the conflict. Conflict also shows the commitment of the parties to each other by creating a socially dependent relationship. On the other hand, when the psychological needs of people are not met as well as their social needs, problems arise and these problems cause tension (Eren, 2014: 526-527).

In a study which was conducted in European countries, the time spent by organization employees on conflict-related issues was examined. And the result come up; organization employees spend 9 hours a week in the Netherlands, 1.8 hours in Denmark, France and the UK, and 3.3 hours in Ireland and Germany to deal with conflict-related issues. Therefore, the issue of conflict is a phenomenon that takes the time of all members of the organization and needs to be turned into an opportunity by moving away from being a threat for organizations to survive with an effective conflict management approach (Atan and Görker, 2018: 516-517).

Conflict is a process that is encountered in a situation where there is no agreement between individuals within the scope of personal interests, goals and opinions. In this context, although the conflict is seen as a conflict between individuals, it sometimes occurs due to the lack of mutual trust between the members of the organization.

While conflict occurs due to disagreements in thoughts, attitudes and behaviors, conflicts may also arise from internal roles, rules and policies (Newstrom, 2014: 216). While, Wall and Callester (1995) state that conflict will occur when the personal interests of a person or group are prevented by the other party. Leung (2008: 168) points out those interdependent individuals have conflicts among themselves in order to achieve incompatible goals. In this context, conflicts of interest between family member managers working in family businesses should also be evaluated within the scope of organizational conflict.

Beheshtifar & Hesani (2013) highlighted that, although organizations have many reasons for the conflict, the essential factors can be summarized as lack of communication and value judgments and interdependence and change.

According to Gaines (2020), the reasons for organizational conflict are the routine operations that occur over time in the organization as a result of the development of bureaucracy standardization and specialization that disturbs the managers. Apart from that, dependence on scarce resources, collective decision making within the organization, conflict and polarization between managers and employees. Uncertainty of authority of managers, lack of knowledge of managers, degree of authority of managers in participation in management, managers'not being accepted by employees. Lack of efficient work in the organization, confusion and uncertainty in duties and responsibilities in the organization, organizational policies and organizational culture can also be cited as causes of conflict (Beheshtifar and Hesani, 2013: 41; Lipsky, Avgar and Lamare, 2017: 76; Wu, Zhao and Zuo, 2017: 135; Kharadz, 2018: 34; Mikkelsen and Clegg, 2019: 169; Shahin, 2019: 18; Sureda, Mancho and Sesé, 2019; Qiu and Freel, 2020: 93; Sivaranjani, 2020: 287; Stein and Zechner, 2020).

Conflicts in organizations have two types of functional consequences. The first functional result is a positive result. According to the positive result, conflict encourages innovation by increasing research in the organization and performs activities to reduce conflict tension by improving competition. On the other hand, it decreases organizational efficiency and performance by endangering the continuity of conflict according to the non-functional negative conflict results. In addition, by destroying the communication in the organization, organizational goals become unrealizable (Eren, 2014: 528-529; Rispens and Demerouti, 2016: 104-105; Zhao, ZhangandFoley, 2019: 990; Fernández-Salinero and Topa, 2020: 2; Woods, Zhou, Ahmed and Agneessens, 2020).

In this section, the organizational conflicts are explained in detail. The situations which are called as conflicts in organizations and what happens in organizations as the conflicts start in any level in family business are stated. In the light of this information next section will be related with the approaches on organizational conflicts.

2. APPROACHES RELATED to ORGANIZATIONAL CONFLICT

In this part of the study, 3 approaches will be discussed regarding to organizational conflict. These three studies are considered as the most prominent studies in the literature and also in the professional business. These approaches are titled astraditional, behavioral and contemporary approaches (Robbins, 1974: 76; Tengilimoğlu, 1991: 126).

We will start with telling for traditional approach first, and then behavioral approach will be explained and will end the section with explaining contemporary approach.

2.1. Traditional Approach

The traditional approach, which represents the organizational management view that lasted until 1940s, conflict in this approach is seen as a negative, destructive and undesirable concept. Therefore, it is stated that conflict should be avoided absolutely (Baysal and Tekarslan, 1996: 309; Eren, 2014: 143). According to this approach conflict reasons, which are predicted to represent a negative working environment and management, should be avoided that causes destructive behaviors and conflict should be eliminated (Robbins and Judge, 2014: 82). On the other hand, according to this view, conflict creates stress and distress within the organization. Decisions which are taken during the conflict phase will cause inefficiency in the organization and reduce production. In addition, conflict leads to segregation by creating polarization among employees (Senior and Fleming, 2006: 34).

2.2. Behavioral Approach

The behavioral approach is the second approach related to organizational conflict which is considered as one of the most prominent study in the literature and also in the professional business as mentioned before.

The behavioral approach has dealt with the issue of conflict since the 1940s and revealed views on the issue of conflict until the mid-1970s. According to this view, conflict is an undesirable situation in the organization. The conflict creates confusion by disrupting the harmony of the organization and measures must be taken to eliminate the conflict (Akçakaya, 2010: 4).

On the other hand, situations in which the expectations, goals and wishes of the employees in the organization are in constant conflict, are explained by the reality of the organization to be a social system. This situation causes conflict to be inevitable. In this context, it is stated that it is not possible to eliminate the conflict in the organization completely and it is suggested that the conflict should be reduced as much as possible. At this point, it is stated that a certain amount of conflicts and contradictions can be tolerated (Lippitt, Watson and Westley, 1958: 12; Şimşek, 1987: 125).

2.3. Contemporary Approach

According to the contemporary approach, as explained the last one, conflicts are inevitable in an organization. In other words, it is not possible to eliminate conflict in the organization. However, organizations must learn to live with conflict. In this context, managers should manage conflict in a way that contributes to the development and sustainability of organizations (Koçel, 2018: 553).

Robbins (2004: 385) associates the conflict in organizations with change and states that the conflict that creates change will increase creativity, therefore, the conflict, which can be a kind of challenge method, should be in the organization to a certain extent. In this context, conflict encourages mobilization in the organization and provides a review opportunity to identify different opinions or regulate behavior.

According to this approach, it is urged that conflict can be supported to a certain extent by accepting that conflict is inevitable in organizations. Conflict management is done in a way that includes motivation and solution suggestions. In this context, the management of the conflict should be seen as the main responsibility of managers (Globocnik, Rauter and Baumgartner, 2020: 24).

3. CONFLICTS in FAMILY BUSINESS

This part of the study has 2 sub-titles includes the context of family businesses and the conflicts those occur in family businesses.

First of all family business context and the features of them will be explained in detail. And at the second, according to the components and features of the family businesses, the conflicts of them will be expressed.

3.1. Family Businesses

Family businesses are businesses that are seen commonly around the world (Ibrahim, Mcguire and Soufani, 2009: 5; Masulis, Pham and Zein, 2011: 3557). It is regarded as an important factor in the growth and development of the national and international economy (Hnátek, 2015: 344; Pipatanantakurn and Ractham, 2016; De Massis, Frattini, Majocchi and Piscitello, 2018: 5; Sanguino, Barroso and Gochhait, 2018: 42). As a social system, the family is the most basic institution of social life. Businesses are also social institutions. The difference of businesses from institutions defined families is that they are social systems with intense economic quality. The main problem between families and businesses is the unification of two systems that differ in terms of their functioning and existence. In this respect, it is a problem that the decisions and developments which are taken in the family affect the functioning, balance, goals and future of the other (Koçel, 2012). According to Öner and Turhan (2010: 121-122), family businesses consist of the following components;

- At least two generations of family members must be in the management of the business.
- Family member managers' children are required to work in the business.
- It is necessary to determine who will be responsible for the management of the business in the family council and be appointed from individuals according to family ties.
- In cases where the situation of the family member in the family also affects his/ her duty in the business, it can be mentioned about the family business.

According to the researchers who consider family businesses in terms of "ownership of family wealth", family business is defined as a private company established not to distribute family wealth (Karpuzoğlu, Aydın and Yılmazcan, 2018: 976). Accordingly, ownership of family businesses is undertaken by family members. Businesses in which the mission and vision are maintained through transitions between family or family generations, the management of the business is carried out by being selected among the same family members and therefore the business control is provided by a small number of family members are family businesses (Chua, Chrisman and Sharma, 1999: 19-20).

In this context, the most basic indicator that distinguishes family businesses from other businesses is that family businesses have family connections certain behavioral patterns from managers to employees, and more or less they share these characteristics with each other in the workplace. In this context, these characteristics which come from the family get mixed up with the management of the business and as a result, possible misunderstandings form the basis of conflicts and problems (Debarliev and Janeska-Iliev, 2015: 43).

When determining family business strategies, it is important that they examine their business and family operations, unlike other businesses that are not family businesses, and prefer strategies that will benefit both (Başer, 2020: 85-86). In this context, intangible vital components that contain unity, solidarity and emotion in the family are frequently seen. On the other hand, businesses contain reasonable elements such as cause and effect, reason and competition rather than these abstract structures. These contrasting components are also gathered in family businesses (Kamacı, Ünüsan and Gedik, 2020: 361). It is clear that family businesses and managers are caught in conflict between the dilemmas created by these contrasting components.

Studies show that there are many factors in the short life expectancy of family businesses. In family businesses, the founders' inability to manage the business after a certain period of time, the entrepreneur's desire to continue the business. According to his personal character, the reluctance of the family members who are inadequate in management to leave their authority to professional managers, the managerial problems and generation conflicts that occur due to the lack of entrepreneurial enthusiasm and desire in new generations. Disputes between family members cause family businesses to disappear (Erdem, 2019: 124; Purkayastha, Veliyath and George, 2019: 52; Qiu and Freel, 2020: 97). These business managements should be strengthened in a simple and comprehensive manner in order to ensure the transfer of business from generation to generation for the sustainability of family businesses (Ungerer and Mienie, 2018: 2).

3.2. Conflict in Family Businesses and Causes

Family businesses are two-stage complex structures, consisting of business and family, where family members are involved in both the business and the family system. This system of roles which are in family businesses also prepare the ground for potential conflicts. The main reasons for these conflicts are that each system has its own role, rules and requirements. While it is known that emotionality is intense and close relationships are important among family members, formal relationships and rationality are more dominant in the business system (Erdirençelebi, 2012: 138). In this context, organizational conflict is seen more often in family businesses than other businesses. The main difference between non-family businesses and family businesses is that family businesses have both family and business relationships. Family businesses are associated with issues such as continuity and profit, as well as many issues such as family members' having a say in management and their satisfaction. As for that, situations such as family members of managers in the business create different types of conflicts (Aykan, 2008: 139).

Kubíček and Machek (2020) define organizational conflict in family businesses as situations where a family member or group of family members exhibit behaviors that can cause some positive or negative changes in the values of the organization and create conflict. However, family ties and family values constitute important resources for the success and continuity of family businesses. On the other hand, these strong ties bring along conflicts within the organization (Alayoğlu, 2003: 104). In this context, managers in family businesses allocate approximately 20% of their time for preventing or reducing the conflicts within the organization. This ratio occupies too much time of managers in the management of the conflict issue (Finch, 2005: 6-7). It is important to examine the reasons for the conflict that occupies the managers' time too much. However, conflicts are frequently seen in all businesses and temporary problems are experienced during its resolution. On the other hand, conflict, which affects family businesses more, escalates much more easily due to family relations, and it still poses a central and permanent problem for such businesses as it can rapidly switch to the personal level (Frank, Kessler, Nosé and Suchy, 2011: 130). In this context, conflict that occurs in family businesses is an important issue that needs to be addressed and resolved in terms of the logic and potential of endangering the business and the family (Davis and Harveston, 2001: 15-16).

Conflicts in family businesses often arise from role conflicts. If role confusion in the organizational environment is reflected in the family and the role confusion in the family turns over to the workplace, role conflict may occur between family members. So, while family members make an effort to fulfill their roles by protecting their personalities, they will seek new ways to avoid conflict on the other hand (Keser, 2018: 31). In family businesses, factors such as competition among family members, disputes between children and siblings, differences in the purpose of family members, identity conflicts, conflicts arising from marriages, and ownership status of family members affect family businesses negatively, although they do not affect other businesses (Kellermanns, Eddleston, Barnett and Pearson2008: 7). However, generation conflicts, professional manager problems and transfer problems are also seen among the conflict problems encountered by family businesses. These conflicts arise from the active work of more than one family generation in the organization. In addition, the sharing of different views of the founding generation with the new generations in terms of authority, money and other relations are shown among the reasons of the conflict (Elalmış, 2011: 52). On the other hand, the entrepreneur who establishes the family business thinks that he can manage the business as he/she wishes without asking the stakeholders. With the growth of the business over time, the family will grow and the ownership will increase as the generations change. At this stage, family members who have a say in management will attempt to make decisions in line with their knowledge and skills and will desire to have a say in management. In addition, if things go wrong in the organization as a result of arbitrary decisions, the managers will start to blame each other (Alacaklıoğlu, 2009: 70).

4. CONFLICT MANAGEMENT in FAMILY BUSINESSES

Supporting the explanations in the previous sections of the study, Sirivun (2002: 7) determines. Conflict as an interactive process that occurs in social relations as a result of disagreements and disagreements and beside these, it is known as an inevitable concept and occurs in all relationships and interactions.

In this context, although the conflict has negative effects, the destructive or constructive effects of the conflict vary according to the conflict management skills of the individuals who experience it (Dyson, 2003: 44).

Proper management of conflict contributes positively to organizations. Conflict should be seen as a tool in defining and solving problems. When conflict is managed correctly in organizations; organizational benefits such as improving quality, increasing organizational productivity, reducing costs and realizing teamwork can be achieved. In this respect, conflict should be seen as a part of the solution rather than a problem in the organization (Emin, 1999: 22). However, with the positive evaluation of the conflict, employee performance will be increased by giving dynamism to the organization and resolving chaos and confusion (Kreitner and Kinicki, 2007: 416). However, in order to manage conflict in organizations, Blake, Shepard and Mouton (1964), Thomas (1976) and Rahim, Psenicka, Polychroniou and Zhao (2002) developed conflict models. These views mainly focus on the responses of individuals to conflict in case of staying in conflict environments, and conflict management is based on these reactions (Dyson, 2003: 44). According to Oktay (2016), the most widely adopted model among conflict models is the model of Rahim, Psenicka, Polychroniou and Zhao (2002) described below. This model consists of five different dimensions (Rahim, Psenicka, Polychroniou and Zhao, 2002):

- **Integration:** The conflict is managed by reaching a solution through making agreements by considering the mutual interests and needs of the people who experience the conflict. Win-win relationship is adapted.
- **Compromise:** It is the withdrawal of any party in the organization from the conflict, in other words, it is a method of self-compromise in order to eliminate conflict. In this way of behavior, one side wins the conflict while the other loses. There is a win-lose relationship between the parties. Baykal, Kazım and Kovancı (2008), state that the person who compromises the conflict acts according to the requests of the other party by giving up his own wishes and goals in order to maintain his positive relations with the other party.
- **Agreement:** An agreement is achieved by taking into account the wishes, demands and needs of both parties of the conflict. In this type of transaction, the parties have to give up their wishes and find a middle course.
- **Dominate:** It is especially seen in subordinate-superior relations and although the level of orientation to the wishes and goals of one of the supporters of conflict with this method is high, they do not take into account the needs and requests of the other party (Baykal, Kazım and Kovancı, 2008: 10).
- **Avoidance:** By consciously or unconsciously denying the existence of conflict in the organization, the problems that arise are ignored and the conflict is expected to be resolved automatically. Determining this method is risky because the organization may face potential problems in the future. In the avoidance method, the parties exhibit behaviors such as not winning, withdrawing and avoiding responsibility.

As a result, some suggestions to be made for conflict management are as follows (Mert, 2019):

- Controlling the anger among the employees of the organization,
- Evaluating the situation before taking action for a solution,
- Creating a positive atmosphere in the organizational environment,
- Not creating a competitive atmosphere in order not to turn the situation into a competition,
- Developing organizational policies by considering basic rules throughout conflict management,
- Defining the problem as a negotiation and discussion process.

CONCLUSION and DISCUSSION

It is known that family businesses make important contributions to the economic development of countries. In this view, it is clear that negative factors for the sustainability and efficient activities of family businesses and organizations should be eliminated by the family business' managers.

Managers have a great role in revealing the positive effects rather than the negative aspects of the conflict that negatively affects family businesses. Human nature has a combative spirit, a structure that wants to compete and does not want to lose its gains and this shows that conflict behavior will be seen in every environment where people are present. With effective and fair management of the conflict, efficiency in the organization will increase and employee satisfaction will be achieved. Studies conducted in this context in the literature (Akçakaya, 2003; Dyson, 2003; Aykan, 2008; Üngüren, 2008; Frank, Kessler, Nosé and Suchy, 2011; Oktay, 2016; Wu, Zhao and Zuo, 2017; Keser, 2018; Purkayastha, Veliyath and George, 2019; Kubíček and Machek, 2020; Sivaranjani, 2020) stated that effective management of the conflict will improve the organization positively. It is expected that organization policies and property rights systems are fairly determined at the point of determining actions such as providing benefits and having a say in management, which are seen among the most important causes of conflicts. It is known that especially the founding entrepreneurs of family businesses have created the organization with their efforts, and these people cannot adapt to innovations sufficiently. In this case, in order to avoid conflict in the organizational environment, the founding entrepreneur must change his/her mind, and when necessary, the management should be transferred to a professional manager.

As a result, it is known that conflicts are important in family businesses. In this respect, it is very important to maintain innovative and entrepreneur-oriented activities in conflicts, to balance intergenerational participation and to balance excessive power in family assemblies. In this context, managers should develop permanent solutions rather than daily measures to alleviate conflicts.

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PART THREE

ENTREPRENEURSHIP
and
INSTITUTIONALIZATION
in
FAMILY BUSINESS

PART THREE
CHAPTER 7

HUMAN RESOURCES MANAGEMENT IN FAMILY BUSINESSES

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INTRODUCTION

It is human who brings together the resources needed for production and turns them into products and uses the end product. Without humans, there would be no business nor economy nor management. It is also important that the number of employed personnel needed by the enterprise should be used efficiently and effectively according to business management style. The way of competitive success among enterprises is through managing human resources properly. Human beings cannot be expected to use their full potential for business without being given the necessary importance (Tunçer, 2011:6). Therefore, human resources management comes to the fore here. Human Resources Management (HRM) is defined as a whole of policies that include the selection of the number of personnel needed to achieve the objectives of the organization, their employment in the appropriate position, the promotion of knowledge, skills and capabilities through training; continued improvement of motivation and performance through career, wage and reward management, job satisfaction, commitment to the workplace, efficiency, worker health and job security (Güney, 2014:24; Alayoğlu, 2010: 214; Uyargil & Acar, 2010: 1).

Through human resources management, all business relationships and business environments are organized from the entry of employees into the enterprise until leaving the enterprise. The basis of HRM practices is to meet the expectations of employees as much as possible. Thus, efforts are made to make the contribution of employees to organizational performance at the highest level. Enterprises should give importance to HRM, to be successful in their activities to increase their productivity and to adapt to the ever-changing technological and economic situations. That is why it is always humans who establish, manage the business and develop themselves, produce, consume and are open to change. The existence of the enterprise depends on the human and the assurance of its future is human again.

Due to the industrialization that was started in the 1880s, land ownership has remained in the background. Machine ownership has gained importance. The 21st century is described as an age of society of information. The focus in the information society is human. The education level of the employed workforce is increasing day by day.

All the processes that take place from the time when the person is hired to leave the work constitute the subject of HRM. The main ones are compliance with work and workplace, training and development of staff, achieving mission and vision, excellent collaboration, promoting innovation, evaluation of job performance and business success, wage and career management, creation of worker health and job safety during work relationships.

1. BASIC CONCEPTS of HUMAN RESOURCES MANAGEMENT

When it comes to the concept, it is understood that the common characteristics of objects, facts and events are expressed in general meaning. Concepts arise through the perception of sensory organs and through experiences and logic. The main concepts involved in HRM can be listed as tasks, work, profession, work analysis, work specification, work design and activity study.

Task, is a predefined, sorted, complementary, repetitive, bodily and mental effort (Geylan, Taşçı, Tonus, Benligiray & Oktal, 2018: 38). Tasks also include the activities that are contained in the work. For example, correspondence, filing documents, answering phones, preparing invoices for customers etc.

Work is called as the actions that need to be done in an organization. In terms of humans, the work is to engage in productive activities by using the labor of the body and mind. The whole of the tasks that are formed by the combination of little tasks can also be defined as work.

Profession is the activity that can be made using knowledge and abilities obtained as a result of specific learning or experience. Beside these it should be known that the professions have differences between themselves in terms of education level and experience.

The determination of the knowledge, duties, responsibilities and working conditions of the work carried out in the enterprise is called as *work analysis* (Tunçer, 2011: 56; Geylan et al., 2018: 37).

And the determination of the qualifications and abilities such as the level of education, work experience, skills that must be found in a person to be able to do a job is called *work specification*.

The people to be employed must carry the specifications in the work specification. The last two features of HRM are work design and activity study. Before telling for work design first of all design concept should be enlightened. The term design is an impressive word used quite often. Design, by its most general definition, is to shape anything in the mind. *Work design* is the most appropriate combination of work, human factors and reorganization of works to increase employees' productivity and improve their abilities and skills. For example, teamwork is done for work design. And the last feature is activity study which is to shorten the processes as much as possible in the best way of performing the compulsory tasks in the business processes (Güney, 2014:12).

2. FAMILY BUSINESSES CONCEPT

As the family businesses are mentioned, it means that the management functions and control of the business are fulfilled by family members (Köse, 2010: 4). Only family members are effective in the ownership structure of family businesses and in making decisions. Therefore, the concept of a family business is more shaped within the framework of ownership and management of the business. Family business' owners and senior executives are often the same people. More than 50% of the company's shares are held by the family (Uysal, 2014: 3).

In particular, these family businesses are established in the form of partnership between father-son-groom, between brothers or between uncle, nephew and aunt, etc. There are both family and non-family employees in the human resource of family businesses. Family members are preferred especially in management positions (Akça, 2010: 106).

HRM practices are the most common management problems of family business. Implementations such as employment of non-qualified employees, lack of emphasis on job satisfaction and personal development, failure to apply objective criteria in employee selection and performance evaluation, job-wage imbalance, employment of family members who do not have the knowledge, skills and experience required by the job, preference of relatives to vacancies are common in family businesses (Alayoğlu, 2010: 216). On the other hand, what should happen in modern HRM practices is the employment of people with skills.

2.1. Nepotism in Family Businesses

The majority of the managers of the family business are from family members. It is called nepotism to employ people who do not have the qualifications required by the job in the enterprise by taking into account only kinship relations (Alayoğlu, 2010: 219; Dökümbilek, 2010: 1). The root of this word comes from "nepos" which means nephew in Latin. Merit, skill, ability, success, level of education etc. are ignored in the employment and promotion of individuals in the family business in the event of nepotism (Uysal, 2014: 10). In this case, factors such as knowledge, ability, compliance, diligence, job satisfaction, commitment to the workplace are not regarded. Dissatisfaction among the employees and redundancies increases. Nepotism is the source of many problems in Turkish family businesses (Alayoğlu, 2010: 224). As pointed out by Dökümbilek (2010: iii), the existence of nepotism in family businesses will continue to be a destructive factor as long as it cannot be controlled.

3. HUMAN RESOURCES PLANNING: The HUMAN RESOURCE METHODS and THE CAREER in FAMILY BUSINESS

The company's work with excessive or incomplete staff directly affects the costs. The presence of the number of personnel required to be in the enterprise forms the basis of the human resource policy. The rational use of the existing human resources in line with the goals of the organization and the fulfillment of the need for future manpower are called human resources planning. The need for today and future human resources for the rational use of the existing workforce of the enterprise is determined as number and quality (Geylan et al., 2018: 61; Güney, 2014:50). Human resource planning is explained in three parts in that study which are titled as *methods of* *determining workforce demand* and *human resources finding methods and the concept of career*.

As determining future workforce demand, the number of present personnel is compared primarily with the number of personnel that should be available. The equality of the two is the main objective. If there is a difference, there is also a need for personnel in the organization.

Labor demand determination methods used in human resource planning are combined as executive's forecast, group technique, benchmark method and trend analysis. And these all methods are explained as follows;

Executive's forecast; The past experiences and intuitions of managers form the basis for corporate plans. The human resources manager considers the labor demand of the past. He decides how much labor needs will be in the future. That is why the manager in each unit is knowledgeable about the number of workers. Workforce estimate is made starting from the lowest level.

Group technique; The commission of officially appointed experts is asked about the demand for labor. A common approach between members determines the need for future human resources depending on the organization's current situation.

Benchmark method; The need for new personnel is revealed in line with the targeted increase in variables such as sales, production quantity and material usage.

Trend analysis; Employment changes in the last five years are examined, so the future need is estimated. The tendency formed in previous times is determined. The same trend is assumed to continue in the future.

Human resources finding methods are the second part related with human resource planning. Enterprises try to find the candidates of personnel to meet the need for the workforce in the vacancy of the enterprise. Due to the different tasks within the business, employees with different qualifications and abilities are needed. First, the need for labor must be met from those within the business. If vacant positions cannot be met from internal sources, appropriate candidates outside the enterprise should be encouraged to apply. As you can see, internal and external resources are consulted in the supply of personnel needs. The goal here is to choose the right person for the work (Aygün, 2010: 35).

Human resources finding methods are listed as recruitment from internal resources and procurement from external resources. And these titles are explained as follows;

Recruitment from internal resources; The utilization of the existing employee labor force of the enterprise firstly in employee procurement is called recruitment from internal sources. Labor needs are met in a very short time. It provides employees with a sense of morale, commitment to the workplace, confidence to work and motivation.

Recruitment methods from internal sources are *promotion* and *rotation*.

Promotion, is the transfer of an employee from his/her position to a higher level in terms of status, wage, authority and responsibility. Wages and social respectability increase. Here, the employee's seniority, success, personality, interpersonal communication should be taken into account. When the promotion is done correctly, both the success of the organization and the motivations of the employees and their commitment to the organization are increased (Geylan et al., 2018: 99).

Rotation; When a position is vacated in the enterprise, employees are replaced between jobs at a similar level in terms of wages, authority and responsibility (Aygün, 2014: 42). Personnel shortages are met primarily from the units with surplus personnel.

Procurement from external resources; In particular, external resources are used to provide personnel for jobs that require technical expertise. What should be considered in the procurement of manpower from external sources is that the candidate must be well trained.

The main sources of external supply for employee procurement are:

a) Announcements may be posted to general and vocational education institutions.

b) Competing company employees can be a valuable resource.

c) The Turkish Employment Agency, private employment consulting companies and websites that mediate to find human resources on the internet can be used.

d) Announcements can be made by mass media.

e) Those who come to the business and fill out the job application form and apply for a job from the business's website can be evaluated.

f) Worker-hiring companies can be used. Staff is hired from a subcontractor company. It is a method suitable for supplying a temporary workforce.

The concept of career is the third part related with human resource planning. The employee's promotion to a position with his/her knowledge, talent and desire to work, thus giving a certain authority, position, status is defined as the career (Güney, 2014:147). The term career is equivalent to having a prestigious profession. Thanks to the career, it's possible to do things with love. Satisfaction from work and commitment to work increase.

The career concept includes career planning and the career management. And these titles are explained as follows;

The career planning; If the individuals know what they can do in the future business life, the more successful they will be in achieving the goals they target. This is achieved only through career planning. Therefore, career planning is defined as determining the goals an employee wants to achieve in accordance with his/her interest by evaluating his/her individual characteristics, skills, qualifications and expectations and identifying activities that will lead to these goals (Uğur, 2008:246;). In other words, career planning is to choose the profession in which one will reach career and determine the ways to achieve it (Geylan et al., 2018: 101). Individuals examine the knowledge, skills and abilities they have and determine the area of interest of themselves. Career planning is realized if they determine how to achieve the target they have determined (Tüz, 2003: 171; Deniz & Ünal, 2007: 108). Employees should continuously develop their knowledge and abilities for the goals they want to achieve. Thus, persons will determine their own future in the process of job search and job finding.

And the other title *career management* is the provision of qualified staff that is needed for a business. Providing the employees with the necessary knowledge, skills and abilities in their job to advance in the business is also called career management. Through career management, an enterprise trains qualified personnel that it will need in the future. Through the training activities, the right staff is employed for the right jobs. Motivation, job satisfaction, quality and productivity increase. Personal goals are integrated into organizational goals. Personnel cadre is filled based on the growth of the organization. HRM department performs career management.

4. HUMAN RESOURCE MANAGEMENT TRAINING

The activities that provide certain improvements in the mind and behavior of the person according to the pre-determined objectives are called training. The activities of developing knowledge, ability, skills, attitudes, thoughts, habits, decision-making and behavior through vocational training programs arranged to enable employees to do their tasks better are called HRM training. Employees do their duties better thanks to the training, job satisfaction increases, loyalty to the workplace also increases. Morale and motivation occur in the direction of success.

Through education, resistance to innovations is eliminated and adaptation becomes easier, also confidence rises. Businesses achieve profitability and efficiency goals. Employee and employer relations develop. A well-trained, integrated with the organization and sustainable workers are always needed. Continuous training and development of employees in HRM activities are the requirements.

The main training methods used in HRM training are combined as orientation training, apprenticeship training, guidance training, rotation training, education method in the classroom environment, case study method, role playing method, study trips, education in electronic environment, participation in projects and committees, internship training explainedas follows:

Orientation training; New employees of the organization are taught about the organization's policies, mission, vision, code of conduct, principles, working order and all other units. Thanks to this training, the anxiety caused by starting working in a new environment is alleviated.

Apprenticeship training; It is the training of employees, who are assigned to different missions or new to the business, alongside a senior staff with knowledge, skills and experience. The new employee is shown how to do his job (Kaya, Şimşek, Erişti, Ataizi & BalabanSalı, 2018: 14). Errors made in skill-requiring jobs are corrected instantly. It is very effective in teaching simple things.

Guidance Training; Supervisor observes the success of the employees and corrects their mistakes when getting the employee to work (Geylan et al., 2018: 84). Employees will transmit the difficulties they encounter to their supervisor. Guidance training is the contribution of the manager to the learning of the employees and their professional development.

Administrators are always role models for their employees. Every manager who transmits his/her information to his/her subordinates is also a good teacher and the reward of it is an increase in the performance of subordinates.

Rotation training; It is the employment of staff in various parts of the business within a certain period of time to gain the knowledge, skills and abilities required to carry out his/**her** duties. Management should arrange job rotations for personnel within certain periods for activities and tasks within the organization. Thus, the potential of people to adapt to work increases (Geylan et al., 2018: 105).

Education method in the classroom environment; The personnel to be trained shall be left from the work for a certain period of time and subjected to training in the classroom environment. Expert trainer transmits theoretical knowledge on pre-planned subjects. After the training program, the comments and evaluations of the participants are shared. Written materials such as books are given to participants (Geylan et al., 2018: 83).

Case study method; An event or problem that has happened is examined in all aspects of the group. Factors affecting the decision are analyzed. Answers to event-related questions are generated (Kaya et al., 2018: 95). The ability to express a thought, to make accurate decisions, to convince others, to speak on the right place and the right time is improved.

Role-playing method; In this method, problems encountered in businesses are presented in the form of a scenario, and roles are created in the scenario (Kaya et al., 2018: 96). Trained persons are asked to manage the events in the case of lack of manager and solve the problems. Those who are trained try to produce solutions to problems. Here the key points of the problem are highlighted and interpreted (Geylan et al., 2018: 84).

Study trips; Other businesses are visited. Employees' knowledge and experience are increased in terms of working methods, business conditions and technological innovation. As part of the trip, experts who make required statements are also a source of learning (Kaya et al., 2018: 99).

Education in electronic environment; Training activities are carried out in virtual classrooms in a computer environment using an Internet communication network. It is easy to access and share information through internet-based education systems called distance education. It has flexibility for factors such as time, location and speed of learning (Kaya et al., 2018: 15).

Participation in projects and committees; The assignment of employees on committees and projects also causes them to gain experience and develop a sense of responsibility. Project and committee members cooperate and solve problems based on their knowledge and skills.

Internship training; It is a training method that aims to improve the ability of people to recognize the jobs related to the tasks they will be assigned in the future, to develop professional responsibility and adaptation to the work.

5. The WAGE SYSTEMS

Wage is the return of the labor that employees offer to the enterprise (Acar, Önce & Erdemir, 2018: 3) It concerns both employees and employers closely. The monetary value that the employee receives in exchange for working in the workplace is called wage (Tunçer, 2011:284). When wage systems are mentioned, the calculation of individual wages (Acar, Önce & Erdemir, 2018: 14). In determining the wage system, the family status of employees, house rent and cost of living should be taken into account. Fees should be checked and updated periodically (Uyargil & Acar, 2010: 1). Employees who are dissatisfied with the pay they receive for their work usually don't come to work, arrive late to work or may have conflicts with their friends and superiors. Thanks to a fair and balanced wage system, the morale and job satisfaction level of staff increase (Acar, Önce & Erdemir, 2018: iv). Wage systems used in businesses includes time-based fee system, minimum vage, piece-rate fee system, sliding scale system, premium fee system, profit-sharing system and the group fee system. These all explainedare as follows:

Time-based fee system; The fee to be paid to the employee is calculated based on the unit of time for instance hourly, daily, weekly, monthly (Acar, Önce & Erdemir, 2018: 14).

Total Wage Income=Working time x Wage amount

The work rate of staff, the amount of production and the quality of the work do not affect the wage. It is suitable for assembly-based works, management, supervision, maintenance, protection and general office work.

Minimum wage; The wage calculated by the minimum Wage Determination Commission based on the day's prices of the worker's mandatory needs such as food, housing, clothing, health, transportation and culture is called the minimum wage (Acar, Önce & Erdemir, 2018: 86). The fee must be in the amount to meet the mandatory needs of the employee and his/her family. The payment of fees below this fee limit is prohibited.

Piece-rate fee system; The price is calculated according to the rate of produced pieces. The more pieces the employee produces, the more he or she gets paid. Earning too much motivates employees. Production and productivity increase in direct proportion to performance. It is suitable for subcontracting. It reduces the need for oversight.

A fee is determined per unit of the product called piece. To calculate wage income, the amount of wages in question is multiplied by the number of produced pieces (Acar, Önce & Erdemir, 2018: 16).

Sliding scale system; Wages are raised at the level of inflation to address the real decline in wages against the rising cost of living. Increases in the overall price level are reflected in wages.

Premium fee system; Additional fees are paid at the rate of the employee's productivity, success and contribution to the business (Acar, Önce & Erdemir, 2018: 17). The person receives the guaranteed minimum wage. Production above normal performance is reflected as premium pay. For example, marketers earn a large portion of the fee through performance.

Profit-sharing system; Employee receives a certain amount of dividends from the profit of the business other than his normal wage (Acar, Önce & Erdemir, 2018: 18). Interest in work, productivity and success increase. The change rate of personnel drops. Thanks to this system, employees get high wage increases.

Group fee system; It is the payment of a lump sum fee to a group of workers who commit to perform a pre-determined work at a specified time. It is very common in contracting services.

6. EVALUATION of EMPLOYEE PERFORMANCE

Performance evaluation is important for all businesses. That is why the performance level of the business is determined by the performance of the personnel. Performance evaluation is needed to elucidate the skills, knowledge and abilities required to improve employee's contribution to business (Kubat, 2012:52). This activity compares the skills that an employee has with the skills that the job requires. The degree to which the tasks and responsibilities required by the job are successfully met by the employee is measured. Each employee’s work knowledge, abilities, communication skills, teamwork, productivity level, attitudes and behaviors are evaluated (Barutçugil, 2002:178; Fındıkçı, 2009:296). Employees' contribution to the organization is improved through the evaluation of employee performance (Uyargil & Acar, 2010: 1).It is appropriate to conduct a performance assessment once a year. In addition, performance evaluation can be performed during wage increases, promotions and transfers and before training activities. The employee's performance is measured by the supervisor. Success is rewarded if there is. It is ensured to improve themselves in areas where they are inadequate.

There are a wide variety of methods for evaluating the performance of employees. However, since the structures and manpower characteristics of enterprises are different, each enterprise should use their own performance evaluation method appropriate to their needs.

The main performance evaluation methods are listed as sorting method, graphic assessment method, critical event method, checklist method, goals-based evaluation method, 360-degree success evaluation approach and the team-based performance assessment.

Sorting method; Employees are compared to each other based on their success and ranked from the best to the worst (Erdemir, Haşit, Baraz & Tokgöz, 2019: 78). An employee with the highest performance in terms of evaluation criteria is written at the beginning of the list. The lowest-performing employee is written at the end of the list. Other names are ranked between these two names according to the degree of declining performance. It is easy to apply in businesses with a small number of employees. It is a successful method for assessing the pay and promotion of people on the same duty.

Graphic assessment method; The assessment scale consists of three groups. First of all, honesty, responsibility, commitment to work, participation, entrepreneurship, taking initiative are listed as the personality characteristics of personnel. Second, the employee's ability to conduct business representing his or her behavior towards work. The results of his or her work, planning resources, cooperation, attention to the work and developing new ideas are evaluated. In the third stage, the relationship of the individual with his/her environment, whether he/she trains the subordinates, whether he/she ensures customer satisfaction are examined.

Taking into account all of these situations of employees, the manager selects one of the five degrees on the performance scale and marks it on the assessment scale. Scale order; (1) very inadequate, (2) insufficient, (3) normal, (4) sufficient, (5) very good. The performance of employees on the scale is evaluated and compared with each other (Sabuncuoğlu, 2000:173).

Critical event method; This approach is based on recording specific critical events that attract attention in the distinction of good or poor performance, such as behaviors against customers, relationships with coworkers, positive and negative business attitudes. The employee's wanted or unwanted behavior is recorded by the manager who sees how recorded events affect business. Sharing the records with the employees will provide effective feedback and encourage the employees in line with the desired behaviors (Erdemir et al., 2019: 85).

Checklist method; A form is prepared in which yes/no answers corresponding to expressions such as “supporting subordinates”, “developing new ideas”, “keeping the working environment clean”, “getting along well with friends”, “being very fair”, “he/she is respected by subordinates”, “he/she does very wrong”, which display the qualifications and behaviors of employee (Erdemir et al., 2019: 86). The options corresponding to the appropriate situation is marked by the assessor. All positive or negative sentences are scored. This form is filled out for each staff.

Goals-based evaluation method; The employee and the manager together determine the business goals of a given period. The tools needed to achieve the goals are provided by the institution. Goals that are performance criteria should not be extremely difficult or easy. Employee's success is assessed by considering the level of accomplishment of the performance goals. Since performance targets are determined with the employee, the workdone by the employee is completely measured and the results are more easily accepted (Erdemir et al., 2019: 87).

360-degree success evaluation approach; Employee’s performance is assessed based on mixed information provided from multiple sources. The comments of colleagues, managers, subordinates, suppliers, customers, which affect the employee’s behavior, are participated in the performance evaluation (Barutçugil, 2002:202). The successful and unsuccessful situations in the work, fulfilling their responsibilities or issues of leadership and self-improvement are assessed through the evaluation of the performance of the person in all aspects.

Team-based performance assessment; The way of working in teams is becoming more and more common in businesses. Through cooperation and solidarity, the problems are discussed together. Solution-oriented projects are realized. In this method, the outputs achieved by the team are evaluated first. The calculated score is distributed to each member at the rate of the individual contribution to team success and the evaluation is completed (Erdemir et al., 2019: 102).

CONCLUSION

The subject of motivation should be specifically included in the human resources management practices of family businesses. Motivation is always essential to be able to do a job better. Motivated employees will strive for success and will struggle to achieve their business goals. Problems and encountered obstacles are overcome through motivation. Business opportunities not seen by others are explored.

Successful human resources management also requires the dissemination of empathy among employees. The fact that the company staff tries to understand each other is called empathy. Thus, feelings and thoughts that are not clearly expressed will become understandable. Each individual will be able to easily assess the impact of their own behavior on others thanks to empathy.

Importance should be given to quality in human resources. There are two factors of quality. The first factor is customer satisfaction. Every employee in the business must be customer-oriented. As much as possible, the needs of the customers should be met first and the problems of the customers should be solved within the shortest time. Providing customer satisfaction, especially through the strengthening of human resources, will also provide strategic flexibility to the enterprise (Değirmenci & Öztürk, 2019: 132).

The second quality factor is teamwork. Team spirit must be developed throughout the business. To achieve the goals, the relevant individuals and groups must be organized into teams. The way of working in the organization and the establishment of mutual relations should adopt a teamwork approach. Assistance, cooperation and participation in teamwork should be encouraged by the management. It should be encouraged to take part in project teams, to participate in decisions, to express opinions, to write reports on situations that attract attention and to take part in social activities. This will minimize errors and improve activity. In this respect, it is an advantage that the individuals in the family business have a strong team spirit and a harmonious working atmosphere.

Stress should be avoided as much as possible in the workplace among employees. Here, the objectives of the organization and the objectives of the employees need to be aligned. Responsibilities for achieving the goals must be identified first. Every employee should have self-confidence and take care of his/her abilities and decisions. Learning and constant change should be encouraged through business. A wide variety of alternatives should be developed for the solution of the encountered problems.

Every employee should make an effort to demonstrate the performance that management expects of him. Employees must act in accordance with the performance standards set by management, respond to expectations and be willing to further improve their performance. In addition, management should establish a performance-based awarding system. This will increase workplace confidence, performance, job satisfaction, productivity and fairness perception among employees. Organizational success will come with these mutually supportive situations.

Every employee should have to pay attention to his/her personal development. That is why as the individual develops his/her knowledge and skills, he/she will become more valuable to the business. If new knowledge and skills are not acquired after university graduation, the existing knowledge and skills will become obsolete very quickly and will lose their validity over time. Therefore, as much as possible, master's and doctorate programs should be continued. It is necessary to attend courses, seminars and certificate programs. In addition, employees should pay attention to clothing and appearance that are part of their personal development. Tie, ironed shirt and pants, polished shoes, hair care, daily shaving, use of a pleasant perfume are very effective factors in personnel selection and promotion decisions.

In particular, emphasis should be given to learning a foreign language, which represents another dimension of personal development. Just knowing English is not enough due to the intensification of international activities. The need for the second and even third foreign languages such as Russian, Chinese, Malay, Arabic, French becomes more and more important. It will surely be easier for those who know these languages to move forward in business life.

As a result, human resources management in family businesses will succeed if all employees objectively demonstrate their business performance, a reward system that highlights motivation and competition is created, education and success-based career management is realized, the psychological and social needs of the employees are met and efficient work is ensured.

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PART THREE
CHAPTER 8

ORGANIZATIONAL DESIGN and RESOURCE ALLOCATION in FAMILY BUSINESSES

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INTRODUCTION

Financial resources are the most important resources that keep the family business competitiveness and ensure the sustainability of family business activities. There is also almost no possibility to survive family businesses without physical, human, organizational and technological resources as well.

Effective resource allocation in family businesses requires the establishment of a board that will make resource allocation decisions in a holistic approach that includes all business units, internal and external stakeholders. The board, which is established with a holistic approach and makes resource allocation planning in line with the general strategy of the enterprise, should include sector representatives, managers of strategic business associations, functional department managers and a general manager (Hew and White, 2008).

Managers who make strategic decisions need to realistically predict how much resources they should allocate to which department, project or strategic cooperation and how they should distribute in the light of which plan (Jia, Chen, Gu, Zhang, Yuan, Kwong and Zhang, 2018). There are two significant factors in terms of resource allocation in family businesses: the organizational design of businesses and the budgeting (Wright, Kroll, Mukherji and Pettus, 2009). In fact, the organizational design has been more effective on resource allocation in family businesses than budgeting in recent period.

In this chapter, first of all the term “resource allocation” will be determined. The relationship between organizational design and resource allocation in family businesses will be discussed. At the beginning, resource allocation and the strategic management of resource allocation will be clarified. Then the organizational tools for resource allocation will be mentioned. At last, the link between the organizational design and resource allocation will be discussed in detail.

1. RESOURCE ALLOCATION

It is an important part of strategic management to distribute business resources to the industries, strategic business units and functional departments in which they operate effectively and efficiently in line with the planned strategies in achieving business strategic goals (Wu, 2007).

Resource allocation is making decisions about where, how, how much, how often and when to distribute the available material, physical, human, financial, organizational and technological resources in line with the activity plans and programs (Reck, 2001).

Business resources would be collected in five basic groups. Financial resources lead the way among these (Matvos and Seru, 2014). Financial resources, in order of importance, constitute respectively physical, human, organizational and technological resources (Dobrovolskienė and Tamošiūnienė, 2016). However, significant recent researches in the literature argue that the ranking of technological resources is prioritized due to the increasing importance of technological resources on family businesses performance and success.

Resource allocation constitutes financial resources consisting of financial debts and loans obtained from external sources and the return of their own business activities (Norton and Kelly, 1997). Physical resources are resources such as buildings, offices, equipment, and raw materials. Businesses human resources have acquired technological resources by transforming them into organizational resources such as information systems, quality control systems and education (Ballesteros-Pérez, González-Cruz and Fernández-Diego, 2012). The examples of technological resources are customer satisfaction, consumer loyalty, brand image, speed of adaptation to market change, and the capacity to utilize environmental opportunities (Abirami and Ramanathan,2012). A family business with strong technological resources could establish a strong position in the market and thus could expand its financial resources by increasing its income (Mia, Nasrin and Cheng, 2016).

Senior managers in businesses act according to two basic views while making resource allocation decisions (Hunt, Killen and Morcos, 2008). The first point of view is that resources should be allocated directly according to the priorities of strategic alliances established (Hew and White, 2008). Resource allocating enterprises do not interfere with distribution to smaller units or distribution on a project basis. This task has been performed by strategic cooperation managers on their behalf. Thus, strategic task distribution could have been achieved successfully among all collaborations (Blake and Carter, 2002).

The second view is that the resource allocation should be allocated to all sub-units and projects one by one at the enterprise level. However, it is very difficult to allocate a resource in accordance with this view in multi-divisional enterprises, large companies, companies in many international markets or businesses operating in different sectors (Maritan and Lee, 2017). Adapting such a strategy in resource allocation requires a new planning in the organizational structure of the family business, which is both costly and time-consuming for the family businesses (Laslo and Goldberg, 2008).

2. STRATEGIC MANAGEMENT of RESOURCE ALLOCATION

In general, the resource allocation in family businesses could be admitted as a core business facility that sustains the implementation of the main business strategies. The exact value of any resource allocation strategic plan is based on the achievement of the business organizational objectives. In this context, strategic management of resource allocation in family businesses begins with clarifying the issues which are detailed below.

How much resource strategists will allocate to which department, unit or project and within which financial means they would do so has been the subject of strategic resource allocation (Virdee and Keeble, 2017). In addition, if the resource allocation has been carried out with strategic cooperation; determining the job descriptions and responsibilities of the people who will distribute resources also concerns the area of strategic management of resource allocation (Singh, Sarkar, Aram and Kumar, 2011).

Resource allocation strategies could form a part of family business strategies. Determining the strategy of allocating resources for the next period is similar to making a financial budget forecast (Barrett, 2007). With the expectation that there will be a certain increase or decrease over the realized annual resource allocation, the resource allocation to be planned for the next year will have been estimated with percentage changes. In line with these estimates, strategic resource allocation decisions taken more realistically and correct strategies will be developed (Phillips and E Costa, 2007).

For example, if the family business operates in more than one industry; it would be a correct strategic decision to allocate more resources from the budget compared to the previous period for industries with growth expectations in the future (Maritan and Lee, 2017). On the other hand, if there is an expectation of contraction in some of the sectors in which the family business has been located, allocating less for the next period from the resource being allocated for these sectors in the previous period; leads family business managers to a realistic strategic resource allocation planning (Harrison, Hall Jr and Nargundkar, 2017).

In order to allocate resources correctly, it is necessary to take into account the views and predictions of strategic cooperation managers, units and project managers (Rice and Smith, 2002). More success could have been achieved in the integration of strategic resource allocation decisions made as a result of a common opinion into business activities (Hutchison-Krupat and Kavadias, 2015). Otherwise, the strategies that are not accepted by the members of the organization, although realistic and well planned, are bound to remain as a work only. It is as important to plan the right strategy, to ensure its acceptance at all levels of the organization and to ensure its correct implementation (Garcia, Calantone and Levine, 2003). Resource allocation strategies that are not integrated into business activities have been resulted in some units to have more idle resources than required, and some units to not have enough resources to meet their needs (Hew and White, 2008).

Family businesses with a new product development strategy in the new product development department should always have more resources than other departments under all conditions (Hung and Shiu, 2014). Likewise, the human resources in the units and projects where research and development activities are carried out should be more than the number of human resources allocated to other business activities, and this human resource should consist of people with more technical skills and expertise (Joglekar and Ford, 2005).

If the main strategy of the enterprise is to enter new markets and increase the products range by growing in these new markets, strategic resource allocation planning has been required for activities such as advertising, sales planning and development, market research, and recruiting sales experts (Salo, Keisler and Morton, 2011).

Again, family businesses that aim to be survived should develop some control mechanisms in resource allocation in order to reduce cost items and decrease the resources allocated to units with excessive resource use (Du, Cook, Liang and Zhu, 2014). Providing a long-term competitive advantage required well developed resource management. Therefore, the first important step to be taken is to determine the sections of the enterprises that provide the most income and to start source control in the departments that are less important than those departments.

On the other hand, if the targeted new product development efforts in a product development department had been consuming more than the calculated optimum process time and much more resources had been allocated than planned, the family businesses should abandon the goal of developing the new product in question (Repenning, 2000).

Resource allocation is closely related to strategy and family businesses decisions and goals, as well as to profit distribution decisions from operating activities (Yazir, Matthews, Farahbod, Neville, Guitouni, Ganti, and Coady, 2010). While dividing profits is part of the resource allocation, it is important to plan a special purpose on resource allocation for investments that could generate long-term financial returns (Petersen and Kumar, 2015).Since many family businesses make mistakes on their evaluations in this area of resource allocation and make use of default applications. Firms that focus on short-term financial returns may ignore activities that can provide the firm with more regular basis and higher financial returns in the long run. This wrong preference puts the sustainable success and performance of family businesses at risk.

The main reason why family businesses have takenan action with forecasts in the short term is that their financial resources are limited (Vanstraelen, Zarzeski and Robb, 2003). Most firms do not use equity when investing and often resort to financial resources from external sources such as bank loans (Ko and Lin, 2008). This situation comes up with crucial problems such as cash flow problems in family businesses and many companies are unable to evaluate the investments that will be more effective in the long term in order to provide cash flow (Wright et al., 2009). The issue of resource allocation is similarly affected by these cash flow problems and these problems cause family businesses to act with short-term planning instead of allocating resources with long-term planning while planning allocation of resources (Hendriks, Voeten and Kroep,1999). Thus, it is the case that family businesses push the high financial returns that they can obtain in the long run by the reverse of their fifties.

3. ORGANIZATIONAL TOOLS for RESOURCE ALLOCATION

Portfolio matrices and analysis are the most useful organizational tools that can be used when determining resource allocation strategies (Gök, 2009). Portfolio analysis and matrices help determine how much and for how long resources will be allocated to which department, project or strategic cooperation (Salo et al., 2011). After this determination and resource allocation, they play an important role in determining which units and new projects the income obtained from the business activities should be directed to. In short, with the help of these portfolio matrices, it is possible to plan where resources should be allocated in line with business strategic goals (Klingebiel and Rammer, 2014). They are effective tools in directing investments to different areas.

Another organizational tool that can be used in resource allocation is the budgeting system. The most frequently used tool in budgeting systems is the product life cycle (Tamarit, Cuesta, Dunbar and Sánchez, 2018). Each product has a life cycle according to the product life cycle. Similar to living things, products are born and developed, and their lives come to an end after a while. In the period when the products are first put on the market, the enterprises want to pay off their production and research and development costs with the first sales in a short time (Liberatore, 1987).

In the early stages of the product life cycle, the organization seems to be at a loss due to the excess investment costs and low sales volume of the enterprise. One of the methods to compensate for this loss is to properly plan the resource allocation (Reid, Monaghan and Ruxton, 2000). Planning the resource allocation in accordance with the reality is possible by correctly determining the product phases in the product life cycle and planning the estimated budget correctly (Wright et al., 2009). Liquidity problems have arisen in family businesses where the budget is not planned correctly, and after a while, family businesses that have a cash shortage in paying their debts come to the brink of bankruptcy in a short period of time (Pinha, 2015).

4. ORGANIZATIONAL DESIGN and RESOURCE ALLOCATION

Both strategic planning and budgeting activities in organizations are activities carried out at certain periods (Bi, Ding, Luo and Liang,2011). Resource allocation plans are not continuous and are made according to necessities. Even if the resource allocation strategies have been planned regularly, the monitoring and the functioning of the process should be checked regularly by the managers. Even in the last periods of uncertain environmental conditions, the resource allocation should be planned flexibly, when different circumstances occur, the enterprise adapts itself to those environmental conditions quickly and it should be able to easily restructure resource allocation activities (York and Venkataraman, 2010).

Hence, in order to apply the business strategies correctly, the flexibility required by the conditions has been utilized in the efficient allocation of resources (Salo et al., 2011). For effective allocation, it is necessary not only to have realistic budgeting but also to have the correct structuring within the organization (Wright et al., 2009).For example, the distribution in the human resources department is a factor affecting the success of the resource allocation (Saaty, Peniwati and Shang, 2007).

In a family business with a functional organizational structure, managers and employees observe the environmental conditions and turn them into opportunities, taking into account the business goals (Friebel and Raith, 2010). Functional organizational structure is the organizational structure that allows employees in every organization to develop and present a proposal and their focus may be accepted to be beneficial for the family business, except for job descriptions. (Wang, Lu, Wen, Knopp and Gupta, 2016). Therefore, the enterprises in which resource allocation is carried out most successfully are those in which the members of the organization from all units other than the unit assigned for the planning, budgeting and implementation of this resource allocation are included in the resource allocation planning and process and their suggestions have been regarded to and included in the strategies (Wright et al., 2009). Some family businesses even have taken this flexible organizational structure one step further by not establishing a certain unit dealing with resource allocation, and enable all units to contribute to the resource allocation process (Moizer and Tracey, 2010). The most efficient resource allocation strategic decisions are taken in family businesses with organizational structures with such open systemsstructures (Hunt et al., 2008).

On the other hand, family businesses with high product and market diversification prefer to distribute the decision-making authority to units far from the business center, since they have production and sales networks in different regions (Werme, Masters, Fontenot and Welch, 2007). These family businesses, which have an organizational design for geographical units, also distribute their resources with the same focus (Engwall and Jerbrant, 2003). In other words, instead of establishing a permanent unit for resource allocation, they make resource allocation planning with project and work-oriented temporary teams and ensure the development and implementation of strategies in accordance with this resource allocation plan (Maritan and Lee, 2017).

Family businesses that have more than one strategic cooperation in a single industry, usually form a general strategy map with the coordinators who manage their cooperation in the sector (Hew and White, 2008). Then, they divide in detail the general strategy map, determine the strategies and targets of sub-units and departments and make resource allocation decisions according to these sub-strategies (Northcraft and Neale, 1986). While determining the strategies of sub-units and departments, strategic cooperation managers, department managers and general managers take part in the board being formed (Gil and Passino, 2003). The determined boards make future estimates by comparing the performances of different businesses in the same sector with their own performances and using the company's own past performance data, and determine strategies in line with these future predictions(Hew and White, 2008).They plan their resource allocation with the same methods in the light of these strategies.

CONCLUSION

The main organizational designs that influence growth and development strategies of family businesses are functional, multi-part, network, aggregation, strategic organizational designs (Maritan and Lee, 2017). Determining organizational design and adapting the organizational design to changing conditions as environmental and economic conditions change (York and Venkataraman, 2010) depend on the degree of authority given to the members of the business organizations.

In an organization where central control is intense, the opinions and expectations of the member of organizations could not be used much and the employees could not be included in the organizational processes. However, in horizontal organizational design, where control could have been distributed from center to other units, employees can more openly share their ideas by adopting more of the organization's strategies and decisions (Hunt et al., 2008). Thus, more successful results could be achieved in strategies and resource allocation practices. When employees work together in such organization design, this is a different source of motivation for them and on the other hand, the subject employees'sense of belonging to the organizations would develop.

The most appropriate organizational design should include the expectations, value, skills and suggestions of all organization members in the selection of strategies and resource allocation planning in order to determine strategies in family businesses and consequently to plan resource allocation correctly. How well the business strategy has been planned is really vital, but it is also important that business employees have adequately being involved in the organizational process in order to implement this strategy correctly. In short, organizational design is intertwined with strategic planning decisions and consequently resource allocation plans, strategies and practices in the purpose of success and sustainability of family businesses for a long period of time.

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PART THREE
CHAPTER 9

FAMILY BUSINESSES and SUSTAINABILITY

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INTRODUCTION

Family businesses are known to make significant contribution to the world economy. However, the inability of family businesses to maintain their assets permanently has effect on the family on micro basis and also, they make a difference to the national economy on macro basis. For this reason, it is an important issue that family businesses, which are extremely important for the family, society and country, need to focus on long term survival (Karpuzoğlu, 2004). Furthermore, it is required to strengthen a family business with a soft, simple, but comprehensive, mechanism to govern the business for sustainable growth from one generation to another (Ungerer & Mienie, 2018). Various circumstances, such as family business environment, management style, and leadership and supervision type may have a major role in the success or failure of a family business in the long term existence (Chirapanda, 2019). Therefore, sustainability related studies in family businesses get popular day by day in business environment.

Sustainability is defined in basic terms as today's resources' continuity for the next generations. From a corporate perspective, one of the main goals of companies is to remain in the future. Therefore, their goal is in line with the sustainability philosophy (Tepe Küçükoğlu & Pınar, 2018). The meaning of the concept of sustainability for family businesses is about solving the problems faced at the business scale and the successful realization of the management transfer to the next generation (Arıca, 2007). Sustainability is also explained as the pursuit of prosperity in the organization in the context of the external environment (Sharma & Henriques, 2005). Moreover, sustainability practices are comprised of ethical considerations that involve corporate governance, workplace practices, environmental protection, community engagement and stakeholder management. In this perspective, sustainability practices play a major role on family or non-family enterprises for several factors. Firstly, they can encourage the owning family progress a favorable prestige in the society and simplify connections with shareholders. Secondly, sustainability practices provide continuity of a family business across generations. Besides, sustainability practices are stated as organizational endeavors and managerial implementations that provide success and performance of family businesses in the long term (Memili, Misra, Chrisman & Welsh, 2017). Also, a sustainable family business provides financial security to its owner (Olson, Zuiker, Danes, Stafford, Heck & Duncan, 2003).

Family businesses are basically managed by their owners or founders, in which family members are involved. When considered in terms of family ties within the business, when the transfer of power becomes necessary, the sustainability of the business in the next generations comes up as an alternative strategy to selling the current business (Churchill & Hatten, 1987).

Family businesses have different characteristics and environments versus to non-family businesses. It is significant to know that family businesses experience complicated issues that have impact on their profile and administration compared to non-family firms. Moreover, these issues have an impact on sustainability of family businesses (Arıca, 2007; Broccardo, Truant, & Zicari, 2019; López-Pérez, Melero-Polo, Vázquez-Carrasco, & Cambra-Fierro, 2018). According to Chrisman and Patel (2012) family businesses reserve a little share for research and development projects than non-family businesses where continuous innovation is evaluated as the main driver.

On the other hand, Family Firm Institute (FFI) (2016) reports that well-organized family businesses have higher profit results over time than non-family businesses. Family governance, through family ownership, lays the groundwork for strategic decisions that separate family businesses from non-family businesses and ensure the adoption of sustainability practices that cause heterogeneity among family businesses (Memili et al., 2017). In Table 1 there are some of the most significant differences between non-family and family businesses categorized by Strike (2013) considering their nature, membership, assessment, orientation and penchant to change.

Table 1. Differences between family and non-family businesses

Dimensions	Family	Non-family
Nature	Emotional	Rational
Membership	Involuntary	Voluntary
Assessment	Based on norms of loyalty and reciprocity	Based on contribution to the firm
Orientation	Inwardly oriented to protect, nurture, and develop members	Profit oriented
Penchant to exchange	Views change as a threat to safety and security for family	Views change as an opportunity for growth and advancement

Source: Strike, 2013

As seen from the table, family businesses differ from non-family businesses in certain categories. Family businesses are emotional in nature; they consist of involuntary membership, pay attention to loyalty in assessment, oriented to protect and develop their members and also show resistance to changes.

Rational arrangements in managing the problems experienced in family businesses and ensuring continuity alone cannot carry the business to sustainable success. Providing that the family and business principles, vision and mission understanding, norms, values, which are effective in the sustainability of the family business, are sustainable by the next generation of family members, along with the arrangements made in the light of rational principles. With this, it is also possible to create the phenomenon of emotional ownership (Yelkikalan & Aydın, 2010).

This chapter aims to inform about sustainability of family business. With this purpose, the following part includes theoretical background of family business, family business in Turkey and around the world, factors hindering the sustainability of family business and success factors for sustainability.

1. THEORETICAL BACKGROUND of FAMILY BUSINESS

When analyzing and explaining family businesses in literature some theories have been offered as; Family Ecology Theory (Bubolz & Sontag, 1993), Family Development Theory (Rodgers & White, 1993), Family Systems Theory (Whitchurch & Constantine, 1993), and Family Resource Management Theory (Deacon & Firebaugh, 1988), and all are briefly explained below.

Family Ecology Theory: This theory developed by Bubolz & Sontag (1993) and focused on families as they interconnect with their environment. Considering the theory, family ecological research (a) considers individuals as physical-biological and social-psychological bodies who are organized in a family system and who associates with one another (b) searches the interdependence of all systems external to the family system and also individuals and the family system.

Family Development Theory: The special contribution of family development theory lies in its focus on clarifying how families change. This theory has been criticized a lot by researchers.

Family development has no determined cycle; preferably, it is a stochastic process. Periods are signed by events, such as birth, marriage, divorce or death that change the structure of the family. As a result of this change, the interaction patterns within the family are qualitatively different from the previous period (Rodgers & White, 1993).

Family Systems Theory: The important points of general systems theory as related to families are the mutual influence of system components, boundary, hierarchy, feedback and equifinality. Developers of family systems theory, emphasize that family systems literature aims to fall into one of three main areas: (a) the understanding of family processes, (b) the relationship between the family system and other systems, or (c) morphogenesis, the study of how the structure of family system changes (Whitchurch & Constantine, 1993).

Family Resource Management Theory: In this theory the family system is explained in terms of relationships else than structure. The family is comprised of personal and managerial subsystems. It is evaluated that the goal of the personal subsystem is procreation and socialization of family members. On the other side, the aim of the managerial subsystem is to encourage the progress of family members. Inputs from the family's external environment are strain through the personal subsystem to achieve the managerial subsystem. Inputs are considered as demands for action and resources. The managerial subsystem plans and implements the use of resources to meet demands. The outputs of both the managerial subsystem and family system are listed as changed resources and satisfaction (Deacon & Firebaugh, 1988).

Family business can be considered as a intersystem which become as a combination of three systems and sustainability in family business depend on these systems' outcomes, namely, the success of the family system (functionality, cohesion, wealth), the quality of local embeddedness (shared community values, social ties with local stakeholder) and the growth of the business system (financial performance, longevity of business). Family businesses also need quick adaptation abilities to survive and to get involved within the competition. Changes in work environments also trigger developments in family business strategies (Chirapanda, 2019).

In family businesses profit maximization is not generally considered as the first aim of the family. The succession of the family-oriented aims that is called as socioemotional wealth (SEW). When family businesses have difficulties with financial capital, they take advantage of family capital and rely on psychological capital (Memili et al, 2017). Family businesses prefer strategic decisions that help preserve socio-emotional content and avoid these risks, even with economic consequences. According to Berrone, Cruz & Gomez-Mejia (2012), the non-financial socio-emotional goals of families with family businesses; using authority and affecting the emotional value of owning a company, identifying with the family business, determining the reputation of the family in the local community and renewing family ties with the company through inheritance.

In this case, it is a major strategy for family businesses to adhere to a long-term orientation planning that will facilitate the harmonization of socio-emotional values and economic goals to ensure sustainability (Memili et al., 2017).

2. FAMILY BUSINESSES in TURKEY and ALL OVER the WORLD

Family businesses have great portion in the national economies, local economies and the society which are mostly identified as small companies, however there exist also a number of large companies (Churchill & Hatten, 1987; Olson et al., 2003). It is produced up to 90% of national income in the family business for Turkey's economy. Importantly, 95% of enterprises in Turkey is composed of family businesses (PricewaterhouseCoopers (PwC), 2012; Yükselen & Yıldız, 2014). Worldwide, family businesses make up most of the domestic product (Aslan, 2019). Family businesses are the basis of growth in the economic development of developed and developing countries. Besides, they ensure economic stability in national economic development and global sustainability. The rate of family businesses in the European Union is 65% (Porsuk, 2018). Family businesses account for 80% of all businesses in the world and they create over 70% of the global GDP (Oudah, Jabeen, & Dixon, 2018).

52% of the family businesses in Turkey are in the production sector, 16% in the construction and real estate development sector and 6% in the consumer products sector. 40% of today's family businesses were established between 1950-80, and 46% between 1981-2000. Intergenerational transfer of management in family businesses is of great importance in terms of sustainability performance. Accordance with this definition; 38% of family businesses in Turkey are managed by first generation, 47% are managed by second generation, 13% are managed by third generation, and only 2% are managed by fourth generation (Deloitte, 2019). In this perspective, in Table 2 the first family business established in the world and in Table 3 the first family business established in Turkey are detailed. Note that, some of these family businesses have been changed their business structure till today, from the past to the present.

Table 2. The First Family Business in the World

Company Name	**Scope / Industry**	**Country**	**Year of Foundation**	**Number of Generations**
Kongo Gumi	Construction	Japan	578	49
Hoshi	Hospitality	Japan	718	46
Chaten De Goulaine	Museum	France	1000	-
Barone Ricasoli	Wine/Olive oil	Italy	1141	-
Barovier&Toso	Glass production	Italy	1295	20
Hotel Pilgrim Haus	Hospitality	Germany	1304	-
Richard De Bas	Paper	Germany	1326	-
Torrini Firenze	Jewelry	Italy	1369	-
Antinori	Wine production	Italy	1385	26
Camuffo	Ship construction	Italy	1438	18
Baronnie De Coussergues	Wine production	France	1495	16
Grazia Deruta	Ceramic	Italy	1500	-

Source: Karpuzoğlu, 2004

Table 3. The First Family Businesses in Turkey

Company Name	Scope/Industry	Year of Foundation	Number of Generations
Hacı Bekir Lokum ve Akide Şekerleri	Food	1777	-
Vefa Bozacısı	Food	1870	4
Çögenler Helvacılık	Food	1883	4
Hacı Abdullah	Food	1888	-
Teksima Tekstil	Textile	1893	4
Konyalı Lokantası	Food	1897	3
Koska Helva	Food	1907	4
Abdi İbrahim	Pharmaceutical	1912	-
Kamil Koç Otobüsleri	Transportation	1923	3
Mustafa Nevzat	Pharmaceutical	1923	-
Eyüp Sabri Tuncer Kolonyaları	Cosmetics	1923	3
Doluca Şarapları	Wine production	1926	3
Tatko	Tire & rubber	1926	3
Koç Holding	Holding	1926	3
Kent Gıda A.Ş.	Food	1927	3
Nurus	Furniture	1927	3
Kafkas Kestane Şekerleri	Food	1930	2
Uzel Makina	Automotive	1940	2
Nuh Çimento	Construction	1942	3
Eczacıbaşı	Pharmaceutical	1942	2
Tikveşli	Food	1943	-
Ülker	Food	1944	2
Sabancı Holding	Holding	1946	3
Yeni Karamürsel Mağazacılık	Retail	1950	3
İstikbal	Furniture	1957	2

Source: Karpuzoğlu, 2004

In Europe and America, it is possible to come across many large and small companies whose age exceeds 100-200 years. There are companies that started to work in a small workshop and till now have reached the third and fourth generations worldwide. A structure having a development trend in Turkey is not yet available in this way. Large-scale history of some companies in Turkey are counted on even dates back at more than 60-70 years. The oldest family businesses are under the management of the 4th generation and they are very few. On the other hand, there are companies that have completed their 100th year, but most of these companies have not grown enough and remained small (Ateş, 2005).

In Turkey there are four types of family businesses (Kaçar, 2003):

1. Companies Called as Boss Companies: Companies in which all decisions are taken by the boss in the company.

2. Sister or Sibling Partnership Companies: The management of these family businesses shared among the siblings.

3. Complex Family Businesses: There are not only siblings but also cousins in such companies.

4. Former Family Businesses Left to Professionals: In such family businesses, there is a board of directors and the person on the board leaves the work entirely to the professionals. This is the most suitable type for companies with a goal of institutionalization.

According to Miller and Le Breton-Miller (2005) a family business either private or public in which most of shares are controlled by a family and key management positions belongs to family members. Moreover, Venter, Kruger and Herbst (2007) defined four basic characteristics of a family business as; they are controlled by a single family, some family members are employed by the family business, non- family members are also working for the company and there is an independent board of directors to support the aims, values and vision of the owned family.

Family businesses are created with great effort and devotion during the establishment phase, but as the generation changes over time, sharing inheritance, task difficulties and lack of enthusiasm make the business less sustainable (Aslan, 2019). When the lifetimes of these companies are examined, it is seen as extremely short. It is understood that slightly more than 1/3 of the family businesses have transferred to the second generation, and that only half of this rate survives in the third generation (Karpuzoğlu, 2004).

Gersick and colleagues (1997) established a taxonomy that integrates the family business phase and the generation. In Table 4, it is seen in each phase older and younger generations, business age and leading generation.

Table 4. The Family Business Developmental Dimension over Generation

Phase	Older Generation	Younger Generation	Approximate Business Age	Generation Leading
Young Family Business	<40 years old	If present < 18 years old	<15 years	First Generation
Entering the business	33 to 55 years old	13 to 29 years old	<30 years	First Generation
Working Together	50 to 65 years old	20 to 45 years	<45 years	First and Second Generation Leading
Passing the baton	Older than 60 years		>45 years	Second Generation Leading

Source: Gersick et al, 1997

Gersick and colleagues (1997)'s model offers a different perspective from ownership or business point of view. Because it is driven by the biological aging of family members. This model presents four phases which are named according to level of involvement of generations.

An association which is founded in 1981 named as the Henokiens: International Association of Bicentenary Family Companies that consists of family businesses based on company longevity and permanence; the minimum period of existence is 200 years and the family must be owner or majority shareholder of the company and one member of the founding family must still manage the company or be a member of the board. Additionally, the company have be in good financial situation and up-to-date. Currently, there exist 50 members including 15 French, 11 Italian, 10 Japanese, 5 German, 3 Swiss, 2 Belgian, 2 Dutch, 1 Austrian and 1 English from different industries including trade, services, publishing, aircraft and heavy industry (The Henokiens, n.d.). There are some studies investigating the long-term survival of the Henokiens International Association. One of these is the study of Bakoğlu & Yıldırım (2016) which explores the sustainability implications of Henokiens to obtain lessons learned for long-term survival of other family businesses. Moreover, based on Henokiens International Association members, there are many case studies and reports on adaptation to change conditions, succession management and guiding other family businesses for sustainability.

3. FACTORS HINDERING the SUSTAINABILITY of FAMILY BUSINESS

Businesses owned, controlled, and managed by families are a special organizational type whose "specialness" causes both advantages and disadvantages. Family businesses include special power from the identity, shared history, and common language of families (Gersick et al., 1997). Therefore, the continuity of the existence of family businesses is a very important issue. In fact, family businesses have difficulties to be sustainable for future generations. There are many factors affecting the sustainability of family businesses. In addition, different dynamics can be effective in ensuring the sustainability of family businesses comparing with non-family businesses.

Survival of a family business mainly depends on a good succession planning and successful transfer to next generation. According to Lambrecht and Donckels (2006), it is lifelong and continuing process. The well-organized transfer of family wealth and governance practices do not happen in each family business that success is not guaranteed. Moreover, the obstacles of family business succession are also experienced all over the world (Chirapanda, 2019).

As it is expressed before, very few (only 2%) of family businesses are managed by the 4th generation (Deloitte, 2019). Many family businesses are disappearing due to problems and family conflicts in the intergenerational management era. In this process, the factors that accelerate the collapse of family businesses are considered as; favoring family members in the business environment, competition between family members, role conflict, centralization and transfer problems. On the other hand, the advantages of family businesses that have managed to be sustainable between generations are evaluated as family dedication, family culture, expertise, independence, adapting to change, institutionalization and transfer planning at the right time (İnce, 2008).

Most of the private sector enterprises are family businesses, and they make important contributions to the economies of the country. Although family businesses have significant contributions to economies, when examined with regard to the sustainability of family businesses in Turkey, a number of organizational and managerial problems are encountered. Ownership problems, inability to transition to professional management, lack of institutional infrastructure, lack of training of the founder and inability to keep up with digital transformation make it difficult for the family to adapt between generations and business assets may come to an end (Birincioğlu & Acuner, 2015; Demir, 2017; Karpuzoğlu, 2003). In addition, one of the most valuable factors that affecting the sustainability of family businesses is considered as competitive advantage. Intergenerational differences are effective in losing competitive advantage. On the other hand, family businesses that cannot be institutionalized cannot go beyond a few generations. In this process, the insufficiency of performance evaluation systems is also effective (Aslan, 2019). Neff (2015) emphasized that sharing of vision, role openness, professional network, are significant in the sustainability of family businesses that rely on management. For this reason, it is possible to say that professional managers have positive effects on performance in founding family control (Gama & Galvão, 2012).

Family businesses have the potential to grow rapidly, but they face the threats of extinction suddenly (Demir, 2017). Bozkurt (2004) also listed factors that prevent family businesses from being sustainable as; mismanagement, not taking decisions on time, family problems, nepotism, and sexist discrimination among family members, institutionalization and unfair remuneration. In addition, Güney (2008) stated that the fights and the arguments within the family negatively affect the sustainability of family businesses.

Stavrou, Kleanthous and Anastasiou (2005) reported that sustainability rate of family businesses is also exceptionally low. According to Ulukan (1999), sustainability of family businesses is related with the transition between generations that transfer of inheritance and have the ability to carry family success into the future (Demir, 2017). In the prior theories about the management of family businesses, low agency costs due to the cooperation of ownership and control are considered as an advantage, while the affective relationships due to being a family member are assigned and accelerating the departure from professionalism in management paved the way for new costs (Sorenson, 1999; as cited in Demir, 2017).

Among the problems affecting the life course of family businesses, family conflicts, internal power balance, conflicts between family and professional management, non-institutionalization, intergenerational transfer of management problems, incompatibilities between family structure and business system, and lack of planning and coordination are listed. A few of these come together and prevent the management from passing to the next generation (Kırtaş, 2018).

Sandig, Labadie, Saris and Mayordomo (2006) report that family complexity is another obstacle. Family complexity is expressed as "the number of family members and the type of relationships between them and the number of family generations living at a given time". However, the degree of complexity depends on the family members involved in the business and is explained by the number of generations. As the family complexity increases, conflicts arise in the family regarding leadership authority and activities for the strategic future of the business.

According to Ward's study (1997), there are six important problems that prevent family partnership to develop in the long term summarized as; increasing competition while experiencing the development phase, family needs and limited capital to enable commercial growth, weak leadership skills of the new generation, resistance of the founder to existing changes, conflicts between successors and the incompatibility of goals, values and needs with each other. Besides, prominent practices of sustainability including customer relationships, the values and transparency, internal audience, environmental responsibility, supplier or community relationships contributes to strengthen business's existence and duration (Schmidt, Zanini, Korzenowski, Schmidt, & Benchimol, 2018). For this reason, all businesses that want to continue their existence for many years should show interest in these areas and make the necessary investments.

Some external factors such as changing customer behavior and lifestyle, rapid developments in digital transformation, new regulations-laws and experienced financial crises may cause changes in family business. Hence, those external factors affect internal factors, including products and/or services development and launching, strategic management and putting resources together (Chirapanda, 2019).

Some of the studies showed that conservative behavior, especially a moderate reluctance to risk, has a major a role in organizational longevity, besides a powerful sense of identity (Collins & Porras, 2004). However, family businesses seem to become cautious and unwilling to take the risks (Zahra, 2005).

There are many factors that family businesses face in order to survive. These factors may be factors related to their own internal dynamics, as well as factors related to the external and internal environment outside the business. It is necessary to make a risk assessment for each factor, then to create a priority order and to take the necessary measures respectively.

4. SUCCESS FACTORS for SUSTAINABILITY

It is necessary to support a family business with a simple but extensive mechanism to govern the business for sustainable growth from one generation to another (Ungerer & Mienie, 2018). It is worldwide known that the family businesses are prominent for economy, on the other hand defining and practicing the best strategies for survival is obviously low. For that reason, it is crucial to form the important factors in maintaining accomplished family business succession (Chirapanda, 2019). Therefore, a successful succession process leads to sustainable business.

According to results of the research conducted by Bakoğlu and Yıldırım (2016), long-term surviving family businesses' success factors for sustainability in total are detected in three main dimensions of sustainability concept. Success factors are listed as human rights and personal development and talent management, quality & kaizen and innovative technologies for protect & respect environment, economic sustainability, ethical standards, recycling and energy efficiency & consumption for environmental sustainability are main issues regarding social sustainability effort in total.

Chirapanda (2019) conducted a research that inquiries about the significant factors for sustainability in Japanese family businesses. He found out that the innovation; team management and leadership, competitive advantage and building good relationships with the local community are the key factors to achieve long-term survival. Furthermore, he declared that the family businesses in Japan are good enough and well prepared in succession planning and have the appreciable longevity than others in the world. Miller and Le Breton-Miller (2005) claimed that factors such as, supporting a dynamic community culture, investing in the company and its products, establishing long-term win–win relationships with stakeholders have a major role behind the successful long-lived firms. Moreover, Miller, Lee, Chang, and Le Breton-Miller (2009) explained that compared to non-family businesses, family businesses show~~s~~ more paternalistic leadership behavior and have more connections to other stakeholder organizations in the community. Among the important factors in the success of the continuity, first of all, intra-family harmony is at the forefront. And the other success factors are the desire of the next generation to take over the business, the predecessor's preparation process and the presence of the board of directors, which is the institutionalization step in the family business (Şensoy, 2010).

In order to find the right answer to the question "What are the main determinants that favor or impede the establishment of sustainability?" Broccardo et al., (2019) conducted a review of the existing literature and tried to list the internal determinants that can facilitate or ease the adoption of sustainability attitudes in family businesses. Long-term orientation, image and community commitment, family involvement and firm size (small and medium), educational background and family values, environment, relations with external and internal stakeholders, reputation and identification are found as key factors for sustainability.

Yükselen and Yıldız (2014)listed main determinants of family business sustainability according to literature as family and management system, planning (succession planning , strategic long term plans, legacy planning, family constitution, strategic contingency planning), conflicts (role conflict, intergenerational conflict, conflict of rights, impact of women on family businesses), management with professional executives, transfer of authority, corporate governance and transition planning. The ability of adaptation to business practices and innovation to meet the demands of the changing external system have also been declared as key factors for the sustainability of family businesses (Vollero, Siano, & Della Volpe, 2019).

Table 5. Critical Success Factors for Long-term Survival and Sustainability of Family Businesses

Critical Success Factors	Researcher(s)
• Protect & Respect Environment • Recycling and Energy Efficiency & Consumption • Personal Development • Working Conditions • Ethical Standards • Human Rights • Talent Management • Quality & Kaizen • Innovative Technologies	Bakoğlu & Yıldırım, 2016
• Innovation • Leadership and Team Management • Competitive Advantage • Establishing Good Relationships with The Local Community	Chirapanda, 2019

Critical Success Factors	Researcher(s)
• Investing in The Company and Its Products • Supporting A Dynamic Community Culture • Establishing Long-Term Win–Win Relationships with Stakeholders • Courageous Leadership	Miller & Le Breton-Miller, 2005
• Intra-Family Harmony • The Desire of The Next Generation to Take Over the Business • The Predecessor's Preparation Process • Presence of The Board of Directors	Şensoy, 2010
• Family Involvement and Firm Size • Long-Term Orientation • Family Values and Educational Background • Relationship with Internal and External Stakeholders • Environment • Community Commitment • Image, Reputation and Identification	Broccardo et al., 2019
• Family and Management System • Conflicts • Planning • Transition Planning • Corporate Governance • Transfer of Authority • Management with Professional Executives	Yükselen & Yıldız, 2014
• The Ability of Adaptation to Business Practices • Innovation to Meet the Demands of The Changing External System	Vollero et al., 2019

Source: Utilizing the references indicated, the Table 5 is formed by authors

Ungerer and Mienie (2018) developed a conceptual framework for family businesses to become sustainable over multiple generations. A successful family business long-term sustainability depends on some criteria which are succession planning, leadership practice (the role of the board as combination of family, non-family and independent members), strategic planning practice, family harmony practice (family meetings to foster family harmony), financial planning and monitoring. With the help of researchers' Family Business Success Map (FBSM), family business members, advisors and managers are able to benchmark their business practices in these key areas. Table 6 shows the questions to be asked for each of them.

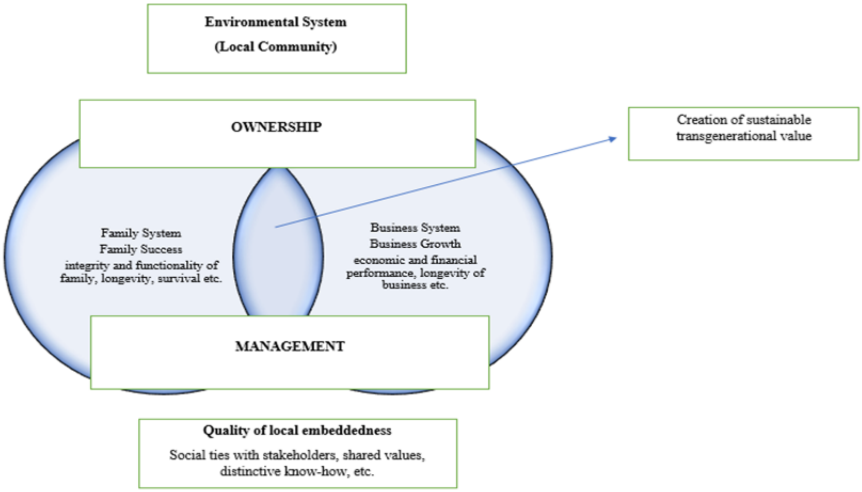
Table 6. Family Business Success Map

<table>
<tr><td colspan="4">Family Business Success Map</td></tr>
<tr><td rowspan="6">GOVERNANCE</td><td>Critical Element</td><td>Questions</td><td rowspan="6">COMMUNICATION</td></tr>
<tr><td>Succession Planning Practice</td><td>Do we have a succession plan?
Do we plan for both management and ownership succession?
Are the ground rules/policies clear?
Does the plan include development of potential successors?</td></tr>
<tr><td>Leadership Practice</td><td>Do we have a Board or Advisory Council?
Does the Board meet regularly?
Are there non-family members on the Board?
Do directors have the competencies to act correctly, responsibly, timeously and are they accountable?</td></tr>
<tr><td>Strategic Plan Practice</td><td>Do we have a strategic plan?
Do we revisit our strategic plan on a regular basis?
Do we involve our trusted advisors in the process?</td></tr>
<tr><td>Family Harmony Practice</td><td>Do we have family meetings/forums?
Do we have transparent communication?
Do we monitor potential nepotism?
Do we foster family harmony in our family practices?</td></tr>
<tr><td>Financial Planning and Monitoring Practice</td><td>Do we have a multi-year budget practice?
Do we have an investment, wealth creation and wealth preservation policy?
Do we use cost management accounting?
Do we use cost management accounting in our strategic decision making?</td></tr>
<tr><td colspan="4">ENTREPRENEURIAL ORIENTATION
Do we invest in the entrepreneurial development of top and senior management?</td></tr>
</table>

Source: Ungerer & Mienie, 2018

Moreover Tur-Porcar, Roig-Tiernoand Mestre (2018) also identified useful criteria to measure sustainability in the businesses. Environment, business factors, behavior and human relations are criteria for providing sustainable entrepreneurs. Social awareness, policies, environmental regulations are comprised of environment and surrounding criteria. Furthermore, job satisfaction, profit, access to subsidies and business management are elements of business factors. Motivation (as pro-social, intrinsic, extrinsic, flow), life style (as altruism, compassion, empathy, ethics) and metacognition (self-regulation, self-efficacy, competitive intelligence) are also parts of behavior. Finally, reputation, leadership and congruence are sub-dimensions of human relations. Reference to the model, it is important to have a wealthy integration between criteria. On the other perspective, Vollero and colleagues (2019) pointed out that sustainability with the transition of management to new generations is in the intersection set of family system and business system. For this reason, planning a balanced management period by ensuring interaction between systems will ensure the sustainability of the business (Svoboda, 2020).

Figure 1. Sustainability System in Family Businesses



Source: Vollero et al, 2019: Cited in: Svoboda, 2020

In addition, Oudah et al. (2018) also created a model for long-term planning that will ensure the sustainability of family businesses. According to this model, there are criteria and sub-criteria that will ensure sustainability in family businesses. Planning and action activities in accordance with the specified criteria will provide the enterprises continue their existence in a healthy way.

Table 7. Criteria and Sub-criteria for Sustainability of Family Businesses

Criteria	**Sub-criteria**
Succession Planning	Founder Initiative Successor Ability/Desire
Strategic Planning	Family Commitment on Continuity Family Issues and Goals
Corporate Governance	Decision Making Structure Planning/Problem Solving Structure
Leadership	Competent Family Member Leadership Effective Leadership
Family Business Values	Family Norms Business Norms
Family Capital	Human Capital Social Capital
Family Firm Advisors	Formal Advisors Informal Advisors Family Firm Board Advisors

Source: Oudah et al., 2018

As we noted before that the success factors important for sustainability in family business, like all businesses, are summarized as institutionalization and professionalization, branding practices and ability being innovative. Following sub-sections these three subjects are going be explained briefly to emphasize their importance.

4.1. Institutionalization and Professionalization

Institutionalization is accepted as an important step for building family businesses sustainability. Taking into consideration their great contribution to the economy, it can be actualized by maintaining only through corporate governance in today's business environment. Institutionalization is very valuable element for all social organizations; specially for family businesses is the only way to grow and more precisely to survive (Demir & Sezgin, 2014; Yükselen & Yıldız, 2014).

Institutionalization is defined as the process of having rules, standards and procedures, including its own working styles, business systems and methods, and thus assuming a different and distinctive identity from other businesses (Karpuzoğlu, 2003). Institutionalization is the creation of structures and processes in a company that ensure the running of business and more importantly, the healthy growth of the company, regardless of the personal preferences of the executives. Having a corporate governance understanding has great importance in terms of the sustainability of companies' corporate assets and reputation (Deloitte, 2019).

It is important to determine how the phenomenon of institutionalization is perceived by family businesses, the level of contribution that institutionalization will provide to the business and the family, and the ground and time where the foundations of institutionalization efforts will be laid. Because, depending on the life cycle of the family and the business, many parameters such as organizational structure, organizational culture, beliefs, values and norms, internal and external factors that affect the family and the business and force change are the reasons why family businesses differ in their perceptions and practices of institutionalization (Yelkikalan & Aydın, 2010).

As seen in the researches, the number of companies that have passed from the founding family business members to the third or more generations is very low, therefore, it is important that the founding family members transfer the management of the company to the next generation and professionals in a timely manner in order for the company to become institutionalized and to achieve sustainable success (Deloitte, 2019).

Demir and Sezgin (2014) examined the institutionalization perspectives and situation of 325 family businesses. The results show that the family members, especially the new generations, who are in management positions in the enterprise, adapt institutionalization and many of them believe in the institutional structure.

It is seen that the leading role in the establishment and execution of institutional structure in the enterprise is in the new generations. Because new generations are more educated and more innovative, and they have the opportunity to follow the technical and current developments more closely. Family businesses that manage the institutionalization process well will be able to continue their business existence for generations. In this process, strong communication between family members and professionals will ensure the successful continuity of their activities (İbiş & İpek, 2020).

What business owners understand by institutionalization is the necessity of employing professional employees rather than family members. What is meant here is the professionalization of family members or externally employed personnel. The first step a company to be institutionalized is to trust professional managers (Çakıcı & Özer, 2008). In order for the business to be carried out in a healthier way and to grow, more professional people should be consulted. This process is called as professionalization. In order to be professionalization these elements required (Aşan, 2010):

1. The opinions of experts outside the company should be taken to determine the company's objectives
2. While making strategic decisions about the company, sub-units should be asked
3. Financial management should be executed by experts in their fields.

One of the most important factors affects the sustainability of family businesses is that their management cannot be transferred to professionals. Because despite the uncertainty and lack of management skills of the children who take over the business, the family's insistence on the traditional continuity strategy can endanger the sustainability of the business (Özdeş, 2019). According to Demir and Sezgin's (2014) research results, family businesses support the concept of professional managers in the company, but the dominance of the family is seen in power and management. Professional managers are mostly needed in economic and financial areas. Although the opinions of experts and employees are taken into account during the decision process, however the final and strategic decisions are taken by the family members.

The transition period to professional management in family business is more difficult. The managers that are needed in the growth process of the company are primarily tried to be provided from family members and relatives, in cases where these are not sufficient, an external manager is tried to be appointed to the company. There are frequent problems between professional managers and family members due to the factors such as decision making, pricing, desire to gain power etc. (Ateş, 2005). According to Lee, Lim & Lim (2000), the underlying reasons for the tendency to hand over management to children regardless of their competence, rather than professionals, are the cost of managers, violation of the confidentiality principle of family businesses, and distrust towards non-family managers.

With a professional management approach, family businesses should primarily adapt business rules, not family rules, the necessity of the business to create a personality independent from the family, and a management approach dominated by rational requirements rather than emotional priorities. Family businesses should appoint professionals to key roles, bringing a non-family member to one of the top positions, regardless of how many family members are in management (Özdeş, 2019).

As explained in detail in the section, institutionalization and professional management approach positively affect the task skills of businesses. And in the continuation of the study branding and innovation ability are going to be explained in family business manner.

4.2. Branding

Although most of the family companies, which have a large place in our country and the world economy, are still unfamiliar with the concept of branding. Companies that have managed to survive for many years are great examples for the others. Most common feature of these companies is besides having a healthy corporate structure, having a place in the mind of the consumer (Yazgan, 2010).

Branding is one of the most important factors for family businesses to be successful and sustainable. Branding has many benefits such as creating demand for the family company, ensuring confidence in the business and product and/or service, increasing sales, thus increasing the competitive power, taking place of new products in the market more quickly, and price advantage (Deloitte, 2019). A strong brand identity is one of the most important conditions that will ensure permanence. Considering the successful family businesses in general, it is striking that they have an institutional structure and carry out their activities according to a modern management approach (Yazgan, 2010).

In family businesses, as in all businesses, it is possible to survive as adapting to consumer preferences and engaging in production, advertising and marketing activities accordingly. The branding need of family businesses is examined under two separate way, economic and strategic (Atılgan, 2011):

- Economic way: In order for family companies to provide this economic strengthening they need, they must be noticeable among many companies, they must be preferred, that is, they must have the power to compete, and what provides this power to the company will be branding.
- Strategic way: Using the strategic advantage of branding will allow family businesses that have entered the market with a single product to pursue the strategy of not only growing but also expanding and

growing; that is, you can add new products to the product line under the roof of the family business brand, which has entered the market with a single product or service, and deliver these products to the consumer with brand assurance.

Family businesses allocate less budget for branding activities than other companies, and instead focus more on issues such as developing the production track, increasing capacity and strengthening the sales unit. The replacement of these expenditures by branding and marketing expenditures has an important place in the longevity of the company (Yazgan, 2010).

4.3. Innovation ability

It can be thought that the family business will maintain its competitiveness and grow in a long time, when a system for being innovative is established and the "continuity" of the appropriate environment for innovation is provided (Baraz, 2008). Innovativeness of a firm refers to its efforts about inventions or developments of new products, services or achievements in new technological processes (Vollero et al., 2019). According to Chirapanda's (2019) study with Japanese family business innovation appears in four areas including technology, product development, cost reduction and logistics. Successful attempts in those areas trigger competitive advantage via cost leadership and differentiation. Family businesses are less creative and innovative versus to non-family businesses (Block, 2012). They tend to avoid risk taking by innovation. For that reason, they maintain traditional work processes with main products and services that need less research and development. However, family businesses want to continue their existence for generations must be more innovative in today's changing and transforming market conditions. In this context, it is important to follow the environment well to receive consultancy services, to trust the professionals, and to try the untested by taking risks. Otherwise, it will be difficult to build the future with tradition (İbiş & İpek, 2020).

In the research conducted by Baraz (2008), the perspective of family business managers towards innovation was examined. The results obtained reveal that the managers are generally "conscious" about innovation. Traditional family business structure and organizational culture of family businesses in Turkey prevent "innovative" thinking and also the economic conditions are found to be effective in this regard.

As in all businesses, family businesses can survive by adapting to consumer preferences and engaging in production, advertising and marketing activities accordingly (Uzun & Erdil, 2004). This situation requires the integration of new technologies and continuous innovation (Atılgan, 2011). Companies that are open to innovation, closely follow the developments in their environment and keep up with these developments, anticipate the needs of their target audience and meet them, will continue to exist in the future (Yazgan, 2010). The difficulty of family businesses in keeping up change is a problem experienced by all family businesses around the world, regardless of country or culture (Ateş, 2005).

An organizational structure that facilitates the realization of new, different and creative ideas will lay the groundwork for innovation. In fact, this organizational structure will produce the desired results to the extent that it complements each other with the appropriate organizational culture. In other words, the extent to which an environment where different thinking is desired is prepared, the more innovative structure of the business will be shaped. Unfortunately, in many family businesses, management culture is not open to change and innovation. In general, a completely opposite culture develops in family businesses that are established under the leadership of a smart, visionary entrepreneur, succeed in a short time and grow rapidly (Baraz, 2008).

CONCLUSION

Family businesses are defined as businesses in which family members take part in administration positions. The characteristics of family businesses and non-family businesses differ from each other. The management of non-family businesses is independent of emotions and family culture, but in family businesses, family relationships, family culture, emotions, traditions affect the management of the business. The sustainability of a family business will come about by synthesizing environmental and internal elements. Sustainable performance will increase when business and external relations are combined with the business processes and decision-making mechanisms of integration. Thus, the concept we call institutionalization will be fully built and will ensure the existence of the business for generations. In this context, family businesses should establish a business model on sustainability and adopt its practices to ensure family governance (İbiş & İpek, 2020).

Current business environment is turbulent and volatile for family businesses related with changing circumstances that leads reaction of family owners (Svoboda, 2020). There exist many factors to affect a family business' duration in next generations. Porsuk (2018) states that the most important factor underlying the ineffectualness of a family business is related with family. Jealousy among family members, inheritance sharing, conflicts between siblings, nephews and cousins, unrestricted family and business relations, unplanned intergenerational transfer of management cause the failures in family businesses.

Ward (1997) emphasized that to sustain family businesses for generations, there should be a sustainability plan that puts both family and business on the right track. Avoiding conflicts between the founding generation and the current generation is an approach that will facilitate the management transfer in the sustainable performance of family businesses. Family businesses are often founded by the Baby Boomer generation. However, the generation expected to take over the management today is the Y generation. Grandchildren are in the generation Z. As the life philosophy and growth conditions are different between generations, differences in working style are also important. Preventing conflicts between the disciplined and workaholic BB and X generations with new generations growing up in a more hedonistic and technology-dependent society and implementing policies that will reconcile the parties will increase intra-family cooperation and ensure the sustainability of business performance.

On the other hand, plans should be made as considering the needs and values of different generations with the integration to new technologies (Tosun, 2020). Today's family businesses should pay attention to digital transformation. Also, information technology, innovation capability and adaptation to change are crucial elements for future building of family businesses.

Furthermore, family businesses should increase performance by using contemporary management practices. By determining the marketing strategies well, it should primarily consider family prestige together with the brand phenomenon (Aslan, 2019). The success of the family business is based on the functional family group, integration of permanent business project, and professional management. The interaction of these elements and their updating according to environmental changes strengthen governance (Bauweraerts & Colot, 2014 as cited in Aslan, 2019). In addition, family businesses should focus on the development of long term planning that is comprised of corporate governance strategic planning andsuccession planning to maintain organizational sustainability (Oudah et al., 2018).

At the last stage of the development phase of family businesses stays managing to be permanent. This phase, unlike the others, is a phase that includes institutionalization elements intensely, in other words, business values become more important than family values. One of the major characteristics of family businesses that manage to be permanent is that they also emphasize the work on mission, vision, strategy and plan development and protection. Another feature is that these companies focus on internal and external customer satisfaction as well as profitability and try to achieve social and communal goals (Ateş, 2005). Some of the policies implemented by family businesses to be sustainable are listed below (Deloitte, 2019).

- Correct management of the transition between generations
- Carrying out the short- and medium-term plans under the supervision of environmental changes and innovations
- Restructuring and corporate transformation
- Preserving competitive power
- The appointment of family members to the appropriate place without affecting the professionals, instead of starting to work in the highest position first
- No favoritism towards family members and fair management of other employees
- Continuity of communication at all levels of the business
- Confidence
- Quick decision-making ability
- Corporate reputation and family name are as important as financial performance
- Separation of powers and responsibilities
- Determining the balance between family members and professional managers according to realistic rules and criteria
- Well planning of the management transfer process
- A family council should be established in terms of increasing communication, resolving chaos and objectivity
- Succession planning, which is important in the intergenerational management era, should be made

Family businesses should primarily have a family constitution that guides family members. A family council should meet at various times to exchange views on family and business interaction in line with the family constitution. In addition, making an effective succession planning that will facilitate the transfer of authority between generations and enable family members to set criteria for the selection of leaders. These practices will ensure the sustainability of today's family businesses. Lastly, family businesses need to pay attention to institutionalization and professionalization in the firm, to have a powerful brand identity andto increase innovation capability.

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PART THREE
CHAPTER 10

CORPORATE SOCIAL RESPONSIBILITY in FAMILY BUSINESSES

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INTRODUCTION

Businesses have decisive effects in all facets of life with both their economic and social effects (Bajo Sanjuán, González Álvarez, & Fernández Fernández, 2013). The direction and intensity of the impact have changed thanks to the recently developed technology and societal awareness. Due to customer expectations for reducing social and environmental damages, the direction of the impact has shifted from stakeholders to the business (Córdoba & Campbell, 2008). The idea that the main purpose of businesses should only use their resources for a profit has been questioned intensely due to the destructive effects it creates. Corporate Social Responsibility (CSR), which is defined as the use of resources for social benefit with a more ethical and holistic perspective, rather than just making a profit, is within the scope of the businesses interest at this point. Businesses want to keep their employees' organizational commitment, motivation, and organizational citizenship high in rapidly changing customer expectations and industry environment. Also, CSR policies are required for the sustainable competitiveness of the product in the market, innovation, brand, and product differentiation. Because the conformity in price and conventional advertising approach have been replaced by an approach which develops environmentally sensitive social policies rather than only profit oriented, and provides product and service seeking an answer to a problem of the society.

It is seen that these policies lead to long-term, sustainable prosperity and productive results for all stakeholders (Yönet, 2006; Kotler & Lee, 2017).

Due to the rate corresponding to 95% of all enterprises, family businesses in Turkey are important actors in the economic and social facet of life (Sağlam, 2005). Especially in family business where the influence of the company owner is high in management and vision determination, social capital for both internal and external stakeholders is a priority issue compared to other businesses (Güleş, Aricioğlu & Erdiren Çelebi, 2013). The efficiency of this social capital and meeting all stakeholder expectations are important in achieving sustainable competition and realizing long-term expectations of family businesses, which is the driving force of the country's economy.

In this context, first of all, the concept of corporate social responsibility and its important consequences for businesses are mentioned. Then the status of corporate social responsibility performance of family businesses and the relationship between CSR and family businesses in Turkey are summarized in the light of literature. And in the conclusion part, the evaluation of the importance of family business' adoption to CSR policies both in terms of business and society is evaluated.

1. The CONCEPT of CORPORATE SOCIAL RESPONSIBILITY

The communication opportunity which is provided by various developments and technological advances on a global scale has caused businesses to focus on CSR with sensitivity (Ruizalba Robledo, Vallesprín Arán, & González Porras, 2014). The concept of corporate social responsibility first mentioned in Bowen's (1953) book titled "Social responsibilities of businessmen". Bowen (1953) emphasized that the businessmen should consider social responsibility, social values and goals in the projects and in activities they carry out. In an environment that focuses on profit maximization, efficiency, and productivity, it is emphasized that there is a moral responsibility towards society by offering a perspective far ahead of its time. Studies on the concept of CSR continued with Davis (1960), McGuire (1963), Frederick (1960), and the concept developed with discussions on how this responsibility should be. Although there is a high interest in this new concept, some writers argue that this issue is not taking place in the field of business interest and but the main purpose of the business is profit (Friedman, 1970). Carroll (1991) stated that the primary purpose of the business is profit maximization, but while achieving its target, it should be an economic unit being aware of its social and environmental responsibility. In his study, Carroll (1991) determined the scope of social responsibility, the social issues, and the philosophy the organization should have. Carroll (1991) listed the concept of social responsibility and the responsibilities of the enterprise towards society as, economic, legal, ethical and discretionary responsibilities. Social responsibilities of businesses according to Carroll's approach is shown as a pyramid in Figure 1:

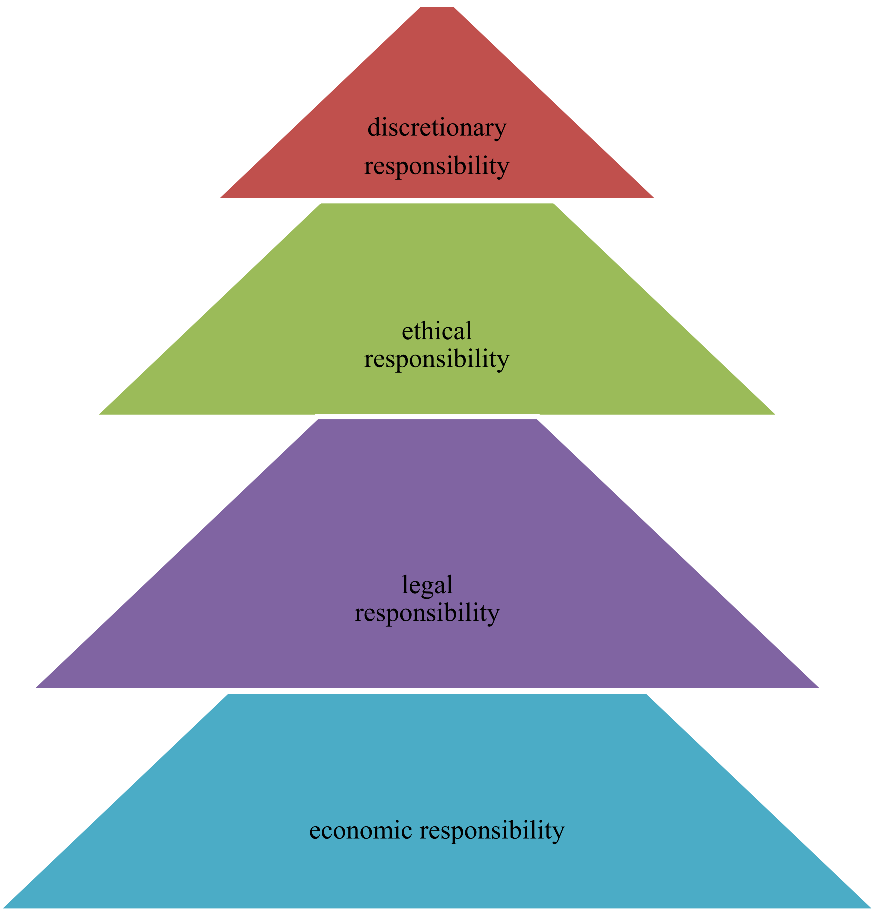

Figure 1: Social responsibilities of businesses (Carroll, 1991).

TThe first step of the pyramid starts with economic responsibility; It stems from the business being a basic economic unit. It is obliged to provide the products and services that society needs, and the business gains profits from this step and the process. Subsequent dimensions develop on top of this responsibility. While businesses fulfil their economic obligations, society sets some legal requirements and expects businesses to obey these legal rules. And also these legal rules have sanction towards businesses like all units in a country. The third dimension, ethical responsibility, includes a number of ethical tendencies which are determined by the members of the society even though they are not included in the laws. This is the most complex phase for the business to tackle. The last dimension, discretionary responsibility is defined as the voluntary activities of the business, which are not included in law and regulations and business ethics in detail, without feeling obligatory. This is a kind of philanthropic contributions such as "inhouse program for drug abusers, providing day care centers for working mothers". These four dimensions explain the responsibilities of the enterprise towards society as a whole and social responsibility is defined as follows in this context:

"The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time"

With this definition, the debates on the necessity of separating economic and social emphasis have been ended and social responsibility has been defined as an area that businesses are obliged to deal with. In this respect, it has been suggested that the measures taken by the enterprise other than the profit expectation should be considered within the scope of CSR (Davis, 1960).

The concept of CSR is a kind of responsibility that's used to increase the welfare of the society (Kotler & Lee, 2017), and it is the use of the resources of the enterprise for social benefit (Stahl & Grigsby, 1997). The European Commission defines the concept of CSR as "a concept where by companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Commission of the European Communities, 2006).

CSR focuses on how profits are generated rather than the profits that businesses make. It deals with the economic, social, and environmental effects on stakeholders in the process of gaining profit. It is a process beyond philanthropic activities and is an assessment of the company performance in all key areas of the management practice (Kytle & Ruggie, 2005). Evaluating the common emphasis in the definitions; it should be pointed out that the CSR concept is a philosophy, a corporate perspective, and organizational culture beyond the philanthropic behavior of some environmental and focus groups in society. Rather than the expectation of sharing from the profit obtained by the company, CSR is to give the necessary importance to the creation of profit in a way that creates value for everyone, by being aware of all stakeholders and environmental effects in the process until the first and last activity of the company. Today, the awareness of individuals increase in this area. A study which is conducted by Futerra on 1004 US and UK citizens in November 2018 results obtained that 88% of the participants expected brands to help them lead an environmentally friendly and ethical life, and 96% believed they could make a big change (EU Report, 2018).

CSR contributes to businesses in various ways. These contributions can be listed as follows:

Advantages Of CSR

- Building A Brand Image
- Making Profits
- Avoiding Legal Actions
- Risk Mitigation
- Desire To "Do Good"
- İmproved Quality
- Customer Loyalty
- Good Relations With Stakeholders
- Cost Reduction
- Attracting İnvestors
- Differentation From Other Brands
- Employee Motivation
- Avoiding Government Regulations
- Licence To Operate

Source: Księżak, (2017).

In branding, by differentiating production, businesses seek to achieve a special spot in the consumer's mind. In this process, businesses apply some conventional advertising and promotion methods. CSR projects produce effective results in a chaotic industrial environment where expectations and strategies are diversified, in a way to fill the shortcomings of these practices (Yönet, 2006). Even if the price of the product is more expensive, the socially responsible identity added to the value represented by the brand brings businesses to the foreground compared to others. Many studies have also determined that there is a positive relationship between corporate reputation, which expresses the impression of the company on its stakeholders, and CSR (Williams & Barrett, 2000; Brammer, Millington & Rayton, 2007; Melo & Garrido-Morgado, 2011). It is stated that CSR provides businesses with a more strategic advantage compared to others, especially in crisis times (Fernández Sánchez, Luna Sotorrío & Baraibar Diez, 2015).

There are studies in the literature point out that the organizational commitment of employees increases with the participation of their organizations in CSR projects. It is observed that employees feel proud and happy because of their businesses contributions to the society, and their affective and normative commitment increases by feeling closer to the organization (Peterson, 2004; Akten, 2019; Brammer, Millington & Rayton, 2007). CSR also positively affects the level of organizational citizenship behaviour of employees (Testa, Boiral & Heras-Saizarbitoria, 2018; Yaniv, Lavi, & Siti, 2010; David, 2010; Ong, Mayer, Tost & Wellman, 2018; El-Kassar,Yunis & El-Khalil,2017; Kim, Rhou, Uysal & Kwon, 2017; Kerse & Seçkin, 2017; Mutlu, Çeviker & Esen, 2010)

Although corporate social responsibility, which has an important place in the society and business having a sustainable life cycle, does not have any disadvantage for the business. It is thought that it may cause some negative financial consequences arising from the lack of necessary knowledge and awareness.

As an example of the concrete results of CSR practices; the shoes and clothes which are made by Adidas from garbage collected from the ocean have sold more than 1 million. Studies of Adidas continue to produce all products with recycled materials. Worn Wear Exchange platform is "repairing, sharing, and recycling" of used clothes and posssessions, and support the sustainable lifestyles and conscious consumption. In this way, they adopt the product and brand differentiation model (Business For Good, 2020). There are studies point out that CSR increases employee engagement by 50% (Satell Institute, 2018). VEJA, a Brazilian brand, shares detailed information about the production process and attracts the attention of consumers thanks to its CSR oriented policy, despite its price more than 3 times compared to Chinese manufacturers. In Mintel Global Consumer Trends 2030 (2020) report, CSR is considered as the key issue of the company's performance. At the same time, the report emphasizes that the sharing economy and the use of second-hand products will increase, and consumers will interest in more environmentally friendly and affordable products. Also, transparency is considered as important as price or other factors in products and services. Human and planet prioritized brands will profit too much.

2. FAMILY BUSINESSES and CORPORATE SOCIAL RESPONSIBILITY

Family businesses are the most numerous type of businesses worldwide (Ruizalba et al., 2014). This makes them businesses that both generate more value and keep their stakeholders in close touch. Family businesses are organizations that consist of individuals with a kinship relationship and whose main purpose is to make a profit (Fındıkçı, 2017). Family businesses are entrepreneurial organizations whose vision and strategies to be implemented within the organization are determined by family members or by the boards of directors where family members are in majority (Koçel, 2012). It differs from other organizations with its social capital (Güleş et al., 2013: 29). It is stated that their social capital and emotional identities make them more sensitive to the environment and society (PwC, 2012). Social capital that is established both within and outside of the organization is a distinctive feature of family businesses and is important for the continuity of the business.

As in the world, the ratio of family businesses to other businesses are high in Turkey. Family businesses, which have an important place in both social and economic fields, produce 90% of the national income in the study by Deloitte (2016). It is not considered enough for both family businesses and other companies to provide just a quality and affordable product or service. It is expected that the service or product provided will be a social responsibility oriented structure that adds value to the society in all processes. As the high proportion of family businesses brings up the issue of CSR, which can serve the sustainability of both the society and family businesses having long-term plans, to be addressed separately.

Different results have been obtained in studies examining the approach of family businesses to the concept of CSR, which is defined as voluntarily conducting business operations by considering social and environmental issues. While some studies states that family business are more CSR oriented (e.g. Gallo, 2004 and Dyer & Whetten, 2006), some studies indicate that non-family businesses engage in more CSR activities (e.g. Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014 and Amann, Jaussaudand Martinez, 2012). Some studies indicate a negative relationship between the family business and CSR (e.g. Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014 and Kellermanns et al., 2012), while others claim the opposite (e.g. Marques et al., 2014 and Martín Castejón & Aroca López, 2016). Other diverse results are presented in Table 1.

Table1: Results of Studies on Family Businesses

Author	Sample	Results
Gallo,2004	44 family businesses academic adviser	Family businesses produce more useful products for society.
Uhlaner et al. 2004	42 focused interviews with small and medium-sized Dutch family businesses	There is a positive relationship between the family business model and employee, customer, and supplier-related CSR.
Cruz, Larraza-Kintana,Garcés-Galdeano, & Berrone, 2014	598 listed European firm	Negative relationship between family ownership and CSR.
Kellermanns et al., 2012	Literature review	Negative relationship between family ownership and CSR.
Marques et al.,2014	12 Spanish family businesses	Positive relationship between family ownership and CSR.
Déniz & Suárez, 2005	112 Spanish family businesses	It is stated that some family businesses do not consider CSR as a competitive advantage and think that they do not have the necessary resources for CSR. However, some groups think the opposite and believe their businesses have proper resources to achieve CSR policies and benefit from its sustainable competitive advantage.
Berrone et al., 2010	194 US family and non-family businesses	It is stated that family businesses place less emphasis on environmental concern and this situation is independent of the CEO or the family member holding the management.
Dyer & Whetten, 2006	261 firms in the S&P 500	It is concluded that family businesses are more socially responsible than others in many respects.
Block and Wagner, 2014	286 firms in USA	It has been concluded that companies refrain from engaging in CRS activities directly through the company and mostly support CSR through the foundations they have established.
Aguilera et al., 2006	Literature review	The perspectives of institutional investors in the UK and the USA towards CSR have been examined, and it has been determined that especially the institutional investors in the UK are directed to companies operating in CSR.

Author	Sample	Results
Williamson et al., 2006	31 manufacturing small and medium-sized enterprises (SMEs)	It has been determined that the Manufacturing SMEs do not prefer to participate in voluntary activities that will serve the expectations of other stakeholders, as they struggle to fulfill the market dominated decision-making frames requirements.
Litz & Stewart, 2000;	300 small community hardware stores	It has been determined that family businesses are more involved in social activities than others.
O'Boyle et al., 2010;	526 family businesses	It has been determined that family companies that take into consideration the ethical issue have higher performances.
Zellweger et al., 2010	• Literature review	The transgenerational sustainability intentions of the family businesses direct them to concern about corporate reputation, and family businesses contribute to nonfinancial goals to improve their corporate reputation.
Amann, Jaussaud and Martinez, 2012	200 Japanese firms	It has been found that family businesses tend to engage in CSR activities less than other companies.
Martín Castejón & Aroca López, 2016	123 managers of enterprises located in the southeast of Spain.	It has been determined that family businesses are more CSR oriented than other companies, and family businesses attach importance to the development of environment and human resources.
López-González, Martínez-Ferrero, & García-Meca (2018).	International data, from 2006 to 2014	It has been determined that family businesses are more CSR oriented than others, CSR positively affects the economic and financial performance of two business types and family ownership has a positive effect on CSR performance.
Fehre & Weber, 2019	German HDAX firms from 2003 to 2012	Family ownership plays a positive role in the implementation of CSR policies and in particular, founders place more emphasis on CSR implementation. The next generation pays less attention.

In particular, to explain the diverse situation in the results, Fehre and Weber (2019) conducted a detailed study by examining the German HDAX firms in Europe (observing the data from 2003 to 2012). Within the scope of the study, the authors emphasized that the diversity in previous empirical studies stems from the differences in the way they deal with the subject and the heterogeneous structures of family businesses. Family businesses were considered in three groups; “founder-owned, family foundation-owned, managed by the next generations ”. The result of the study shows that family businesses are more enthusiastic and willing to implement CSR policies. Also, it is found that the next generation did not attach that much importance to CSR policies after taking over the company.

Various reports examine the CSR performance of family businesses in Turkey. In one of these reports, a report in March 2008 prepared for the new EU member countries with the support of the United Nations Development Fund and the European Union have some findings of the current situation in Turkey. It is stated that CSR projects in Turkey have limited stakeholder’s participation, narrow-scale social and environmental projects that are easy to implement, and wide-scale studies are needed on issues such as human rights and employee participation. Also, it is shared that multinational companies put positive pressure on their local suppliers on CSR, but easy projects are implemented behind the headquarters' CSR performance. It has been stated that most of the companies in Turkey lack an understanding of corporate leadership. Most of the CSR projects are considered as a tool for corporate reputation or marketing strategy, and emphasizing that, this approach should be abandoned immediately (Corporate Social Responsibility Evaluation Report on Turkey, 2008)

In determining the CSR performance of the projects in Turkey conducted by GFK to provide comprehensive and important information, "Corporate Social Responsibility Report 2018" was held. To examine the opinion of the public on this issue, research was conducted with 1347 (ordinary public participants) and 242 (business people). It is determined that the interest of the institutions towards the needs of the society increased. While education was in the first place in the list, the "environment, nature, culture, and art" became more prominent in 2018. "Education and domestic violence " are the top priorities of CSR in the business world. Contrary to the expectations of the public, the environment and nature are among the less important targets. Within the scope of the report, 55.8% of the business people think that the activities carried out within the scope of CSR are not at a sufficient level. The top of the five companies (Figure 1) and the projects of the successful companies (Table 2) are shared in each CSR field.

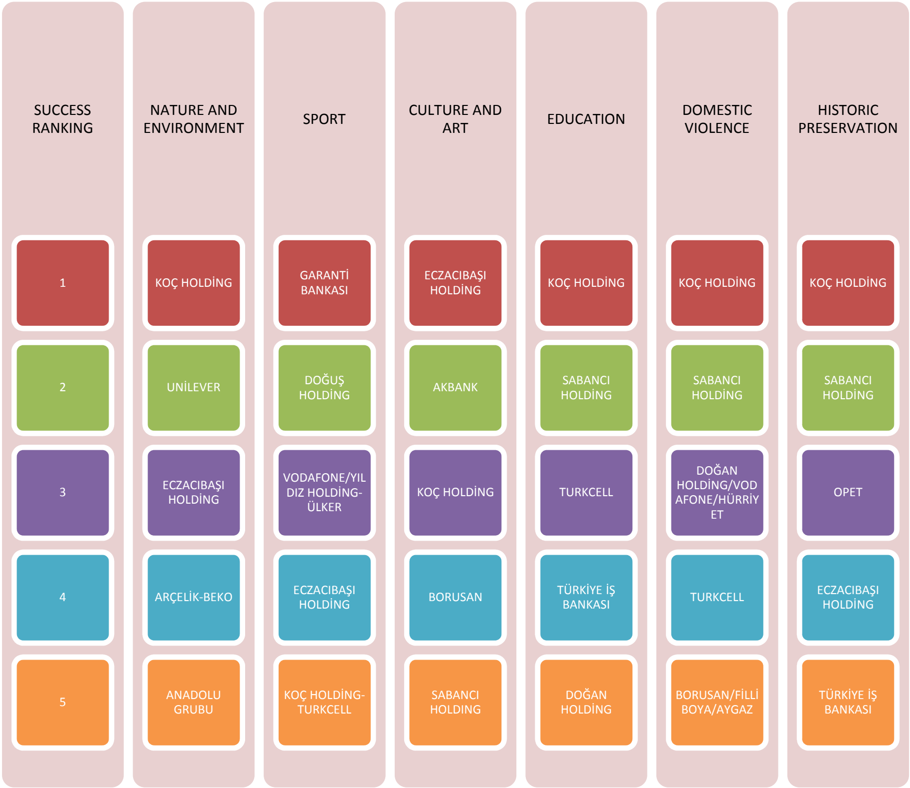

Figure 1: Top 5 Companies by Subject

Source: GFK, 2018, "Kurumsal Sosyal Sorumluluk Araştırması 2018"

Table 2: Successful CRS Projects/ Business

No	Name of Project
1	Clean Toilet (Opet)
2	Vocational High School is a Nation Issue (Vehbi Koç Foundation-Private Sector Volunteers Association)
3	HeForShe (Koç Holding)
4	For My Country (Koç Holding)
5	Accessible Education Program (Turkcell)
6	Eti Children's Theater (Eti) / Traffic is Life (Doğuş Automotive)
7	Olympic Mothers (P&G) / The good state of the city (Akbank)
8	No More Domestic Violence (Hürriyet) / 81 Forests in 81 Cities (Türkiye İş Bankası)
9	Future Is InTourism (Anadolu Efes) / Dreams Academy (AYDER-UNDP-Vodafone) / Pink Ribbon (Avon
10	81 Students from 81 Cities Project (Türkiye İş Bankası) / Girls are coding (BORUSAN) / WomenWho Write theFuture (Turkcell)

Source: GFK, 2018, "Kurumsal Sosyal Sorumluluk Araştırması 2018"

Corporate Social Responsibility Association of Turkey (CSR Turkey) have been contributed to the companies' social, economic, and environmental issues since 2009. In the 11th Corporate Social Responsibility Summit, CSR Turkey published a report and emphasized that enterprise should be more involved in CSR activities (11. Kurumsal Sosyal Sorumluluk Zirvesi, 2020). Having stated that the issue will reach a wider audience, especially by organizing CSR events more frequently. The projects within the scope of 2020 were prepared within the framework of 17 goals determined by the UN until 2030. The projects in the report and its link to the UN 17 goals are summarized in Table 3.

Table 3: 11th CSR Summit – Projects that Add Value to Sustainable Development Goals

11th CSR Summit – Projects That Add Value to Sustainable Development Goals		
Name of the Project	**Goals**	**UN Goals**
Asis Automation Fuel Systems - Monticola Project 8	Increasing the educational quality of those who are educated in mountain located schools	No poverty
Cargill - 1000 Farmers 1000 Abundance Project 12	Supporting farmers in sustainable agriculture	Zero Hunger
Molfix - Life Tie Project 16	Psychological and educational support for those whose babies are in intensive care	Good Health and Well-Being
AstraZeneca - Hey Young Take Action Project 21	A healthy diet, physical activity, and awareness	Good Health and Well-Being
Albaraka Türk Participation Bank- Adding Value to the Future Project 24	Giving education to individuals living in hard-to-reach areas to gain different perspectives	Quality Education
Henkel - World of Discovery Center Project 28	Encouragement to science at a young age	Quality Education
Netas – Next Coders Project 31	Coding courses	Quality Education
Opet – Women Power Project 34	Providing women with equal opportunities in working life	Gender Equality
Limak Foundation - Turkey's Engineer daughters Project 38	Increased employment of qualified women workforce	Gender Equality
Socar Turkey - Our Course is Entrepreneurship Project 42	Early acquaintance of students with the entrepreneurship theme	Decent Work and Economic Growth

11th CSR Summit – Projects That Add Value to Sustainable Development Goals		
Name of the Project	**Goals**	**UN Goals**
Uludağ Beverage – Additive Free Beverage Production Project 45	Fostering the development of innovative ideas such as additive free beverages	Industry, Innovation, and Infrastructure
Kredi Kayıt Bürosu - Voice Question Bank Project 48	Helping visually impaired individuals prepare for the university entrance exam	Reduce Inequality
Eker Dairy Products – Individuals With Autism Are In Power With Eker 51	Encouraging people with autism to take part in the labor market	Reduce Inequality
AVIS – We Speak the Same Language Project 54	Increasing the awareness of the Turkish Sign Language	Reduce Inequality
Opet - Archeo-village Tevfikiye Project 57	Development strategy with local cultural values	Sustainable Cities and Communities
Ekoteks - Safe Product for Our Children, Safe Production Project 61	Raising awareness of the content of products	Responsible Consumption and Production
Anadolu Efes - Accelerate2030	Development of entrepreneurship culture and encouragement of young entrepreneurs	Partnerships for the Goals

Source: 11. Kurumsal Sosyal Sorumluluk Zirvesi (2020).

Also, Deloitte's (2020) report, which is a valuable study in terms of its determinations and suggestions for the pandemic period; has been shared that family businesses have started to give more importance to environmental policies and CSR has made important contributions to companies beyond the company reputation management.

Family businesses have a high level of say in the management of the company and the decisions to be taken, separating them from other businesses. This situation and the effectiveness of the family business owner on the decision making process closely affect whether the enterprise is socially responsible or not. Especially an empirical study conducted on this subject revealed that family ownership affects the formation of social responsibility in the family businesses (Fehre & Weber, 2017). This situation indicates that family business management should examine the issue in-depth and focus on the positive results of possible CSR projects. In this way, it is evaluated that Family businesses can achieve sustainable success and prosperity in terms of both society and their own businesses. In most of the above reports, it is emphasized that education takes the first place and that short-term and small-scale projects are generally implemented in the focus of corporate reputation. Family businesses need to focus on long term projects such as corporate large enterprises and more environmental and quality of life-oriented projects as mentioned in the surveys.

CONCLUSION

Family businesses have an important place both in the global and local economies in terms of the value they produce and the stakeholders they are in contact with. The characteristics of this important actor are influential in the formation of CSR policies (Amann, Jaussaud, and Martin, 2012). Family businesses aim for the long-term survival of both family and firm identity, and this causes them to set long-term goals (Graafland, 2002). Companies with long-term goals and expectations should give more importance to the problems and expectations of their stakeholders, and therefore businesses should support more CSR activities (Block and Wagner, 2010). The contributions of CSR to family businesses are mentioned in various studies in the literature as providing a competitive advantage, the commitment of its employees to the organization, increasing employee' motivation, establishing a corporate management understanding, and increasing brand value, growth, and profitability (Satell Institute, 2018; Peterson, 2004; Akten, 2019; Brammer, Millington and Rayton, 2007; Testa et al. 2018; Yaniv, Lavi, & Siti, 2010; Jones, 2010; Ong. et al., 2018; El Kassar et al., 2017; Kim et al., 2017; Kerse & Seçkin, 2017; Mutlu et al., 2010; Fernández Sánchez, Luna Sotorrío & Baraibar Diez, 2015). Especially in globalizing industrial environments, family businesses are becoming more known and reliable with CSR projects. This situation positively affects growth and profitability. It also provides great convenience in defining the needs of the stakeholders they are in close contact with and in providing the appropriate service and product. With the proper interpretation of the demands and requests of its stakeholders, CSR also ensures that the company remains away from the negative experiences called reputation risk or social risk. In this way, businesses can simultaneously observe social norms, which are as important as obeying the laws.

Some Family businesses are distant from CSR activities due to some preferences. Having a large share and keeping a large capital within the company causes them to turn to more return on investment in a fast and reliable way. It should not be forgotten that the CSR process is not a source of expenditure, but rather an effective and efficient company management process with a holistic perspective (Campos Moral, 2009). Family businesses are 95 % of all enterprises in Turkey and 5% of family businesses are continued until the third generation and beyond (Alacaklıoğlu, 2007); so it is obvious that Family businesses are an important actor both for the economy and for holistic prosperity that will arise with the solution of social problems.

As seen in the researches and reports conducted, it is considered that it will be beneficial for all parties to carry out more sustainable and large-scale projects instead of short projects focused on reputation and advertising. Especially the authority over the decision processes arising from the family business' ownership is an important factor in the development and implementation of CSR policies. CSR policies as a key function that serve the long-term goals of family businesses should be disseminated through information and in industry incentives. It is a recurring point in the reports that the environmental factor, which is expected to be pioneered by society, is more important than education and minor social issues. Besides, it has been found in an empirical study that CSR activities have lost their importance in family businesses since the second generation (Fehre & Weber, 2017). It would be appropriate for family businesses to develop their policies by considering these two issues. Thanks to the CSR culture to be established in an organization, Family businesses will have long-term positive contributions to society and their businesses.

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PART FOUR

MARKETING STRATEGIES
in
FAMILY BUSINESSES

PART FOUR
CHAPTER 11

MARKETING CONTEXT and BUSINESS MODELS in FAMILY BUSINESS

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INTRODUCTION

A significant part of the family business is established by the pioneers in the world. Family business; are organizations that have the majority ownership and management of a family and are personally operated by two or more family members. Family business expand over a single period of life, and each period of their life cycle reveals various characteristics. The founder has a huge effect on the organization. The family has positions including dad, mother, son, boy, daughter, and grandchild. Each position demands that various roles and tasks be undertaken. As in the family, the company structure has certain positions, commitments and duties. The family system and business system build a clear arrangement. However, if it is not practicable to make the requisite adaptations while the function of one method is moved to another, a dispute occurs. Family businesses have their own characteristics. Therefore, when examined in terms of marketing practices differ with issues such as the impact of marketing activities, marketing communication and market orientation and business models. These issues are addressed in this section of this book.

1. MARKETING CONTEXT in FAMILY BUSINESS

The strength and control of the marketing and of the marketing department and their effect on organizational success are widely controversial in practice and academia. In the one hand, marketing is very important, raises strength and has a direct effect on the business or financial success of a business. On the other hand, publicity has already been deemed powerless, peripheral and without or even harmful effects on company results. It is more contingent on the so-called "dispersion of marketing activities" described as the degree to which functional classes are not involved in conventional marketing activities like marketing. This is especially the case in family businesses where marketing divisions frequently only conduct a tiny percentage of the overall marketing activities. As a consequence, usually no entity known as the "marketing department", the "inventory management" or the like is responsible for carrying out and/or managing marketing strategies in relation to products, distribution, price and promotion (Blachetta and Kleinaltenkamp, 2019: 1160).

Marketing in family businesses aim to build, identify, connect, and provide value to customers. Some studies suggest that family business are more receptive to the value of customer support. Family business rely on service longevity, which means they need to implement marketing campaigns. The company should be chosen based on its skills, resources and personnel, establishment region and survival opportunities by competition between threats. Marketing communications consists of a particular mix of advertisement, public relations, personal product, sales promotion, and direct marketing methods. Advertising uses pay-for-media such as television, radio, to send advertisements to the target media relations. Direct and internet marketing encompasses direct mail, catalogs, electronic marketing catalogues, internet and social media, and more. Most family business that incorporate all marketing communication face a daunting challenge. The marketing concept is characterized as the corporate mentality or a corporate management philosophy focused on the integration and coordination of all marketing activities. A market-oriented company focuses on the needs of its customers and plays a key role in thinking about its strategy and operations.

In this section of this book, impact of the marketing activities on family business, marketing communication in family businesses, market orientation in family business issues are addressed below.

1.1. Impact of the Marketing Activities on Family Business

Marketing in family businesses aim to build, identify, connect, and provide value to customers, as in other firms.

In addition, they want their customers to have those feedback in terms of profit, purchasing and patronage (Srinivasan and Hanssens, 2009). There's also a view that being a family firm has some benefits on the market (Sundaramurthy and Kreiner 2008). Consumer purchasing behaviour models have demonstrated that they will have favorable feelings towards the firm before customers eventually purchase a product. These optimistic attitudes must, before the actual trade (sale) takes place, convert into "purchase wishes". In other terms, purchasing intention is the last step in purchase process for customers (Okoroafo and Koh, 2009:3). But, as distinct from real purchases, several experiments have aims to determine stimulants of buying intentions. Despite the excess of buying intentions testing, it has not been investigated for its suitability to family firm. Even though it is exclusive to family businesses. Studies have also shown that their special existence can transform into a strategic advantage. Because of this advantage Carrigan and Buckley (2008) tag it as "familiness". Some studies suggest that family businesses are more receptive to the value of customer support and view it as important for their potential growth. One of the main priorities of family businesses owners is the provision of effective servicing (Taguiri and Davis, 1992). De Wulf, Odekerken-Schro and Iacobucci (2001) find that family businesses rely on service longevity.

Therefore the need for these businesses to implement marketing campaigns is seen as a priority and not a secondary one, however, when coping with important everyday problems from consumer enquiries, development and financial measures to the recruiting of workers and the other organizational information.

Marketing in family businesses is targeted at creating, defining, linking and providing value to consumers. There is also a belief that being a family business has certain advantages on the market. Their special presence can be turned into a competitive advantage. Some surveys indicate that family firms are more sensitive to the importance of customer service and consider it relevant.When the organization has adopted these values, family business would be successful in marketing activities (Mandan, 2017):

Clear objectives: A travel without a goal would definitely fail. Before start a business, it is necessary to set a target. Whether it is philanthropic, charitable or financial, every company must aim for a high and fair objective.

List the best: From ball pin to rockets, there are several branches of industry. The company should be chosen based on its skills, resources and personnel, establishment region and survival opportunities by competition between threats.

Comprehension of customer priorities: The expectations and expectations of the customers they are serviceing should be known. Customer-friendly businesses are more successful than those without them. Strong customer service and a system to correct grievances allows to attract additional clients.

Single maker of decisions: The sense of ownership can also become a challenge in family businesses when it comes to decision-making due to conflicting views. For an organization to sustain it without disruption, there should be one decision maker.

Identifying and defining skills: All the works can not be performed by anyone; anyone has their own special abilities. The talents of your family should be defined and tasks allocated according to your expertise. All may be harmed by a wrong work by the wrong person.

Marketing Differently: Healthy publicity tends to introduce a home organization to the markets and around the markets. Internet networking, publishing and electronic media promotion allows diverse consumers to meet.

Technology in use: Technology has become an important part of every organization. The benefits of advanced technology should be taken into account for gains. The use of e-commerce websites and apps for everyday operations such as billing, inventory and order records.

1.2. Marketing Communication in Family Businesses

Marketing communications consist of a particular mix of advertisement, public relations, personal product, sales promotion, and direct marketing methods used by the organization to reach consumers, persuasively express consumer appreciation, and create customer relationships. Advertising uses pay-for-media such as television, radio, to send advertisements to the target media relations are a major part of public relations, utilizing unpaid media through media reports and positioning articles on products / brands. Companies fund sporting or cultural groups, welcome newspaper editors or college students to their facilities to receive the public's affection. Sales discounts are considered short-term offers given to end users and dealers. The prizes can be in the form of gift cards, free products, coupons, discounts and refunds. For the intention of reaching buyers, making profits, and creating consumer connections, professional selling consists of professional consumer encounters by the sales force of the company. Direct and internet marketing encompasses direct mail, catalogs, electronic marketing catalogues, internet and social media, and more (Öztürk, 2018:10).

The truth is that most family businesses that incorporate all marketing communication face a daunting challenge that will be faced with in the future for some time ahead. If organizations are active in this role, they are most commonly trained in ads although only a handful have all modes of contact united. If a family business chooses to form its team for marketing communication, the results will be manifested in the form of more optimistic views on the firm itself on the market, and also in purchasing services or goods choices. Such family films also appoint a brand manager (marketing relations director), who has a duty to incorporate his / her own internal communications operations first, so that external communications can be incorporated effectively. Marketing communication has improved monitoring of details and an improved impact on revenue. They contribute to detailed brand communications aimed at explaining how an enterprise and its goods can help consumers overcome their issues (Kotler et al., 2007:726).

1.2.1. Using Social Media in Family Business

One of the new marketing developments is the use of social media, which is an important part of adapting a marketing communication strategy. Social media as a tool has many uses and acts as a way to exchange information. Marketers are fast to figure out what consumers are requesting, what their consumers are demanding and what they are complaining about. Social media offers reviews, creates a partnership between a company and a fan, provides ways to submit targeted ads, leads to the development of potential clients and helps improve a brand or product's popularity. Using social media can be a business benefit, a help that will make a corporation outstanding. The use of Internet and social media has risen tremendously steadily over the years (Ungerman, 2015).

While large businesses have adopted social media into their everyday digital presence, family businesses have been rife with confusion between conventional and modern apps, particularly of the small and medium type. Family businesses are also seen as hesitant to engage in creativity, but because of their creative methods, they are shown to have incredible growth trajectories. Proactive family businesses can exert much stronger control on their innovation performance than non-family businesses, showing a favorable climate for innovation growth. Innovation relationships between family businesses rely on country-wide variables such as the security of minority shareholders and the quality of education of their employees. According to a study by Withers et al. (2015) the younger small- and mediumsized enterprises are able to establish stronger creativity practices than the older ones. The study showed that older small- and mediumsized enterprises developed stronger innovation practices while old and new small- and mediumsized enterprises had well-evolved innovation capabilities (Raman & Menon, 2018).

1.3. Market Orientation in Family Business

The idea of market orientation emerged in the early 1990s and is based on its metaphysical definition. The marketing concept is characterized as the corporate mentality or a corporate management philosophy focused on the integration and coordination of all marketing activities together with other corporate functions to meet the customers' requirements. The term business orientation applies to marketing idea execution. This means that business orientation implies hearing and listening to customers' preferences and requirements. More precisely, a market-oriented organization not only listens to its customers (customer-led), but also contributes itself to both express and latent customer needs. In comparison to a product-oriented view, a market-oriented company focuses on the needs of its customers and plays a key role in thinking about its strategy and operations (Beck et al., 2011:253).

The vast majority of studies cover two dominant market orientation perspectives (Ellis, 2006): MARKOR (Kohli & Jaworski, 1990) and MKTOR (Narver & Slater, 1990). Kohli and Jaworski (1990) worked as a system of three sizes: consumer focus, co-ordinated marketing and profitability, operationalized business orientation (i.e. MARKOR). The emphasis of the customer involves the selection, distribution and use of market information in order to establish superior client value. This involves going beyond simply obtaining input from consumers to actively seek out and gather useful business knowledge. Coordinated Marketing implies that a marketing campaign should be discussed not only in the marketing department, but in all fields of business. The corporate emphasis on profitability is the final component of market orientation (Zachary et al., 2011:234).

Narver and Slater (1990) have taken a wider approach to the idea of market orientation. They concluded that the market orientation consists of five dimensions: three main components (customer focus and strategic orientation) and two decision requirements (long-term focus and profitability). Whereas the principles of MARKOR and MKTOR overlap significantly, the five-dimensional conceptualisation of Narver and Slater (1990) requires a more granular analysis of the role of competitive orientation and long-term emphasis.

Family businesses of the first generation regulate the sharing of knowledge and ideas centralisation applies to a small decision-making delegation in an organisation (Zahra et al., 2004). Matsuno et al (2002) suggest that centralisation has a negative effect on the business orientation because it prevents the distribution and utilization of information by the organization. More centralization also makes companies less resilient to business and environmental shifts (Kohli & Jaworski, 1990). Kellermanns and Eddleston (2006) have reported that family businesses of first generation are more risk-averse than families of later generation. Kohli and Jaworski (1990) suggest that subordinates are unable to reflect on the generation or dissemination of business information or on reacting to consumer needs changes if management is risk-reducing. This consequently tends to be counterproductive to a company's market orientation. These two differentiating features allow one to hope that the degree of consumer orientation will improve as the family firm is run by later generations (Beck et al., 2011:257). So family businesses have unique traditions and personalities that can influence their market orientations distinctly.

While marketing is one of the business practices that are relevant to family businesses, the focus of marketing can vary from the point of view of family businesses with different business models. In this context, business models for family businesses are addressed below.

2. BUSINESS MODELS in FAMILY BUSINESSES

Researchers have been able to classify six large types of family enterprises by examining the overwhelming amount of knowledge. The captain model: Independent companies run by its owners. Small to medium-sized businesses, ranging from micro to medium-sized companies. The emperor model: A chief unified businesses and communities. The businesses and families are diverse but their organisation is badly established. The stake holdings are distributed into two generations that run together. Control is in the hands of only one person, who leads the business and family. Family team model: Comprehensive family engaged in a small enterprise. Medium-sized businesses with a substantial number of shareholders, strong connectivity and a system that is reasonably well defined. Professional family model: Few members of the family actively operate a complicated enterprise. These firms' family and company complexity is comparable to the Emperor Model, but their development was not focused on a highly skilled boss, but rather on a well-developed system of family businesses. Corporation model: Complex family operating a complex enterprise. The company is, in all its measurements, the most widely evolved model and is the oldest. The owners do not feel it appropriate to have family members, but tend to maintain oversight of the company through the board of directors instead. Family investment group (FIG): Families with different dynamics that collectively invest. The family makes solely mutual contributions under a FIG-structure. This involves a distinct form of family-investment arrangement than a situation in which the family is explicitly involved in the management of its family business (FBK, 2020).

Table 1. Family Business Models' Characteristics

Model	**Characteristics**
Captain	SMEs managed by the founder
Emperor	Businesses and families united by a leader
Family Team	Extended family working in a small business
Professional	Few family members engaged in professional management of acomplex business
Corporation	Complex family governing a complex business
Family Investment Group	Family with varying complexities investing together

Source: Gimeno, A., Baulenas, G., & Coma-Cros, J. (2010). Family business models. Palgrave Macmillan, London: 60

2.1. Captain Model

There are primarily SMEs (small and medium-sized enterprises), varying from incredibly small (technically speaking, micro) to medium-sized enterprises. Independent companies run by its owners. Small to medium-sized businesses, ranging from micro to medium-sized companies. The company's average age is 28 years, but life expectancy drops substantially after the age of 20. There is a marginal existence of firms who have been running for more than 40 years. The businessman shares ownership with family members (mostly his or her spouse and, later, their children) (Gimeno et al., 2010: 61).

2.2. Emperor Model

The degree of complexity is high in family and business alike. The average age of these firms is 41, and thus they are run either by a very elderly founder or by a comparatively young second generation. While control is in the possession of a single leader who leads both the organization and the family, there are two families working together. Several family members belonging to various generations own the shares. Even though they follow the family leader and do not exercise their ownership rights, the average number of shareholders is 5.1. The total number of shareholders rose 78 percent to 9.1 in the second generation. The degree of creation of the framework is very similar to that of the Captain, which means these organizations are operated in a very similar manner. The success or failure of the family business depends mainly on the abilities of one dominant person with high managerial discretion (Gimeno et al., 2010: 62).

2.3. Family Team Model

Comprehensive family engaged in a small enterprise. Medium-sized businesses with a substantial number of shareholders, strong connectivity and a system that is reasonably well defined. Family complexity is greater than the complexity of the market in this form of family business, although the total number of shareholders is comparatively large (6.5 shareholders). Disorders that can occur as a result of family complexity tend to be restricted and there are typically certain limitations at this stage that apply to family members joining the corporation. Only 36 percent of employees are involved in business. But, since the limited scale of the organization can cause other family members to look out for their professional advancement in the family sector, these constraints may often be accidental. It is likely to substantially expand family uncertainty in the future (the number of shareholders can be raised to 48 percent , compared to 9.5 shareholders). As an internal system can face the challenge of implementing this degree of sophistication, this may lead to a risky situation for the organization. A valid alternative would be to better improve the system, but it will bring in a degree of resource use that might not be obtainable (due to leadership time, economic capital expended on consultants, political agencies, etc.). There are two strategies for the future to eliminate high-risk scenarios in this model: (1) promote growth to build appropriate resources, and (2) reduce the number of stakeholders (Ramadani and Hoy, 2015:16).

2.4. Professional Model

This model is in comparison with the previous one. The company's complexity is far greater than the family's complexity here. Businesses of this nature are distinguished by a high degree of production and expansion. Change and progress have emerged from a system that is less customized than the one that typifies leadership of the first generation. Participation of management continues with the family. There may be a number of family members in management positions in this model (average 3), but they handle themselves in a responsible way. Here, family members are centered on corporate affairs, with a strong degree of maturity of leadership and organizational organization (Ramadani and Hoy, 2015:16).

2.5. Corporation Model

This model, in many dimensions, is among the most evolved ones. It is marked by greater complexity, both as a family and as a corporation, and the highest degree of growth of systems. In certain cases, the involvement of family members in upper management is “circumstantial”. Companies run by family members can quickly grow into companies operated by non-family members (Ramadani and Hoy, 2015:17).

2.6. Family Investment Group Model

A significant economic surplus should be left to the family. The family realizes mutual participation in this model, but does not take over company control, and the partnership between the family and its participation can be different from the partnership between the family and industry. This model generally emerges when the family does not want or is not prepared to settle on either of the previously mentioned models and chooses to sell the firm, creating an economic surplus. Then the family decides if it will be used by them (Ramadani and Hoy, 2015:17).

2.7. Family Business Certain Strategies

There are three generic business-level strategies in family business. These are overall cost leadership, differentiation strategy and time-based strategy (Upton, Tealand Felan, 2001:62).

2.7.1. Overall Cost Leadership

The aim of the overall cost leadership approach is to achieve revenue at a price smaller than that of rivals by selling goods and/or services. In order for an organization to maintain total cost leadership, it must aim at any possible point within the enterprise to reduce and manage costs. Porter (1980) proposed an overview of the idea of a “value chain” that facilitates the general review of the business’ prices, covering all internal relations with agencies and interactions with external institutions such as vendors or distributors. Porter argued that if the total cost of running all value operations is smaller than the cost of rivals, a business has a cost advantage. As mentioned above, it must provide a product or service that serves consumers without either costing more than rivals or without costing a price above the amount consumers are able to pay for a company to effectively adopt a low-cost strategy. This requires that expenses are carefully contained in the whole supply chain, including raw materials, inventory and processing procedures, human resources, marketing and advertising strategies, and delivery networks. Even when competing in a reasonably competitive market, the successful execution of a low-cost strategy will allow a firm to earn above-average returns (Upton et.al., 2001:63).

2.7.2. Differentiation Strategy

The aim of a plan for differentiation is to achieve revenue by providing goods and/or services that are superior to those provided by rivals. A wider variety of product or service attributes and a higher degree of consistency of workmanship or materials may be the advantages provided to consumers. Effective execution of such a strategy will allow a business to receive above-average returns even while competing in a reasonably competitive market as Ireland and Hitt (1997) have noted.

2.7.3. Time-Based Strategy

By good timing in seizing business opportunities efficiently, a time-based strategy gains its benefit. Eisenhardt (1989) found that it was necessary to move fast in making and executing strategic decisions in a tumultuous climate. A company may be: (1) first to market; (2) an early follower; (3) in step with majority of competitors and (4) a late follower. In a constantly evolving world, the willingness to adapt efficiently can be the characteristic of many effective businesses today. High R&D and promotion costs may be limited by firms pursuing a first-to-market approach. It can be difficult for ambitious companies to tolerate such high levels of risk. Companies who follow a policy of being “in step with rivals” can suffer from competitive pricing pressures.

2.8. Variables Affecting The Business Models of Family Business

Business models illustrate how a organization produces, captures and extracts revenue. They reflect the market philosophy of an organization abstractly. An advanced business model provides a framework for managers which clearly focus on the entire organization. In literature it has been implicit that “value” is just “economical value”. A wider view of value to cover factors which are not financial would be a way to take into accounts more thoroughly how value is generated and captured in family businesses. The special essence of the family company comes from its operation, which reflects both on economic and non-economic aspects. Also, if the economic return is lower, family companies can decide to maintain affective capital (Browne et al., 2020). The following subsections show a number of antecedent variables that affecting the business models of the family businesses.

2.8.1. Size

Studies used the principle of agencies to describe the particular features of small businesses and their impacts on capital structure. Small businesses rely more heavily on short-term rather than long-term bank funding due to reduced rates. Small companies appear to have low amounts of debt – equity to prevent harming the credibility and personal assurances of their businesses. Financial organizations tend to rely heavily on wealth rather than, for instance, on the redemption capability of family companies. For small firms, the pecking order method is especially important, primarily because the costs associated with foreign financing for small businesses are higher than for large corporations (Chittenden, Hall, and Hutchinson, 1996).

2.8.2. Industry

Harris and Raviv (1991) observed that in their capital structure, companies within a single industry are more comparable than those in multiple industries. There is continuously poor leverage in the medicine, tool, mechanical, and food business industries.

2.8.3. Age of Firm

Related funding structures were also connected with concerns pertaining to the company life cycle. Capital flows rely, to a certain degree, on whether an organization is expanding or maturing. Because of difficulty raising debt, emerging companies tend to focus on equity, while developed companies are able to use assets to raise debt. During the early stages of a family business, self-financing and a family's ability to accumulate debt were constrained (Romano, Tanewski and Smyrnios, 2001: 292).

2.8.4. Family Control

Company ownership, independence, and family control influences impact the finance decisions of owners. Using venture capital as a source of money raises concerns that leverage could be lost. By stipulating stringent conditions on capital structure, creditors limit the independence and prerogatives of the top management. Despite this, unsound funding policies, like undercapitalization and incorrect capital arrangements, such as an unacceptable combination of debt vs. equity funding, may be attributed to a high proportion of market failures (Romano et al., 2001: 293).

The goal is to suggest a way of building a enduring value that continues for centuries. There is an active debate about what is advantageous for family business sustainability. Many newly released studies aim to recognize new elements, such as creativity or a risk taking mindset that is critical for sustainability. Any of them contribute to the argument that family businesses are very distinct from each other, so it is not easy to quantify whether or not it is crucially profitable (Vollero et al., 2019).

2.9. Sustainable Family Business

Company sustainability was described as fulfilling emerging needs without unde rmining future generations' capacity to fulfil their own needs (WCED , 1987). Sustainability is of course a problem not only for a family company but for all types of industry. This is also a new subject that stimulates fresh perspectives about how to gain sustainable capital (Tur-Porcar, 2018).

The goal is to suggest a way of building a enduring value that continues for centuries. There is an active debate about what is advantageous for family business sustainability. Many newly released studies aim to recognise new elements, such as creativity or a risk taking mindset, that are critical for sustainability. Any of them contribute to the argument that family businesses are very distinct from each other, so it is not easy to quantify whether or not it is crucially profitable (Vollero et al., 2019).

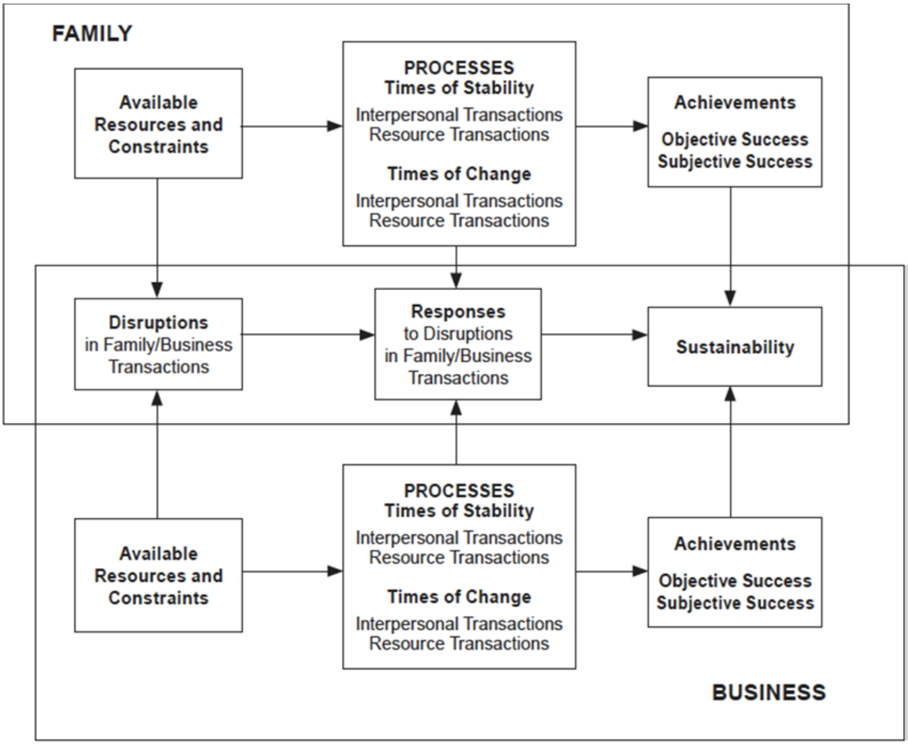

Figure 2. SFB model (Stafford et al., 1999)

The concept of family businesses sustainability dates back to the year 2000 as stated in the previous segment. The Sustainable Family Business Model (Stafford et al., 1999) was among the most relevant ones. This model is often referred to as the SFB model (Figure 2). It is not adequately comprehensive, however, and does not completely integrate diverse aspects.

CONCLUSION

Family businesses marketing seeks to create, recognize, communicate, and provide consumers with value. Any findings show that family companies are more open to the role of customer service. Family organizations depend on service continuity, which ensures they need marketing strategies to be introduced. Based on its expertise, capital and employees, organization area and survival opportunities, the organization should be selected through competition between challenges. A complex combination of ads, public relations, personal product, sales promotion, and direct marketing strategies consists of marketing communications. In order to submit ads to target public relations, advertising uses pay-for-media such as television, radio. Direct and internet marketing includes direct mail, catalogs, and catalogs for electronic marketing, online and social media, and more. A challenging challenge confronts most family businesses that manage all marketing contact. The definition of marketing is defined as a business mindset or a theory of company management focused on incorporating and organizing all marketing operations. A market-oriented enterprise relies on its clients ' needs and plays a vital role in thinking about its approach and activities.

By analyzing the vast volume of information, researchers have been able to identify six broad categories of family businesses. The captain model: private businesses run by their founders. Tiny to medium enterprises, range from micro to medium enterprises. The emperor model: a single corporation and society leader. Companies and families are diverse, but the structure remains poorly defined. The stake holdings are spread into two generations running together. Power is in the control of only one man, who leads the organization and the families. Family team Model: Extensive family interested in a small business. Medium-sized firms with a large number of customers, good networking and a relatively well-defined structure. Professional model: Few family members operate a complex enterprise actively. The family and company structure of these businesses is similar to that of the Emperor Model, but their success was not based on a highly professional manager, but rather on a well-developed family business structure. Corporation model: A complicated family running a complicated corporation. The sector is the most commonly evolved model with all its dimensions and is the oldest. The founders do not find it necessary to include family members, but still prefer to keep the company's supervision by the board of directors. Family Investment Group Model (FIG): Families with various structures that invest jointly. Within a FIG-structure, the family makes single shared contributions. This includes a different style of family investment scheme than a case in which the family is directly interested in controlling the family business.

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PART FOUR
CHAPTER 12

GROWTH of FAMILY BUSINESSES in INTERNATIONAL MARKETS

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INTRODUCTION

In today's increasingly competitive conditions, businesses need to use different practices and strategies in order to sustain their existence and expand their existing business areas (Liu, 2014: 182). Particularly in recent years, with the spread of globalization and the rapidly increasing of international trade, one of the important strategies that have come to the agenda is to take place in international markets (Huang, Lo, Liu and Tung, 2014: 761). Internationalization, which provides businesses with many advantages in the fields of economy of scale, low labor cost, access to new markets and innovation, is defined as an important strategy that will increase profitability in the long term (Sciascia, Mazzola and Chirico, 2013: 73). In this respect, companies want to gain three important economic benefits related to internationalization: (i) to use advantages such as marketing, technology, financial resources specific to their ownership structures; (ii) benefiting from the efficiency resulting from the integration of operations worldwide; and (iii) benefiting from advantages such as cheap labor, wealth of financial and natural resources or favorable legislation and regulations, from which the host country gains competitive advantage (Calabrò, Torchia, Pukall and Mussolino, 2013: 517).

Family businesses are key players in the global economy and benefit from internationalization as a growth strategy. Although there is no general acceptance on the definition of family business, it is seen that companies have definitions what include the sub-concepts of ownership, participation in management, control and power (Davis and Harveston, 2000: 108). A family business is defined as a company in which the family has control in determining the strategic direction of the organization and the business contributes to earnings, capital and family identity (Avrichir, Meneses and Dos Santos, 2016: 332).

And also for family business model there are different theories and approaches such as “Process Model”, “Network Model”, and “International Entrepreneurship” on which internationalization is based. This model defines the internationalization as a step-by-step process in which companies internationalize their operations through various stages. It is based on the view that companies generally start their internationalization process from countries with which they are geographically and culturally close (Tung et al., 2014: 813). This theory suggests that companies are expected to enter international markets, starting from nearby markets where they have a similar culture, language, education level, political system and industrial development degree while selecting the market in which they want to be active (Avrichir et al., 2016: 333). Later, these companies will begin to expand their activities to countries that are physically farther gradually upon increasing their knowledge about international activities. This view is based on the assumption that the closer the businesses physically the easier to understand the business environment and to carry out business activities (Kontinen and Ojala, 2010: 501). Family businesses are increasingly internationalized depending on their geographic location and, as mentioned in the “Uppsala Model”, which is expressed as a process model, it is stated that they have entered the internationalization process (Pukalland Calabró, 2014: 105). The Uppsala model was proposed by Johanson and Vahlne (1977), and in this study, it was stated that companies internationalized through a process based on their geographic proximity and loyalty to other countries (Tung, Lo, Chung and Huang, 2014: 813).

As family businesses internationalize, they use a variety of market entry methods: exporting, franchising, joint ventures, licensing, foreign direct investment, and completely-owned partnerships (Pukall and Calabró, 2014:

106; Rexhepi, Ramadani, Rahdari and Anggadwita, 2017: 250). The type of entry, that companies will choose when they decide to enter a foreign market, varies depending on the complexity of the method to be applied and the dependence on the financial or non-financial resources it needs. This indicates that the risks associated with each method are different and family businesses managers decide on the method to be used for internationalization based on their evaluations in terms of risk and control (Ratten, Altinay and Tajeddini, 2017: 106). Family businesses are the most common ownership model in the world, and the effects of such businesses on the global economy have become very important (Björnbergand Nicholson, 2012: 375).

Family businesses, which are generally small and medium-sized, have increased their impact on the economy due to their rapid movement in the face of constantly developing new market opportunities (Simkina, 2013: 102). The research result of KPMG (2019) covering 27 countries together with the European Family Businesses Association (EFB) supports the importance of internationalization for family businesses. According to the results of the European Family Business Barometer 2019, 64% of the family-owned companies in Turkey increased its international activities over the last year and it was determined that this rate was 37% in European companies. In addition, 19% of family businesses in Turkey are targeting expansion in the international market next year (KPMG, 2019). Entry into international markets is an important strategic decision. A wrong decision made by businesses at this point will directly affect its success. In this context, it is important for family business, which has unique structures and processes, to determine and implement entry strategies into international markets.

1. DEFINITION of FAMILY BUSINESSES

Families are the building blocks of society and for many, family ties are deeper and more enduring than those with friends and acquaintances (The Difference between Family Enterprising & Family Business). Families and cultures can differ across geographic boundaries and over time, making the definition of a family difficult (De Massis and Kotlar, 2014). Family businesses, on the other hand, are developed according to the needs of the family, built on the family's abilities, carried out by their physical efforts and minds, guided by moral and spiritual values, and is defined as a business that passes to its next generation as a valuable legacy as the name of the family, when maintained by the family's commitment (Stewart and Hitt, 2012: 59).

Despite more than 30 years of research on what family businesses mean, no clear definition has been made for this type of business (Chittoor and Das, 2007: 66). As a result of the "overview of family business issues" study conducted in 33 European countries, it was seen that there are 90 different definitions of family businesses (Duh, 2012: 213). The general expression of these definitions is as follows: Chua, Chrisman and Sharma et al. (1999: 20) consider the family business as a system in which there are different elements and defines the family business as a system that includes the business, family, founder and board members beside while Harms (2014: 284) defines it as a business that belongs to the family for at least two generations and where the goals and interests of the family and the business coincide with each other and this is reflected in the policies of the business. Also it is emphasized that the family's values and beliefs greatly affect the way of doing business developed in the organization and the relationships between individuals (Türkel and Yaşa, 2006:615).

Family businesses, which are stated as the basis of the economic systems of societies especially since ancient times, are defined as the most complex economic units with their unique structures (Carsrud, 2004: 11). Family businesses are shaped by control and management relationships, the way of their establishment, and the values of the family and the founder. This situation causes family businesses to exhibit a complex structure (Craigh and Moores, 2006:2). Although there is no clear definition for family businesses in the literature, it is seen that the main focuses are the ownership structures of the businesses and the participation of family members in the management. Scholes, Mustafa and Chen (2016: 132) define family businesses based on the ownership share of the family in the company, as well as the participation of one or more generations from the family in the management.

The concept of family businesses, which is frequently used today, is considered as profit-oriented social organizations established by family members with entrepreneurial characteristics to produce goods and/ or services and owned by family members with blood tie (Koçel, 2010:10). Sciascia, Mazzola, Astrachan and Pieper et al. (2013a: 83) state that the family must own more than 20% of the equity or take part in the board of directors in order for a business to be considered as a family business,. Again, in the study of Arregle et al. (2012: 1118), it is seen that there is a focus on ownership when it comes to family businesses. Accordingly, family businesses are the ones in which family members control the property one-way and have the right to comment in the management of the business by owning 50% of the shares in the company.

Schwass (2013: 3) reported that the family businesses are the backbone of a country's economy, and family businesses are important as a type of business that increase the wealth (economic development) and employment of a country. Family businesses in Europe have an important place in providing employment (approximately 50%). According to the data obtained from the research, family businesses have been evaluated to contribute more than 70% of the total employment in Europe (Mandl, 2008: 39).

The main features that distinguish family businesses from other businesses can be listed as follows (Ateş, 2009: 33-34):

- At least two generations of family members to be actively involved in the management of the business.
- The policies of the business being determined to protect family integrity.
- Having family members or close family members at the management part of the business and/or giving priority to people with blood ties.
- In family businesses, children of the first generation usually actively take part in the management. The first generation's involvement in management is considered to be positive by family members. In this way, family members reduce their children's future anxiety and enable them to get to know the business closely.
- The children of the managers who do not have any family ties with the founder but who have been present since the establishment of the business are also included in the management, thus contributing to ownership and development.
- The name of the business and the name of the family are mentioned together and they are developed together.
- The roles of family members working in the business can sometimes be confused with the roles in their family life.
- Certain protective measures and policies are taken in order to protect family members working in family businesses. On the other hand, there is flexibility in the implementation of legal transactions.
- The family's lifestyle, culture, beliefs and values greatly affect the quality of the decisions made and the products and services produced.

- Events that take place in the family or business in non-public family businesses, are not shared with non-family members. In case of any problems, these problems are tried to be solved within the family.
- In family businesses, the opportunity is not given to the experts and professionals as required. This is because the staff needs are met from family members or close relatives. The presence of these and similar applications in family businesses may cause problems within the business.
- Generally, founding and management in family businesses are gathered in the same person. In addition, there is no transfer of authority. Even with the delegation of authority, it is very difficult and problematic.

Beside these features listed above, lifetime is also an important concept in family businesses. In the family business, the head of the family or a family member must be at the top of the business and should have at least two generations of sustainability. Otherwise, it is possible to define the business that does not pass to the second generation as a boss business rather than a family business (Rouvinez and Ward, 2005: 3).

It is emphasized in study, which was conducted in Europe, that the family businesses with SMSE (Small and Medium Business) features try to remain in their national markets and try to be continuous, whereas globalization requires opening up to international markets (Güney, 2007: 111).

According to Deephouse and Jaskiewicz (2013: 338), all businesses develop a series of characteristics or attitudes that define and form their essence over time. Carlock and Ward (2001: 16), on the other hand, suggest that the family businesses develop continuity and strategic planning together and highlight what to do, in Table 1 in detail.

Table 1. Family and business planning objectives

Contents of Family Business Continuity Plan	
Ensuring Family Commitment	• Helping the family discover their commitment to the business • Defining basic family values • Supporting the family business philosophy • Developing a family vision
Encouraging Family Participation	• Understanding the sources and nature of conflicts to be fair • Understand the importance of family gatherings and improving family agreements
Preparing the Next Generations of Family Managers and Leaders	• Know how the life course of business affects careers and management transitions • Understanding the challenges associated with preparing a new generation of family members for business and family leadership roles • Developing systems to support career experiences
Developing Potential Business Owners	• Learning how the life cycle affects ownership transitions • Thinking through the choice of future ownership structures • Developing systems to support the development of talented owners • Preparing inheritance plans including financial needs, inheritance and gift tax, and future property acquisition decisions • Developing an effective family and business governance system
Business Strategic Plan Content	
Evaluating the Strategic Potential of the Company	• Evaluating the firm's internal capabilities in finance, marketing and organization • To grasp the external environmental forces that will affect future opportunities and threats • To analyze the sector and markets of the company • Determining the strategic potential of the firm
Exploring Possible Business Strategies	• Discovering to renew, reformulate or revitalize the business • Evaluating possible business strategies for the company • Identifying factors influencing the choice of a business strategy • The unique strengths of the family business should be harnessed when developing a business strategy.
Finalizing Strategic and Re-Investment Decisions	• Apply the family business reinvestment matrix to identify planning conflicts • Balance work and family demands while making investment decisions • Valuing the impact of family commitment on investment decisions

Source: Carlock and Ward, 2001: 16-17

At the first part of the study family business concept was discussed and at the second part as noted before in the introduction entry strategies and models will be detailed.

2. ENTRY STRATEGIES and MODELS to INTERNATIONAL MARKETS

In the economic environment which is constantly globalizing and becoming more complex gradually, it is of great importance for all businesses to open to foreign countries and internationalize. In this regard, the internationalization efforts of family businesses provide opportunities to renew themselves and continue their existence consequently (Ataay, 2012: 112).

For businesses that choose to grow as a growth strategy, cultural and geographical factors are decisive in the selection of the market (Andersen, 1993:210). In this respect, the fact that the family businesses move their activities beyond the borders of the country, in other words, the internationalization of businesses brings many new responsibilities. Professionalization of the business is one of these new responsibilities (Stewart and Hitt, 2012: 61). In addition, it is necessary to create a suitable and more systematic structure, taking into account the dynamics of the country of operation (Mannarino, Pupo and Ricotta, 2011: 2). With the professionalization and professional management approach attained, it is possible for the enterprise to gain competitive advantage in international markets in the long term (Le Breton Millet and Miller, 2016: 28).

According to Hadryś-Nowak (2018: 155), companies with an entrepreneurial orientation are more willing to take risks and expand their organizations in global markets. In this respect, making internationalization decisions is an important strategic decision that requires taking risks. It offers family businesses the opportunity to show their competitive advantages in their current markets international markets. Thus, it provides economy of scope and economies of scale for relevant companies and facilitates access to new information from international markets (Tung et al., 2014: 813). The sustainability and asset creation of the company are important requirements for the future generations of the family in family businesses. For this reason, it is thought that entrepreneurial orientation will positively affect the internationalization of family businesses (Liu, 2014: 183).

Internationalization is an act of entrepreneurship as it requires the exploration and exploitation of new business opportunities in new environments and involves taking risks (Lin and Cheng, 2011: 203).

Family businesses have features that make them successful in the international environment, such as making quick decisions, having and establishing reliable relationships, and being long-term oriented (Mitter, Duller, Feldbauer-Durstmuller and Kraus, 2014: 4). Therefore, entrepreneurial behavior is expected of family businesses.

The concept of entrepreneurial orientation has been tried to be examined with the dimensions of innovation, proactivity and risk taking. The number of generations that are simultaneously working in management positions in family companies is indicated by the participation of different generations in the senior management. This is beneficial for the senior management of family businesses in terms of providing diversity of information. Having different generations of senior management in its structure can present views that support creativity and innovation (Sciascia et al., 2013b: 72). At the same time, different generations provide knowledge, experience and social connections, increasing the diversity in the skills and capacity of the top management. For this reason, it is claimed that this situation further strengthens the positive relationship between entrepreneurial orientation and internationalization.

Segaro (2012: 113) presented a unifying theoretical model as a result of his study to examine the factors that play a determining role in the internationalization of small and medium-sized family companies. In the model, he defines internationalization with the concept of “DOI-Degree of Internationalization” as a three-dimensional scale that includes the ratio of foreign sales to total sales, the percentage of employees who spend the majority of their working time on international activities, and the geographical scope of sales (Figure 1). The factors affecting internationalization are grouped under three headings as company ownership, management, and senior management. The concept of ownership is in the reverse “U” shape according to the family’s shareholding degree in the company. In other words, it is thought that if family share ownership is at a medium level, internationalization will be at the highest level, and it affects the degree of internationalization with a non-linear relationship. However, based on the view that family businesses have more limited access to equity and borrowing in the market than non-family businesses, and that they will invest their capital to make business sustainable in the long term, the concept of capital has been added to the model as a factor that will affect internationalization.

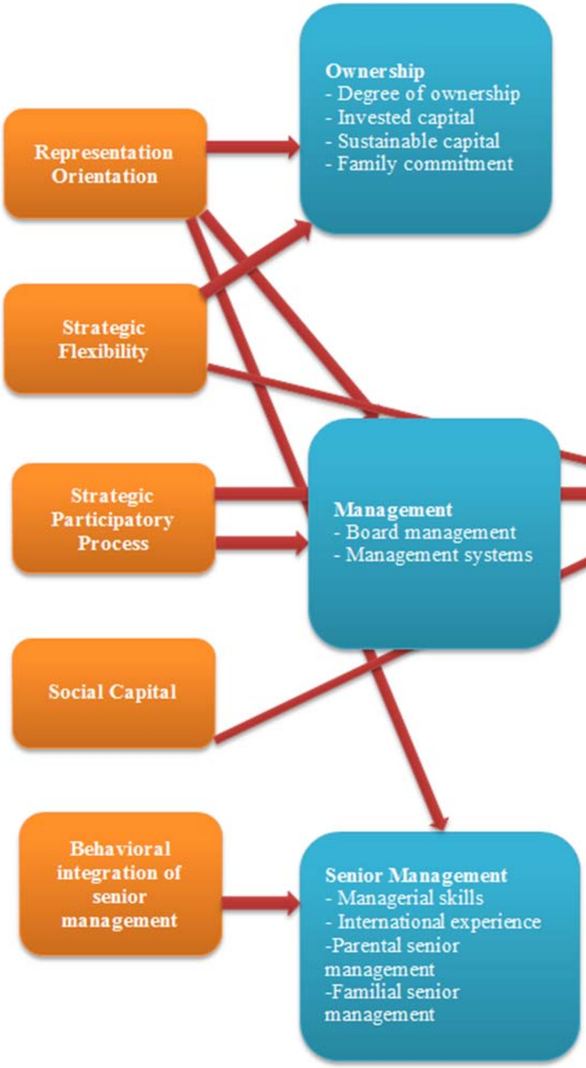

Figure 1. Complementary theoretical model of the internationalization of family businesses (Source: Segaro, 2012: 113)

Segaro, Larimo and Jones (2014: 384-385), in the study which factors specific to family companies may affect internationalization in terms of organizational culture were analyzed, 80 family SMEs from the manufacturing sector in Finland were included as a sample. Two factors related to senior management are discussed. One of these is "strategic flexibility", which means being able to adapt to change and show strategic change; the other is the "industry experience" factor, which expresses that the managers use the knowledge and experience they have gained through various resources and competitive activities in domestic sectors for international opportunities.

Davis and Harveston (2000: 110) investigated the effects of the founder and/ or entrepreneur's age and educational level characteristics and technology on internationalization and growth in founder and/or entrepreneur-led family businesses. Researchers who set up their models carried out their analysis using the regression analysis method with the data they obtained from 1,078 American family companies operating in various sectors as manufacturing, construction, retail, etc.

The first of the founder and/or entrepreneur features considered in the model Davis and Harveston (2000:108) established is age. They reported that the educational attainment of the founder and/or entrepreneur and their experience accumulating with age are factor influencing the strategic choices regarding the company.

Calabrò et al. (2013: 511) investigated the extent to which the different combinations of ownership structure and strategic involvement of the board have an impact on international sales. They examined the research on family and non-family companies. Some important features distinguish family businesses from others are found as family ownership and participation in management. Therefore, the role of the family in the decision-making processes related to the company indicates the participation of the family. And the mediating effect of ownership structure and strategic participation in relation to internationalization are also examined in the study. In the model they established, the factor considered as foreign investors includes corporate, financial, strategic, official and private investors. Depending on the ownership structure, foreign financial investors (such as banks) provide companies with access to extensive connections with business partners and other local institutions of the host country. However, strategic partners also provide companies with know-how, such as financial resources. For this reason, it is thought that foreign ownership can contribute to both family and non-family companies to better understand international markets and to work as strategic partners depending on the ownership structure.

Ray, Mondal and Ramachandran (2018: 76), while dealing with the relationship between family ownership and management with the internationalization strategy, examined 303 family businesses in India on how foreign corporate ownership would affect these relationships. According to the results of their analysis, it was concluded that the family ownership is negatively related to the internationalization of the family business, and that family-managed companies (the manager being a family member) avoid internationalization more than family businesses managed by non-family managers.

Studies conducted with similar results in the literature show that family participation in management, negatively affects the tendency to export (Pacheco, 2017: 201; Cerrato and Piva, 2012: 629) and decreases the speed and scope of internationalization (Avrichiret et al., 2016: 339).It has been observed that family-run family businesses avoid internationalization more than family businesses managed by non-family professionals. It has been concluded that foreign corporate ownership has an important driving effect for internationalization in family businesses, and as this ratio increases, family businesses will be more willing and will be more committed to the strategy of internationalization through direct foreign investment.

Mitter et al. (2014) investigated the influence of the family on ownership and management, the influence of the generation involved in the management of the company, the effect of the board structure and the existence of supervisory and advisory boards on internationalization with a sample group of Austrian companies.

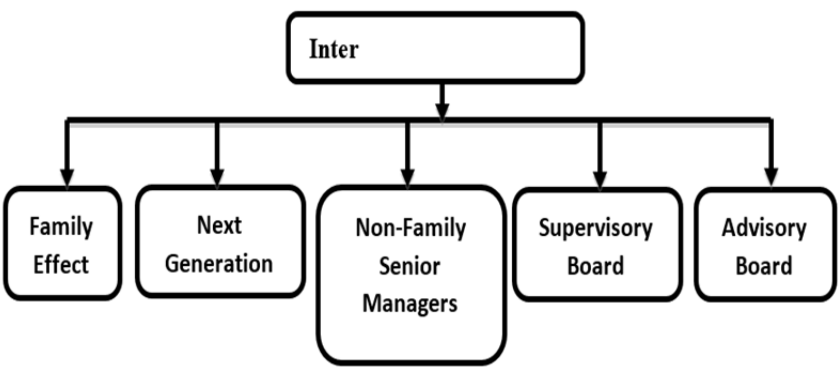

Figure 2. Factors affecting internationalization, according to Mitter et al. (2014)

As Mitter et al. (2014: 3) confirmed that the family effect is inversely related to internationalization in a "U" shape according to the model they established in their study; they found it less likely for the next generation to adapt the internationalization strategy than the founding generation. No significant relationship was found between the supervisory board and internationalization, and internationalization was found to be in a positive relationship with the advisory board. Board members are the mechanisms that develop the resource pool of the enterprise by providing information, skills, experience, reputation and connections to the enterprise and the board members subjects take active roles in the selection and implementation of strategic decisions regarding the enterprise. For this reason, the authors reported that the advisory board's positive relationship with internationalization is an indication that the board's risk perception of internationalization and family directors can be changed.

Okoroafo and Koh (2010: 25), concluded that the views on internationalization of family businesses do not differ between generations, and stated that if a family business did not participate in foreign markets in its first and second generation, it was unlikely that it would do so in later generations, and that the third generations approached this even more negatively than the second generation. Contrary to the negative view of future generations against internationalization, generational participation in family businesses is a factor that increases knowledge diversity, and therefore it has been stated to affect entrepreneurial orientation (Liu, 2014: 185; Tung et al., 2014: 816). Huang et al. (2014: 761) it shows that when the next generations start working in the family business, this transition period becomes the focus of long-term aspirations, sustainability and continuity for the company (Huang et al., 2014: 761). With the effect of the entrepreneurial orientation of generations, it has been suggested that the local markets may not provide enough income for the products and services provided and this situation can be overcome by moving towards global businesses for the continuity of the family business (Liu, 2014: 186).

Scholes et al. (2016: 139), researched the factors affecting the internationalization of small-scale family businesses, obtained results indicated that small-scale family businesses associated with the Socio-emotional wealth (SEW) opinion and the Uppsala model as a result of interviews conducted with 6 family companies in Singapore. The researchers summarized their findings about family effects on internationalization, based on the data they collected through the case study.

Tung et al. (2014: 816) 4 important dimensions that effect family businesses during internalization experience. These dimensions can be sum up as harmony, trust, relationships and resources of business and talent of labors.

Harmony; The willingness to maintain harmony may hinder internationalization efforts. Conflict can result in loss of human and financial capital.

Trust; Positive impact on internationalization initiation (exports) through trusted family representatives (Uppsala model steps 1 and 2). Distrust of outsiders limits the expansion of the internationalization process (Uppsala model steps 3 and 4).

Relationship/Connections; Small family businesses confine themselves to a narrow set of social and business contacts, they are narrow-minded. Relationships/ connections are built on trust and limited to family, close friends, close business partners or other small family businesses (Uppsala model steps 1 and 2).

Resources and Talents; Limited trust, small connections, and a desire for harmony result in limited resources, so the ability to internationalize above a basic level is limited (Uppsala model steps 1 and 2).

Uppsala model is significant in terms of the establishment of relationships and connections between social/business. It is of great importance in the Uppsala model that all family members in the family business agree with each other on the same opinion. This situation is very important since it will be effective on increasing commitment in the later stages of the internationalization process (Okoroafo and Koh, 2010: 24). Researchers believe that family businesses are not obliged to use the same strategy for all the markets in which they want to be active. It was claimed that companies can follow diverse strategies for different countries by taking factors such as geographical location, level of competition and the resources needed into consideration. With regards to the results, the existence of the export dimension in the first place and foreign subsidiaries in the second place support the Uppsala Model, which is the internationalization model in the literature (Roida and Sunarjanto, 2012: 227). The views which were claiming that family companies should first start to recognize the foreign market through their export activities, increase their market knowledge and experience through export activities, and can develop their activity types in time through business and social networks that they could establish with these markets were supported. The existence of FDI (Foreign Direct Investment) dimension in the last rank also shows that family companies may have to prefer less, as it is an activity that requires transfer of resources across borders (Segaro, Larimo and Jones, 2014: 385). Furthermore, the responsibilities of the experts advices of whom were taken in the company and their not being family members can be considered as an indication that the family company is open to assign managers from outside the family and this situation is an indication that the company has invested in human capital in terms of knowledge, skills and experience (Okoroafo and Koh, 2010: 25). Therefore, it can be said that the studies which were investigated supports the opinion which asserts that human capital positively affects internationalization.

It is based on the view that family businesses generally start their internationalization processes from countries with which they are geographically and culturally close (Tung et al, 2014: 812). This theory suggests that companies are expected to enter international markets, starting from nearby markets where they have a similar culture, language, education level, political system and industrial development degree while selecting the market in which they want to be active. Later, these companies will begin to expand their activities to countries that are physically farther gradually upon increasing their knowledge about international activities. This view is based on the assumption that the closer the businesses physically the easier to understand the business environment and to carry out business activities (Kontinen and Ojala, 2010: 441). The companies should familiarize with the information in the domestic market at first. Relevant companies can then use this information to realize the transition to other markets. When the knowledge on the market increases, the risk will decrease and the dependence on the foreign market will strengthen (Kampouri, Plakoyiannaki and Leppäaho, 2017: 361). The Uppsala model reported in the studies which were conducted on internationalization that the concepts of establishing connections which are effectively used in the process such as relationships and social networks and realizing opportunities are essential (Johanson & Vahlne, 2009). This suggests that the authors perceive the problems and opportunities faced by companies as issues that are specific to their relationships and connections rather than the country.

Apart from the structure of businesses, another important factor affecting internationalization is the environment. Competitive pressure and saturation in markets direct businesses towards foreign markets. Businesses can survive by adapting to their external environment as well as their internal environment. Sudden changes in natural environment also could be a driving factor for businesses to reshape their business models and to aim other markets. The Covid-19 Pandemic, which has been experienced recently and has affected the whole world, has caused great transformations in economic and social areas. In the pandemic period, countries try to take measures at the national level by stopping all airline activities and countries started to lock down by closing their borders. In particular, the lacks of medical equipment, the lack of protective equipment (mask, gloves, disinfectant) against contagion has been one of the most important issues of all among the others. While many countries stopped their export activities, international activities remained in the background.

The global value chain brought to the agenda by digitalization and globalization has been negatively affected by the uncertainty created by closing the borders. The negative impact of Covid-19 on international commercial activities directly affected all economic decisions. A company that wants to open up to the foreign market is faced with restrictions and closed borders imposed by the states. On the other hand, countries declaring quarantine and social isolation drive people to digitalize. There is a revolutionary digital-based change from education to health. While many sectors were adversely affected during the epidemic period, e-based applications and businesses usage seems to increase. In this sense, the physically closed borders open to the digital world. Physical globalization is being replaced by digital globalization.

With the advent of the Covid-19, and then spreading around the world, it was unavoidable to affect the level of global economic activity. In the world economies against the epidemic, expansionary money and expansionary fiscal policies were tried to be implemented. Exchange rate pressures in the Covid-19 pandemic are significant indication of underlying economic stress for global policymakers. Covid-19 pandemic situation to gain a global dimension is also reflected in Turkey's economy statistics. Since the US dollar is a common currency for the world economy, the depreciation in TL cannot be considered independent of the course of the dollar in the world. During the Covid-19 pandemic, there has not been a country that has managed to reverse this trend. Government made long-term economic plans for exchange rate fluctuations. They offered specific financial support packages to some sectors to prevent economic stagnation to their citizens. Especially, construction, tourism and airlines, which are affected by the pandemic, are among these sectors. These supports also provide some opportunities for international trade. It has been an opportunity to grow in foreign markets for many investors and entrepreneurs with its exchange rate difference and credits provided by government to investors with low interest rates.

It is predicted that the long-term effect of Covid-19, which has not yet had a definitive impact, will continue and will create radical changes in all areas of life. It seems it is inevitable that they will have long-term effect on international markets and on the global supply chain.

CONCLUSION

When family businesses are considered in terms of the advantages which they bring to the country's economy, it can be said that they have an important role in the development of a country's economy. In addition to this, even though family businesses have an important role in the development of the country's economy, different challenges are experienced while trying to maintain their progression. On the other hand, many countries adopted the free market economy and this has caused an increase in competition and managing family businesses became much more difficult. In this context, only when family businesses adopt a management system which can achieve internationalization and which can show flexibility to alteration and development, maintaining their progression to attain a place for themselves in an internationalized competitive environment together with the increasing competitive environment on a national basis, increasing their productivity and ensuring to make more profits become possible.

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PART FOUR
CHAPTER 13

CORPORATE BRAND and CORPORATE HERITAGE BRAND in FAMILY BUSINESS CONTEXT

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INTRODUCTION

It could be noted that family-business related research has risen dramatically over the last two decades (Gomez-Mejia et al. 2001; Xi, Kraus, Filser & Kellermanns 2015). Family businesses are distinguishing themselves by creating their own brand that features family in their marketing communication strategy (Zellweger, Eddleston & Kellermanns, 2010). Previous researchers reveal that the degree of ownership affects how family businesses structure their communication strategies while addressing its stakeholder (Memili, Eddleston, Zellweger, Kellermans & Barnett, 2010). It is asserted that firms usually display hints associated with the family in their company like a family related brand name or other family related components in different marketing communication tools such as advertisements (Blombäck, 2011). They are highlighting their family-owned status when promoting their company. One of the examples could be the articulation of “A family company” which is their emphasized promotional slogan. Emphasizing “family business” distinctiveness in the communication tools, helps companies to differentiate themselves. Therefore, being a family business itself could be one of the corporate brand elements that provides uniqueness to a company (Blombäck, 2011).

Another notion called corporate branding has also an important role in companies' strategic decisions; which consequently leads drawing attention from many researchers (Balmer & Gray, 2003; Macrae, 1996; Balmer, Harris & de Chernatony, 2001; Kitchen & Laurence, 2003). In addition to commonly known corporate brand elements, there is an emerging subject namely corporate heritage under the corporate brand realm. It is argued that corporate heritage could also be exploited by management of certain companies to add extra value and draw a distinct from competitors (Urde, Greyser, & Balmer, 2007; Balmer, 2013). Although, it is accepted that a corporate brand and corporate heritage brand help companies to get value, competitive advantage, satisfaction and loyalty (Davies, Chun, Da Silva & Roper, 2003; Wiedmann, Hennigs, Schmidt, & Wuestefeld, 2011), very little is known about the corporate branding and corporate brand heritage in family business context. Previous studies relating to corporate branding have mostly focused on large/multinational companies (Krake, 2005; Bocconcelli et al., 2018) and disregard family business context. In regard with corporate heritage, many scholars examined the subject at the corporate level while there are limited studies observing corporate heritage within the context of family businesses (Micelotta & Raynard, 2011).

This chapter therefore aims to explore, investigate, and define corporate brand and corporate heritage brand at family business level based on the existing literature. Our goals are to uncover corporate brand and corporate heritage brand, as well as how family businesses create and implement competitive advantage by exploiting them. Therefore, first, we discuss the corporate brand that creates values and differentiates the family businesses from competitors.

1. CORPORATE BRANDING

The significance and value of corporate branding were attracted considerable attention of both academics and practitioners (Balmer & Gray, 2003; Macrae, 1996; Balmer, Harris & de Chernatony, 2001; Kitchen & Laurence, 2003). As a result of that growing attention, different scholars define corporate branding in different ways. One of the definitions suggests that it is an informal contract between the company and its stakeholders (Balmer, 2012). According to Balmer (2012), this unofficial contract refers to a promise that is given by the company to its stakeholders as well as the fulfilment of this promise which is quite significant (Dall'Olmo Riley & de Chernatony, 2000). Other group of scholars define corporate brand as an identity of the organisation (Abratt & Kleyn, 2012), which is a vital asset for the company to differentiate itself from its rivals (Schultz & Hatch, 2008). In addition to that, corporate branding is defined as a value encompassing organisational, brand and customer values that are unique for each company (Urde, 2003).

A successfully implemented corporate brand provides various benefits to the organisation with an enhancement in "public profile, customer attractiveness, product support, visual recognition, investor confidence, encapsulating organisational values, and motivation of staff" (Balmer & Greyser, 2003, p.973). Therefore, companies need to be aware of corporate brand privileges such as having competitive advantage over other companies, achieving stakeholder satisfaction and loyalty as well as obtaining higher profit margin (Griffin n, 2002).

According to Schultz and Hatch (2008), having an effective corporate brand requires a continuous flow between three elements: vision, culture, and images (See Figure 1). In their model, they claim that a continuous alignment between those elements brings companies positive outcomes in terms of revenue, reputation, and stakeholder satisfaction (D'enbeau & Buzzanell 2013; McCoy & Venter, 2016). In a similar vein, Pringle, and Gordon (2001) identify this alignment as having a conformity between the internal and external values of the organisation. Briefly, conformity begins with a corporate identity (manager), then it is passed on to the employees as a culture, proceeding with the transmission of the message to the external stakeholders. For a successful corporate brand, the same message needs to be carried from the owner and/or manager to employees and customers, as well as other stakeholders. Since any gap between identity, culture, and image damages the corporate brands, an efficient communication between owners/top managers, internal and external stakeholders is required.

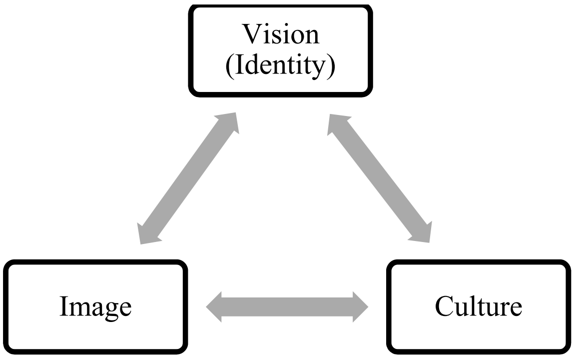

Figure 1. Corporate Branding Alignment (Hatch and Schultz, 2003)

1.1. Components of Corporate Brand in Family Businesses Context

Based on the model by Hatch and Shultz (2003), understanding of corporate brand requires identification of three main components: identity (vision), image and culture. Although, the proposed model provides a broad point of view, it does not focus on family businesses that acquire unique characteristics. On the other hand, another study conducted by Astrachan, Botero, Astrachan and Prügl (2018), suggests that corporate brand elements are intertwined to each other, which is similar to what most of the family businesses exhibit in their business structure. Thus, given the fact that it is difficult to separate those elements, seeing the company as a whole whilst adopting a holistic approach to have a corporate brand is the most suitable for family-businesses. Therefore, following sections discusses components of corporate brand based on a holistic view.

1.1.1. Corporate Identity

The notion of identity is used interchangeably between management and marketing scholars. While management studies focus on organisational identity, marketing studies scrutinize brand identity, corporate identity, and corporate brand identity. Identity is defined as a 'central, distinctive and enduring characteristic of an organisation' by Albert and Whetten (1985). In a similar vein, to define identity, Aust (2004) emphasises the distinctive character or unique characteristic of an organisation that is formed by values. On the other hand, corporate identity refers to the "what an organisation is" (Balmer & Greyser, 2002) as well as an exclusive core of a company that constructs the communication, design, culture, and strategies (Melewar & Karaosmanoglu, 2006).

In their study Craig, Dibrell, and Davis (2008) examine how high involvement of a family in brand identity affects company competitiveness and performance. The study includes 218 surveys from family business owners and/or managers as well as the analysis of the collected data with structural equation modelling. The results of the research reveal that having a family-based brand identity makes a positive impact on the company performance in terms of growth and profitability. It is also asserted that having a family-based corporate identity provides competitive advantage to companies since it forms quite unique, invaluable, inimitable and difficult to substitute resources for those businesses (Craig et al., 2008; Blombäck, 2009; Habbershon, Williams & McMillan, 2003).

It is argued that communicating a family-based identity provides companies many positive outcomes such as; better financial returns, increase in the customer awareness towards company, rise in purchase intention, satisfaction and loyalty (Carrigan & Buckley, 2008; Craig et al., 2008; Sundaramurthy & Kreiner, 2008; Kashmiri & Mahajan, 2010). In the same manner, Craig et al., (2008) highlights the value of family involvement in the corporate branding by describing family-based brand identity as a rare, invaluable, difficult to copy and substitute asset. A notable case study conducted by Parmentier (2011) examines The Beckhams brand that is formed by a celebrity couple David and Victoria Beckham. The research claims that identity of the companies owned or managed by family members refers to the family-brand. On the other hand, to succeed as a family brand, managers and / or owners should always consider two significant brand dimensions: distinctiveness and visibility. Distinctiveness in branding is accomplished through crafting a compelling family brand biography and providing market-relevant family persona cues. Nevertheless, visibility in family branding refers to the taking and making opportunities to popularize the family brand with a co-creation of company's stakeholders.

Corporate branding scholars contend that the emphasis on family in family-owned businesses help them to create a unique corporate identity. It is also accepted that having a unique identity yields various benefits to the businesses. However, it is company's choice to fully ingrate the family notion into the corporate identity. While some companies are focusing on little integration, some of them are applying fully integration of family notion on their communication strategies (Martínez et al., 2019). Companies with little integration strategies act like non-family-based companies as they do not emphasize family in their communication and business strategies (Sundaramurthy & Kreiner, 2008). In contrast, when family notion is highly integrated in the company's communication tools, the company conveys family goals, values, and beliefs to its internal and external stakeholders. (Sundaramurthy & Kreiner, 2008). In their study, Micelotta and Mia Raynard (2011) focus on the implementation of corporate brand identity strategies in family businesses such as marketing activities toward external stakeholders. Through the examination of world's long-established companies from Family Business magazine, the authors find three ways that family businesses follow to communicate their corporate brand identity; family preservation, family enrichment and family subordination. They also add that those three strategies differ according to companies communicated corporate identity.

1.1.2. Corporate Culture

Corporate culture is the reflection of identity among the internal stakeholders who are employees of the company. It is argued that corporate culture has an important role in the corporate branding process after the identity (Ageeava et al., 2019). Balmer (1998, p. 976) defines corporate culture as "a company's shared values, beliefs and behaviour that are the result of the essence of corporate identity". It helps organisations to have a harmony that enables internal stakeholders to understand each other appropriately (Olins, 1978). When employees realise the existence of a corporate culture, they feel more secure and valuable. On top of that, it encourages employees to verbalize recommendations on how to enhance working environment and how to take actions (Schultz & Hatch, 2008). As a consequence, sharing opinion with others and making decisions on the process help employees to feel more satisfied and loyal, which increases the productivity to a higher level (Cameron & Quinn, 2011).

In order to build a successful corporate brand, it should be recognised that employees play a key role since they convey company values and beliefs to external stakeholders. It should also be noted that if there is a gap between what company promise (identity) to its stakeholders and employee behaviour, it will damage the image and decrease the loyalty (Yaniv & Farkas, 2005). Nevertheless, owners or managers of a company have a strong impact on the organisational culture, business approach and decision-making process. Also, in small-scale businesses, family members are accepted as employees, thus, the identity of a family's business is a mirror of the personality of family members (Olins, 1978). On the other hand, experiences and, characteristics of family members shape the identity of the organisations that is reflected by culture (Wickham, 2006). Although corporate identity and culture are internal elements of the corporate brand, they are reflected in external stakeholders through the image (Rode & Vallaster, 2005). The next section discusses the corporate image and factors that affect the family-business image.

1.1.3. Corporate Image

The notion of corporate image reflects the identity of the organisation to shape the general perception of customers about the company (Stern, Zinkha, & Holbrook, 2002; Davies & Chun, 2002). Some scholars assert that a unique and successful corporate image provides positive outcomes to companies in terms of competitive advantage, differentiation from competitors, satisfaction, and loyalty (Davies *et al.,* 2003; Melewar & Karaosmanoglu, 2006; Simões, Dibb & Fisk, 2005). In their research Craig, Dibrell, and Davis (2008) found that family-owned brand identity has an impact on the customers' perception in a positive way that encourages them to buy products or services of the company.

In the family business context, the image refers to how family business owners/manager communicate involvement of the family to their customers (Micelotta & Raynard, 2011; Parmentier, 2011). A systematic literature review study conducted by Sageder, Mitter and Feldbauer-Durstmüller (2018) analyses 73 scientific journal papers published in the last decade. According to their findings, there are eight important factors impacting family businesses' image (See Figure 2). Those factors are family involvement and control, firm characteristics, social ties, identification with the firm, ethical values, long term orientation, history and tradition, and legal framework. Family involvement refers to communicating family notion and its usage in the company's strategic decision (Anderson, Mansi & Reeb, 2003; Kashmiri & Mahajan, 2014; Lee & Marshall, 2013). Nevertheless, firm characteristics such as size, age, financial performance, internationalisation activities or industry shape the image of the company (Botero, 2014; Chen, Chen, Cheng & Shevlin, 2010; Fombrun & Shanley, 1990; Micelotta & Raynard, 2011). Additionally, because of the fact that family business focus on long term relationships with its stakeholders, they build strong ties by meeting in person as well as having bilateral close communications with them. (Zellweger, Kellermanns, Eddleston & Memili, 2012; Presas, Guia & Muñoz 2014). Family identifications refer to using family name, or any other family-related signals, logos, slogans to create a strong image (Kashmiri & Mahajan, 2014). On the other hand, legal frameworks also shape the image of the company, which relates to what company has to do its stakeholders according to legislation or what program they have to imply for certain activities, for example, corporate social responsibility activities (Sageder, Mitter & Feldbauer-Durstmüller, 2018; Blodgett, Dumas & Zanzi, 2011; Othman, Darus & Arshad, 2011).

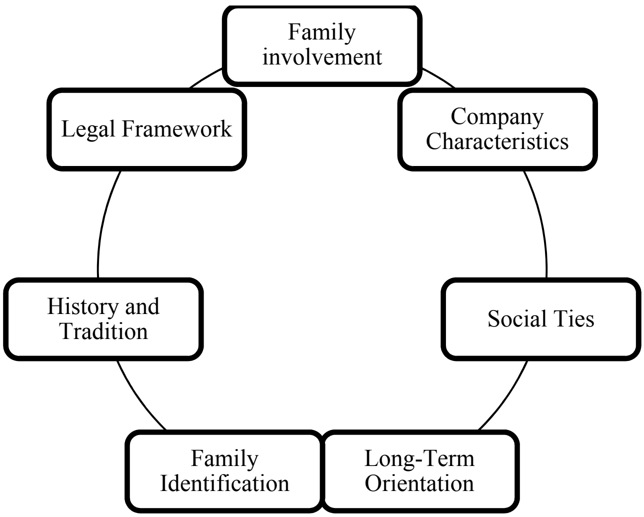

Figure 2. Factors that affect Family Business Image

Next section examines the corporate heritage brand and the six precepts of corporate heritage (See Figure 3) before introducing the main subject called family heritage brand. At the very beginning, the notion of heritage is also discussed briefly. Then, in order to build up a better understanding on how heritage is examined at the family businesses, some of the corporate heritage brand studies are scrutinized prior to our prominent topic called family heritage brand. This section asserts that family businesses should consider benefiting from its corporate heritage traits to draw a distinction from their rivals, which could play a key role to support businesses so that they could survive in the future. On the other hand, to achieve that, family business owners/managers should recognize the significance of their existing continuous heritage while comprehending how to reveal, manage, communicate, and protect those unique corporate heritage traits.

1.2. CORPORATE HERITAGE BRAND

There are multiple definitions of heritage in the view of the fact that almost every heritage practitioner has come up with their own definition (Harvey, 2001). In the same vein, UNESCO definition of heritage has evolved throughout the years as the organisation started with only tangible heritage (e.g. ancient ruins), then adding natural heritage (e.g. Amazon forests) and finally including the intangible heritage (e.g. a masterpiece of a culture) in their definition (Kirshenblatt-Gimblett, 2004).

Through the traditional point of view, many sorts of heritages are assessed by several disciplines such as history and sociology at multi-level dimensions like individual, regional or national. In contrast to traditional heritage studies, corporate heritage has emerged to observe the notion of heritage at the institutional level. Unlike the traditional heritage focussing on only past as a temporal dimension, corporate heritage deals with not only past but also present and the future, which leads institutional heritage to include “change, transformation and reinterpretation” (Balmer, 2013).

The quest of assessing heritage at organisational level was challenging but it has attracted many corporate marketing scholars (e.g. Balmer, Geyser, Urde, 2006; Urde, Geyser & Balmer, 2007; Wiedmann, Hennings, Schmidt & Wuestefeld, 2011; Hudson, 2011; Balmer, 2013; Burghausen & Balmer, 2014; Bargenda, 2015; Rindel, Santos & Lima, 2015; Santos, Burghausen & Balmer, 2016; Balmer & Chen, 2017; Spielmann, Cruz, Tyler & Beukel, 2019; Sammour, Chen & Balmer, 2020). In consequence, a new notion called corporate heritage appeared within the realm of corporate marketing. In his conceptual study, Balmer (2013) reveals the key aspects (Figure 3) of corporate heritage that are listed as follows:

Omni temporality: Refers that corporate heritage relates all temporal dimensions including past, present, and future.

Institution trait constancy: Includes eleven dimensions which are ownership, organisational type, organisational rationales/ cultures/ ethos, product and service focus, manufacturing process and delivery of services, quality levels, location, group and class associations, design and style, sensory utilization, corporate communications. Corporate heritage institutions are expected to acquire at least one, preferably two or more of these meaningful and consistent traits.

External/ internal tri-generational hereditary: In order to attain corporate heritage; either internal or external legacy should be inherited at least three generations corresponding about 50 years within the corporate organisation.

Augmented role identities: Certain corporate organisations could be linked to many sorts of role identities like temporal, social, cultural, territorial as extra role added on their main institutional identity.

Ceaseless multigenerational stakeholder utility: The ability to meet needs and wants of stakeholders across generations.

Unremitting management tenacity: The perseverance of management to protect corporate heritage.

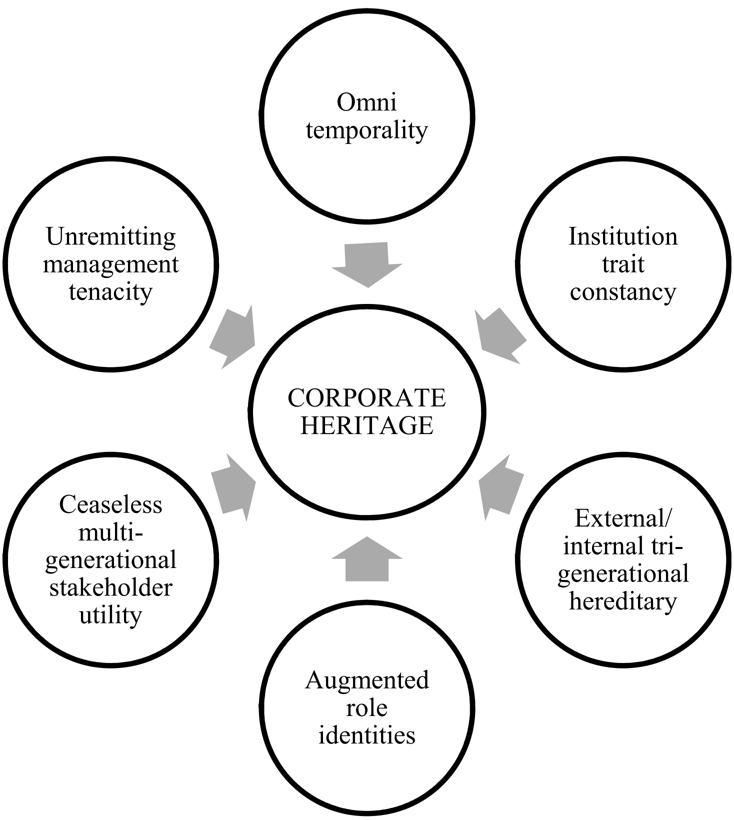

Figure 3. Dimensions of Corporate Heritage (Balmer, 2013)

Whilst a company acquire corporate heritage traits, it is not necessarily classified as a corporate heritage brand. Corporate heritage refers to certain identity traits which is continuous, multiple faceted as well as associated with the company's past, present and prospective future (Balmer, 2011). On the other hand, if a company places its corporate heritage right in the centre of its brand core, it is classified as corporate heritage brand (Balmer 2013, Burghausen and Balmer 2014). It should be noted that prior to the observation of heritage at corporate level, the perception of heritage used to be only linked to past. However, corporate heritage scholars contend that it refers to all temporal dimensions including present and future. Hence, corporate heritage is inimitable traits that could be vital for the brands in regards with distinguishing marketing strategies.

The first study mentioning corporate heritage brand was in the context of Monarchies which are scrutinized as corporate brands (Balmer *et al.*, 2006). Then corporate heritage and its relationship with corporate brand itself were observed in detail through certain well-known corporate brands such as IKEA (Urde *et al.*, 2007). Some of the empirical case studies reveal that certain companies use their heritage in an attempt to create repositioning strategies (Hudson, 2011; Santos et al., 2016). Another study on a French Bank suggests that certain architectural traits could play a role to manifest corporate heritage (Bargenda, 2015). On the contrary of many corporate heritage studies focusing on organisations, some studies (e.g. Wiedmann *et al.*, 2011; Balmer & Chen, 2017; Sammour *et al.*, 2020) interested in the impact of corporate brand heritage on consumer behaviour and perception. Another study shows that major changes on current corporate heritage traits causes external stakeholders to consider the company breaking its brand promise (Rindell *et al.*, 2015).While corporate heritage is significant among international or national corporate brands, it might also be unique resource to family brands that seek alternative opportunities to differentiate themselves against competitors in the mind of stakeholders.

1.2.1. Family Heritage Brand

Although corporate heritage and corporate heritage brand have been scrutinized by many scholars, there are limited studies in regards with family- owned businesses (Micelotta & Raynard, 2011). However, the direction of potential family members who would run the company could be shaped by family heritage which could construct the main structure of brand heritage as well as firm's communication strategies (Brunninge, 2017). Hence, the relationship between corporate heritage and family brand has sparked interest among some scholars, which will be mentioned further in detail below.

It is argued that one of the strategies exploited by the family companies is the usage of historical references in order to improve their corporate marketing strategies. According to an empirical research by Blombäck and Brunninge (2009) including some family businesses as research context, certain brands touch on their history and heritage to improve the brand image perceived by the stakeholders. The authors state that using history as a reference point within marketing efforts provides family-owned brands the advantage of uniqueness in the mind of both external and internal stakeholders. On the other hand, the same study suggests that when it comes to change in development of new marketing strategies, historical references might have a negative impact on the implication of needed changes. It is asserted that not only company history but also family history could together provide family businesses various opportunities to reveal as well as polish heritage-oriented corporate identity and brands. In order to find an answer to this research question, Blombäck and Brunninge (2013), conducted a typology research among Swedish and German family businesses through the observation of their websites. The study affirms that family-owned businesses prefer using divergent communications strategies. For instance, some of the family businesses hesitate to build their brand around an individual (e.g. founder) because they fear association of negative behaviour with the brand, which might lead integrity issues. Despite the fact that some brands use family/brand history only as a background information, some of them explicitly create a bond between the history and their future marketing strategies.

It is also suggested that one of the unique corporate heritage traits, inheritance internal legacy of multiple generations, could be observed when some family members have been working as an employee at the family heritage brand for multiple generations. This might lead family history embodied to the heritage of the company, (e.g. Shepherd Neame brewery) leading a strong connection between family-related places or objects and company heritage (Burghausen & Balmer, 2014). In their study Spielmann *et al.*, (2019), challenges the question of how place impact marketing strategies among family-owned businesses. They conducted an empirical, cross-cultural study among family-owned wineries. The study reveals that old established family wineries has been associated with a place at multiple levels to the extend that they became a territorial brand while mainly preserving those corporate heritage brand traits. On the other hand, the same study shows that newly established family-owned wineries use existing heritage of a place to improve their brand image while being more open to adopting new products and creating their brand around an existing heritage of a place.

A notable example which could clarify what a true family heritage brand is the patented Turkish family brand called "İskender", famous with its iskender kabab, is located in the city of Bursa. One of the members of early generations, İskender Efendi, invented this well-known kabab dish called iskender in nineteenth century and the dish became very popular among Turkish people. The dish also became one of the inseparable and distinct cuisines for the city of Bursa which is visited by many local gastronomical tourists to taste famous iskender (Egresi & Buluç, 2016, p. 236). The family-owned restaurant İskender kabab acquires all of the six elements of true corporate heritage (Balmer, 2013). The brand is explicitly communicating its continuous heritage traits on their website (İskenderin tarihi, n.d.), which leads it to be classified as family heritage brand. The company displays its "*omni-temporality*" by using the sign, "İskender since 1867", on both their websites and at the restaurants as well as stating "… the recipe has been carried on from the past till this day in an effort to continue for future generations". Following that the same ownership, the same dish and recipe as well as the same location could be listed as "*institution trait constancy*". In addition to that, the family has been preserving the same quality dish through three generation family members as their "*external/ internal tri-generational hereditary*" heritage trait, which is frequently articulated by the company as they claim "After İskender Efendi's creation of iskender kebab, this tasteful recipe to which has been remained royal by three generation of family members…". In terms of "*augmented role identity trait*", the strong connection between the city of Bursa and the family heritage brand with the İskender kabab is seen since the company portrays its oldest surviving restaurant as "... Bursa's famous iskender restaurant known as Blue corner shop…". Apart from these, the first restaurant and the additional ones have been open for decades while serving the same recipe to meet the demand of customers, which brings us another corporate heritage trait, "*ceaseless multigenerational stakeholder utility*" by claiming "… have been serving its guests of multiple generations". Finally, the administration stewardship mindset towards their heritage could be seen on the website completes the last facet, "*unremitting management tenacity*", of the true corporate heritage as they state "İskender Kebabçısı shows enormous care to keep this long-lasting heritage alive for long years..". Hence, acquiring all of these multiple corporate heritage dimensions stated above while using them as the core of the family brand, İskender Kebab is a great example of family heritage brand. The family heritage brand is now operated by new generation family members; Yavuz, Cevat, İskender İskenderoglu and their children. It could be easily asserted that those corporate heritage traits have been significant differentiating points, which has helped the family brand to survive for decades among other competitors.

CONCLUSION

In the light of above, family brands should consider adapting corporate brand elements into their future strategies in order to enhance their brands. Corporate brand is defined as a promise which is accepted an unofficial agreement between the company and its stakeholders (Balmer, 2012). It also includes values (Urde, 2003) that are specific to each company, support brands to differentiate itself from others (Shultz & Hatch, 2008). Corporate brand is constituted by three main elements; vision (identity), culture, and image whilst there should be an alignment among these elements in order to create a successful corporate brand (Shultz & Hatch, 2008). Identity is accepted as the core of the company as well as forming the communication, design, culture, and business strategies (Melewar & Karaosmanoglu, 2006). It is suggested that family companies integrating their family identity into their brand identity gains a unique, invaluable, inimitable resources to stand out among other competitors (Craig et al., 2008; Blombäck, 2009; Habbershon, Williams & McMillan, 2003). Another significant corporate brand dimension is corporate culture referring shared values, beliefs, behaviour among employees and being shaped by the core of corporate identity (Balmer, 1998). Family businesses should create a corporate culture enabling employees to share suggestions on improving both working activities and environment (Shultz & Hatch, 2008). As a result of creating a successful corporate culture, there will be significant growth in employee's satisfaction, royalty as well as productivity (Cameron and Quinn, 2011). The last dimension of corporate brand is the corporate image which forms the business' perceived identity (Stern, et al., 2002; Davies & Chun, 2002). In terms of family businesses, the image refers to family involvement and control, firm characteristics, social ties, identification with the firm, ethical values, long term orientation, history and tradition, and legal framework (Sageder, et al., 2018). On the other hand, in order to achieve a successful positive image, owners must place importance on how to integrate family values in their communication programs. If family businesses create a positive image in the mind of customers, there would also be a positive increase in satisfaction and loyalty among customers (Melewar & Karaosmanoglu, 2006; Simões, *et al*., 2005) To sum up, family businesses should adapt corporate brand strategy since it provides values including competitive advantage, increase in financial returns, stakeholder satisfaction and loyalty (Griffin, 2002; Carrigan & Buckley, 2008; Craig et al., 2008; Sundaramurthy & Kreiner, 2008; Kashmiri & Mahajan, 2010). Despite the corporate brand elements, for certain companies' continuous corporate traits could be also used as distinguishing points to stand out among others. If those continuous corporate heritage traits are linked to past, present, and future, they are called corporate heritage (Balmer, 2013). On the other hand, if a corporate brand selects to use its corporate heritage to form the core of their brand, they become corporate heritage brand (Burghausen & Balmer, 2014). It should also be noted that corporate heritage could be vital separating point to family businesses as well as providing the benefit of competitive advantages over other companies (Wieddman et al., 2011). It is accepted that one of the most significant advantages of brand heritage is having unique distinguishing traits in a competitive market. On the other hand, it should be noted that in order to use family brand heritage in favour of the brand, the management and the owners should adopt a mindset which requires long-term planning and protection of the family brand heritage traits (Burghausen & Balmer, 2015). If a family brand successfully exploits its brand heritage, they could be rewarded with additional differentiating point in the mind of stakeholders in comparison to rival companies that does not carry family heritage brand characteristics. Those differentiating points could vary depending on the family brand heritage. If we need to give example on some of the family brand heritage traits, it could be listed as; continuous sensory heritage (e.g. recipe, design), augmented role identity (e.g. associated a city or a territory), multigenerational ownership (i.e. inheritance from ancestors to new generation family members), longevity and continuity of the same business operation throughout several decades (e.g. the usage of since 1900s in marketing communication programs) as well as many other unique continuous heritage characteristics. In conclusion, family-owned businesses which are keen to find alternative strategies to stand out among other competitors in the mind of customers as well as survive for future generations, should adopt an administration approach that embraces corporate brand elements and corporate heritage traits in their branding strategies.

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PART FIVE

FAMILY BUSINESS STRATEGIES
in
DIFFERENT ASPECTS

PART FIVE
CHAPTER 14

STRATEGY IN FAMILY BUSINESSES

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INTRODUCTION

Family businesses have played an important role in the economic development of countries in worldwide and have formed the backbone of the countries' economies. Family businesses dominate the economic activities to a large extent. Furthermore, it can be seen that the family businesses undertake the duties of creating workforce, supporting inter-regional development and growth, and creating social and political balance, in addition to their economic impact.

Not following an effective growth policy, not keeping up with technology, not adapting innovation and not initiating institutionalization activities in due time are considered to play an important role in failure to ensure continuity in family businesses; resulting in being unable to transfer the business to the next generation and being unable to ensure longevity. Companies develop and grow, and the need for standards established within certain rules increases in this process. The efforts of the company's owners and/or managers are not realized and the employees are insufficient for continuous growth in companies resulting in an increase in the need for the support and assistance of professional managers. In this context, the important thing is to recognize the deficient and problematic situation early and take the necessary measures by detecting the company needs early in the troubled situation. For this reason, it is vital that the family businesses have an open, transparent attitude, and are innovative and open to change.

This study was conducted to examine the strategies of family businesses which are currently evaluated.

1. THE CONCEPT of FAMILY BUSINESS

Institutions that have the task of producing the objects that meet the needs of the individual are called businesses. Businesses mainly aim to produce goods and services. However, delivering and marketing the goods and services to the consumer are also called as the duties of the businesses. In other words, businesses are the units that undertake the production or marketing of goods and services (Doğan, 2010). It is possible to define the business as the organizations that produce goods and services that ensure the systematic execution of service and profit-oriented production activities and to meet consumer demands (Efil, 2004).

Family businesses are known as the most complex organizations in the world. With the participation of family members and the factors that make up the family, it was transformed into a private business. Since they are completely different from each other, very mixed definitions in terms of definition arise in the literature for family businesses. It can be seen that there is no consensus on the definition of family businesses in the literature (Çetin, Tikici, Akdemir & Ünal, 2008).

A family business is also called as an institution that is managed by people who aim to prevent the dispersal of inheritance and to ensure the livelihood of the family, where most of the management activities are formed by family members. Even though their management is not made up of family members, companies that have been influenced by family culture for generations and have been adapted to business life are also considered family businesses (Büyükhelvacıgil, 2010).

Family business is more related to business management concept than the size of the business. In this context, businesses which are managed by family members are considered as family businesses (Koçel, 2010).

In case the people working in the same family own most of the shares of the company, that company is considered as a family business. However, a company where only one person works and in which there is no family member is defined as a boss company. The majority meant here, rather than holding the majority of shares, is the issue of whether there are family members at managerial points (Alayoğlu, 2003). There are common points in definitions of family business. These points are the involvement of family members in the activity, the institutional structure of the business initiated by the family members, the reflection of the cultural and traditional elements of the family to the business, the creation of the business by family members;

family businesses are established in order to sustain activities and to prevent dispersal.

Emotionality is seen as an important feature of family businesses. The focal point of business relations in such businesses is the emotionality in question. In this framework, the sustainability of company is possible with love, work and multiple communications between people. Relationships in the family are important factors which influence the activities of company (Andiç & İşler, 2008). The common point of family businesses is that family, property and management tare at the fore front.

1.1. Family's Impact on Business

In a conceptual context, family effect is considered as an effect on creating results in decisions which are made by family members. If there is a family effect, there are consequences related to the business resulting from that effect (Dannhaeuser, 1993). Another issue related to the concept of family influence is the way the influence of the family emerges and the fact that this effect causes changes in the business. In addition to this, the degree of influence of the family influence, that is, how the family decision and behaviour will lead to changes in business issues is another question. In a research on family businesses, issues deemed important in family business management were determined (Beckhard & Dyer, 1983). These issues are expressed as the existence of a system where employees from outside the family are constantly supervised and a structure open to the effects of innovation and change is present in the family.

Assigning powers and responsibilities to employees from outside the family according to their seniority, success and merit; separating family problems from business problems, evaluating the country's internal and external, socio-economic and socio-cultural changes and directing the business in this direction, implementation of expertise-based distribution of tasks to employees from outside of the family, taking the requirements of the job into account during selection and placement in recruitment are other prominent issues. Issues that are considered important in family businesses mainly reveal the actual problems of family businesses. According to the above-mentioned research results, five issues addressed by family businesses in the context of management success are listed as follows (Gümüştekin, 2005) :

- Good cooperation and communication between units,
- The business having its own unique identity,

- Recruitment of personnel with a system according to the requirements of the job,
- Having a strategic plan,
- Institutionalization of the business.

The managerial feature that stands out in family businesses is that business ownership is collected in the managerial position (Zahra, 2005). Ownership of family businesses is considered an important advantage in terms of business establishment and development periods. However, when the growth reaches a certain stage, this prevents the professionalization of the business management. This is because business ownership requires different roles and responsibilities with business management. Especially when the business grows the separation of ownership from management roles and responsibilities affect business performance and success. When talking about the management of family businesses, the life process of the business and the management style preferred by the manager should be carefully evaluated (Alayoğlu, 2003). In the early years of business in addition to ownership, managerial functions are also carried out in a central system to a great extent. It has become a necessity for the founder to undertake planning, organization, execution, coordination and supervision, which are the primary duties of a manager. Since the business owner is the sole decision-making authority while carrying out the activities, it is not possible to institutionalize the business administratively or it may be delayed. It is relatively easy to transfer managerial functions from the business owner to the professional manager in the advanced stages of the business life process. In this way, the management practice where rules, standards and procedures are at the forefront instead of the own managerial preference of the founder of the enterprise begins.

2. THE CONCEPT of STRATEGY

The concept of strategy is widely used in the field of defence as well as in the field of management. In terms of management science, the concept of strategy means "ways an organization can follow to achieve its goal". Strategic management is one of the most important research are in management today (Aktan, 2008).

The concept of strategy, on the other hand, after guiding the organization, constantly analyze sits environment together with the organization in order to achieve competitive gain, explains the process of determining adaptable targets, planning the activities and reorganizing the necessary resources and tools. Strategic management is expressed in the form of decisions and activities to develop and implement effective strategies in the organization and to evaluate and control the results (Nakip, Akdoğan, Çelik, Uzay & Uzay, 2001). The changes in management strategies are directly proportional to the increase in the efficiency and effectiveness of the enterprises, but also provide a continuous improvement environment that spreads throughout the enterprise (Bayar, 2020).

3. THE IMPORTANCE and the CHARACTERISTICS of FAMILY BUSINESSES

Family businesses have an important place in the structure of the economy and accepted as social values in their country and they are considered as an important resource in economic growth. The common goals of the entrepreneurs are to keep businesses alive and grow them (Büyükhelvacıgil, 2010). Family businesses are seen as the driving forces of the economy and competition. The ratio of family companies, which have an important place in the economy, among existing companies is around 95% in Turkey and this rate is around 70% in the world (Gümüştekin, 2005). They have an important place in the economies in which they operate. For example, 80% of businesses in United States of America are family businesses. This rate is 70% in Canada and 85% in Switzerland. Considering the statistical rates of developed countries, it is seen that the family businesses are proportionally higher. While family businesses represent a solid phenomenon in macro economy, they also provide solid resources in terms of microeconomics. However, it is also seen that the family businesses provide job opportunities for family members. The vital role which is undertaken by family businesses in creating social and economic added value due to their contribution to the economies of countries has been expressed in different ways.

There are unique features that distinguish family businesses from others. Usually the penultimate and two previous generations of the family are in charge of the business (Akgemici, 2001). Business policy is generally in line with the interests of the family. Family businesses, which were mostly established to protect family existence and integrity, are influenced by family values and beliefs. Family business and business are of the same value as the family. The role of family ties also emerges in determining the manager (Ak, 2006). Often, the owner of the company is loved and trusted in the family. In the business, they are close to the entrepreneur as in the family. Current or previous children of the management often take part in business management. The owners of the company want the business to be inherited and recognized by their children. Entrepreneurs who have the idea of providing a good future for their children think that their desire to own the company and learn about the business of the company is important for the company and the family.

Generally speaking, the business name and reputation grows with the prestige of the family name. The status that are acquired by family members in society affects the status in the business. Name of the family also develops the business reputation. Family members are exposed to attitude and gain reputation within the family with their duties in the business (Ateş, 2005). Family values and belief shave significant effects on the way of the organization business; interpersonal relationships, the methods applied during the performance of the business and on the organizational culture.

Family businesses have a closed structure as family members generally set up them. For this reason, such companies in financial difficulties are supported by family members instead of going public or going into debt. Usually, these companies do not want to share information. In family businesses, most of the time, the family is consulted to provide administrative staff. Priority can be given to family members in staff selection and placement. As a characteristic of family businesses, the owner of the company and the top manager are the same (Gümüştekin, 2005).

4. MAIN STRATEGIES and INSTITUTIONALIZATION in FAMILY BUSINESSES

Every business and profit-oriented organization needs managerial strategies to follow a sustainable life course. Medium-sized businesses and especially family companies that have to work with companies with international capital in an intense competitive environment have to determine the best strategies to cope with this competition. A hierarchical order is followed in determining the strategies in family companies.

Strategic management in family businesses should include strategic awareness, strategist selection and assignment, internal and external analysis, mission-vision-orientation in the context of purpose, strategy formulation, implementation and control stages (Bork, 1995). Strategically conscious family members, especially the business founder, should act as a strategist.

In order to ensure an effective strategic management in family businesses, it is important to collect information from those who have an impact on activities that are suitable for business purposes and to take action on those that need to be analyzed (Alcorn, 1986). Different evaluations are required for the two environments, external and internal, that differ from each other. External environment variables are economy, technology, socio-cultural factors and legal obligations. In addition to this, other forces that can affect the business are; supplier sources, union structures, competitors, trade associations, similar strong on-governmental organizations, banks, financial institutions and customers (Akgemici, 2001). Internal environment, on the other hand, are the elements controlled by the business management and the strengths and weaknesses in the business. Therefore; the internal environment consists of the established structure, there are sources in use and the organizational culture.

The main problem of family businesses is not the institutionalizing of the company. The important issue in business institutionalization is "institutionalization in family relations". Ensuring the realization of institutionalization in a company should not be limited to studies specific to the organization. In family companies where family relations are intertwined with business relations, family relations should be institutionalized with the effort to institutionalize the business (Ateş, 2005).

5. FAMILY ASSEMBLY and FAMILY CONSTITUTION and INTERGENERATIONAL TRANSFER PLANNING in FAMILY BUSINESSES

Establishing an order in family businesses that strengthens family ties and resolves conflicts within the family is one of the most important issues in terms of ensuring business continuity and family unity. In this context, the most important body among the organs that will prevent communication problems between family members and the family member from having problems in expressing themselves and the conflicts that may cause damage to the company is the family assembly (Selznick, 1996). The development of communication and interaction within the family depends on the operation of this assembly. It is an authorized and effective board consisting of family members in the formation of strategies and decision-making processes regarding the future of the company (Civan & Yaşar, 2005).

First-degree members of the family elected by the family management committee become the members of the family council. The family council is also co-chaired by the Family Management Committee, mostly as a founder, entrepreneur and judge.

Member candidates to be found outside the company are determined in the board of directors. Assignment or replacement of family member stakes place similar to professional staff. The following should not be forgotten here; company lawyer, accountant and consultant are not included in the board of directors (Doğan, 2006).

The family constitution is created to determine and define the necessary elements for the business such as the vision, mission, future location, goals, organization chart, responsibilities of the human resources unit and social responsibilities. Preparing a family constitution for the business that creates an identity means determining the guide and rule maker that will carry it to the future in a sound and healthy way. While constitutions consist of common articles in many businesses, constitutions in family businesses are prepared in a separate structure.

The family constitution serves the purposes of establishing a solid foundation in the family business, preserving the unity of ownership in the family, providing positive reinforcement in family relations, shaping the responsibilities and roles of family members who will assume responsibility in the future of the family business, strengthening family ties and determining facilitating rules for resolving possible conflicts (Yelkikalan & Ekin, 2003).

In this context, the family constitution has some advantages and disadvantages. Advantages are, guiding family members, determining vision and values, strengthening communication within the family, transferring the main values of the family to future generations, encouraging cooperation and solidarity, creating synergy, building trust by developing a sense of justice and creating bilateral relations. The disadvantages are the fact that it is difficult to have a consensus in all members of the family, it takes time to prepare, and not flexible (Şimşek & Çelik, 2010).

One of the most important elements that ensure continuity in family businesses is the intergenerational transfer process. Staying as a family business is only possible with the willingness of the next generation in the family to continue management and with the approval of the founder's power transfer. One of the biggest problems in family businesses is the change of leader. If the family cannot bring out a leader from the family,

family control over the company becomes difficult. Many of the family-owned companies that have been operating in Turkey today which are above a certain size have been in business for more than half a century. It is seen that a considerable part of these businesses leadership is taken over by the second generation. A successful generational transfer is possible with a good understanding of the conditions and dynamics of the family, company and board of directors. Almost everywhere in the world, family businesses have a so called “turn over syndrome” (Baraz, 2006).

This process is critical for family and company. Since the transfer will bring change, norms and expectations within the organization have to change. Transferring is a process that stretches the organizational structure, and in some cases it is so severe that it has a negative effect on the continuity of the company. The turnover and continuity problem in family companies is considered to be a more important issue than other companies. Most family businesses are sold or closed after the founder retires or dies. It also includes the creation of a new vision for the company with the appointment of a manager from the next generation. In the transfer process, there are three elements: the desire of the founder to transfer the company, the ability to fulfil this desire of the founder in the next generation, and the will to accept this responsibility in the next generation. The transfer process, which has an important place in order to ensure the continuity of the company and to protect its competitive power, should be planned in advance. The success of the transfer and institutionalization depends on the definition of the spiritual and material heritage that is desired to be left to the future in the family. The real heritage of the family is all the values that the new generation will develop and deliver to the next generation. The heritage in question can become stronger and weaker with experiences, opportunities and systems that will be created and lived by generations. Transfer is an inevitable end, transfer plans are perceived as the secret of many family businesses. The transfer plan becomes difficult to implement because of the founder’s complete withdrawal, the founder’s reluctance to give up their power, the difficulty of making a choice between children, and feelings of competition between generations (Fındıkçı, 2007).

CONCLUSION

The unique culture, values, beliefs and traditions of the family significantly affect the formation of the corporate culture. The management style that adapts centrality is dominant in family businesses. All operations in the company are required to run under the family's own knowledge and control. There is a tendency to receive internal reporting and information from family members and employees close to them (Fındıkçı, 2011).

If family councils are used effectively, it becomes easier to solve problems that will cause significant negativity in the future of the company.

In the selection of the members of the board of directors, attention should be paid to the fact that they are qualified, competent and independent, professional managers who can prove themselves, experts who do not conflict with the company, and family members or shareholders who can spare time and contribute to board meetings. Because business issues are discussed in the board of directors and problems are solved. In addition, business goals and strategies that will ensure the realization of shareholder goals are determined in the board of directors.

The board, which was established for the purpose of maintaining family relations, affairs and business with corporate criteria, and which is authorized to manage the daily affairs of the family, to prepare the agenda of the family assembly and to call it to the meeting, under the chairmanship of the founder, entrepreneur, judge, is called the family management committee. Respect for elders is essential in the family in general. In terms of the future of the company, family and children, children and other family members are asked to teach and learn the business and to own the company. Family members who occupy a successful and strong position in the company also increase their power within the family.

Most of the companies in Turkey are family businesses. Since most of them have a short life span and it is difficult to overcome problems within the company, internalized institutionalization will require corporate management. In order for the corporate governance principles to be implemented properly within the family business; first of all, appropriate solutions to the existing problems and the steps to be taken should be determined with realistic steps, the determined practices should be implemented and everyone should be supervised with the necessary care. It is anticipated that the family business will have a solid, reliable and sustainable structure by taking the necessary steps properly, determining the ways to be followed in legal and strategic terms and applying them without compromise.

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PART FIVE
CHAPTER 15

COMPETITIVE STRATEGIES in FAMILY BUSINESSES

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1. STRATEGIC PERSPECTIVE on FAMILY BUSINESSES

Family businesses, as one of the most important actors shaping the economy of the world and our country. And, investors, governments and academics, especially the business world, have great attention on that topic. It is estimated that family businesses, which are the smallest and largest, newest and oldest businesses in developed and developing countries, comprise 60% to 98% of all businesses in different parts of the World (Egger & Hristova, 2018). Family businesses constitute 95% of the companies in our country and 75% of the public enterprises. This situation makes family businesses both politically effective and economically indispensable (PwC, 2017). Family businesses producing nearly 90% of national income in Turkey's economy, when structured in line with the best international practices in the near and medium term and when transitions between generations are managed correctly and successfully, it will present important opportunities for the future of our country's economy. Family businesses operate in sectors that are the backbone of the country's economy, such as 52% production, 16% construction and real estate, and 6% consumer products. Approximately 40% of these enterprises were around 1950-1980s, 46% consists of companies established around 1981-2000s. The first 38% of family businesses in Turkey, 47% of the second, similar to the third and international statistics, only 2% of 13% belong to family members from the fourth and later generations (Deloitte, 2019). These data reveal the fact that the average life span of family businesses is 25-30 years. It is clear that family businesses are keen to ensure growth, long-term success and stability. However, many of the difficulties faced by these businesses stem from a lack of strategic planning and objective decision making. Family businesses and most of the families that make up them neglect long-term planning instead of concentrating on daily work. Some family businesses lack the skills to develop a solid strategic plan and even do not know what such a plan should look like. Few businesses rely on future generations and leave things to them in the medium term (PwC, 2017).

The European Commission (European Commission-EC, 2009) has defined four criteria for the classification of businesses of different scales as family businesses:

i. Individuals who have the majority of the decision-making rights or real persons who buy the company or own the majority of the capital, or companies in which their spouses, parents, children or direct heirs are involved.

ii. Most of the decision-making rights in these businesses are indirect or direct.

iii. At least one representative of the family or relative officially takes part in the management of the company.

iv. Public companies are in line with the definition of family business if the founder or purchaser (capital) or their families or grandchildren have 25% of the decision-making rights required by their capital.

In short, the European Commission (2009) defined a family business as the business in which any individual or family controls most of the decision-making rights of a business (and one-quarter of the decision-making rights in stock-listed businesses) and at least one family member formally participates in the management of the business. In general, there are many definitions of family businesses in the literature. Some of these definitions are based on objective criteria such as the percentage of family owners at the business or the number of family members holding management or board positions; some are based on subjective opinions, such as whether a business is believed by its counterparts to be a family business. Some studies use the intention to pass ownership over to the next generation as a criterion; others believe the criterion is the distribution of ownership between generations. At the same time, the CEO, senior management, board of directors, etc. criteria such as having management levels, governance, and ensuring continuity between generations were also used in the definition of family businesses (Die´guez-Sot, Lo´pez-Delgado & Rojo-Ramı´rez, 2014). Family involvement and the family's unique goals are what make the family enterprise unique. Family businesses consist of a family system managed by emotional relationships and a business system with an economic logic of the market (Daspit, 2017).

Generally, family businesses are considered to be characteristically different from non-family businesses. Many studies have concluded that family and non-family businesses differ in terms of goals, ethics, scale and financial structure, international structure, strategies, and corporate governance (Chrisman, Chua & Sharma, 2005). The reason why family businesses are different from non-family businesses can be attributed to the influence, interests and values of the family controlling the business. In these businesses, family interests and values are included in the goals and objectives set for the business, while family relationships affect the strategies considered. For example, inheritance within the family can be one of the most important strategies that determine the life of the business. Decision criteria can be influenced by family considerations that affect the business goals and the choice of alternatives to be considered. Family participation in the activities creates its own dynamics, policies and possibilities. In addition, the way the family perceives the role of non-family managers can make it easier or difficult to evaluate and control the decisions and actions taken by the managers (Sharma, Chrisman & Chua, 1997). Another issue is the difference in the strategy perspective of family businesses. Studies on this subject agree on several issues. First, the strategies that characterize successful family businesses are different from those used by non-family businesses; second, the process of strategy setting differs between family and non-family businesses, and finally, family dynamics influence the way the strategy is formulated and implemented. In short, the family's concerns and preferences can influence the choice of strategy and often make the family unwilling to adopt more formal goal-oriented discussions and decisions. Moreover, family considerations may limit the strategic aggressiveness of the family business (Ward, 1988). Sharma, Chrisman and Chua (1997) first expressed the need for strategic management theory for family businesses. The authors will direct researchers to the most fruitful research areas related to family businesses, without any theory in their 2005 works and they said that business owners would lack causal links that would help them manage their companies better. The figure provides a framework for understanding the interrelationship of the various components (goal and strategy setting, strategy implementation, strategic assessment and control, environmental factors, business and family results) of the strategic management process. As you can see, the process is dynamic and interactive. In this process, goals should be selected, and the strategy created or selected to achieve these goals should be implemented. In addition, effective control processes must be in place at all stages to select and evaluate alternatives, make decisions and adjust as needed. Opportunities and threats in the environment of an enterprise, the resources that it has or can provide, the values and social responsibilities of its managers, how well it performs these duties determine the performance of the enterprise (Daspit, 2017).

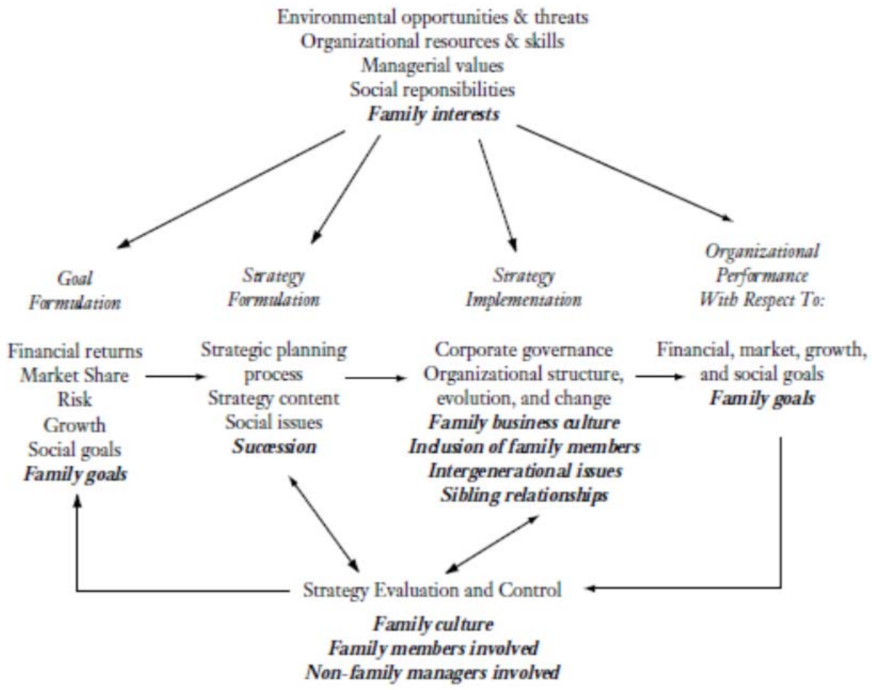

Figure 1. Strategic Management Process *

* The effects of strategic management components on family businesses are given in bold italics.

Source: Sharma, Chrisman & Chua (1997). Strategic Management of the Family Business: Past Research and Future Challenges, *Family Business Review*, (10)1: 3

From a strategic point of view, a family business is the management of a business by one or more family members in order to shape and sustain the vision of family members to sustain the business for generations (Chua, Chrisman & Sharma, 1999). This definition is important for strategic management because the goals pursued contain the necessary mechanisms to implement a strategy and strategy designed to achieve those goals and to control the progress of the business towards achieving its goals. Strategic management includes all these activities (Sharma, Chrisman & Chua, 1997). The strategy development phase is particularly important for family businesses to ensure growth, long-term success and stability. At this stage, businesses create a *strategic plan* that will help them determine their direction and *develop strategies* to achieve the intended results.

Strategic planning has been used for a long time to help businesses determine their mission and core values, important goals and priorities, and create policies and plans.

Strategic plans are created in many ways. However, most of them include the following (Davis, 2019):

Mission statement - What the business (business, family, ownership group) aims for and how it is positioned or how to distinguish it from other businesses and its core values (important behavioral choices of the organization) are included in this expression. Mission shows businesses where they are going and whether their efforts are leading to the desired goal.

Vision statement - The vision is how employees will see their business in the future. Vision often talks about the size of the business, its important activities and values, its strengths, performance, and the unity of the employees.

Main Objectives - It includes the objectives regarding the financial status, market development and organizational structure of the enterprise in the short and medium term.

Core values at the heart of business culture - Businesses' possible choices of behavior expected of members. Businesses usually have few 'core' values. These values can include topics such as quality product, innovation, employee engagement and teamwork commitment, and so on. In a family business, individual responsibility, honesty, humility and mutual loyalty can be emphasized. For example, a family group may identify long-term loyalty and investment, modest risk, a business and business culture that the family is proud of as its core values.

The strategy of an organization is actually the sum of the actions of the organization to achieve its desired goals. To help take the right actions, businesses develop policies (rules and guidelines) and plans to help the business achieve its goals, move towards its mission and vision while living its core values.

Using formal processes and ways of thinking in businesses is accepted as an indicator of professionalism. However, ownership groups and family members in family businesses are not used to thinking strategically -go through a formal process to clarify their tasks, values, goals and plans- about their interests. Strategic thinking aims at identifying appropriate planning options for both family and business and is the first stage of the strategic planning process. At this stage, while researching family, core values, business philosophy and vision; the management team explores the management's business philosophy, business vision and long-term goals. At the end of the strategic thinking process, the family's future promises and the management's strategic promises are revealed. However, research shows that characteristics such as shared values, vision and culture, which are important for family businesses, are not reflected in the overall business strategy in most businesses. According to the results of the Global Family Business Survey 2019 conducted by Deloitte in 2019, only 35% of the participants stated that the company goals are in line with the family goals. While lack of compliance can lead to conflict in any organization; in family businesses, the lack of harmony between individuals and the business can become a threat to performance, growth and longevity (Deloitte, 2020).

The strategic formulation is the process in which an enterprise chooses the most appropriate action paths to achieve its defined goals. This process is important to the success of a business because it provides a framework for actions that will lead to expected results. While strategic plans reveal the goals, mission and purpose of the businesses; The strategy development phase forces businesses to look carefully at the changing environment and be prepared for possible changes that may occur (Mitchell, 2009). Strategy development is about establishing a specific strategy designed to achieve business goals (Egger & Hristova, 2018).

The process of creating strategy in businesses has been widely explained by the planning and learning schools[*]. These two schools are also known as

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[*] There have been ten major strategic management schools that are considered to be influential in strategic management literature since the 1960s. Each of them has been accepted to a certain extent by the authors and / or practitioners in the period when they emerged with their original assumptions, perspectives, basic concepts and strategy suggestions and made original contributions to the strategic management literature. While Planning School was first published in 1965 in H. Igor Ansoff's book "Corporate Strategy"; The Learning School is based on Lindblom's studies on disjointed incrementalism in the 1960s (Sarvan et al., 2003).

prescriptive and descriptive schools. *Planning school* is probably the oldest and most widely used approach in the field of strategic management. According to the school, it is possible to predict and control an organization's performance by creating and implementing rational strategies. This approach involves a systematic analysis of an enterprise's resources and capabilities as well as its external environment; it involves generating and evaluating strategic alternatives and ultimately selecting the best possible strategy. The school of learning advocates moving faster in order to better adapt to changing environments, thus minimizing the need to predict (Veettil, 2008). In other words, it is not realistic to plan strategies rationally. One of the most important contributions of the school to the strategic management literature is that it tries to show that strategy determination and strategy implementation cannot be separated from each other (Sarvan et al., 2003).

An effective strategy development process enables a business to create strategies and solutions that will strengthen its strategic position, and this is a prerequisite for success. The strategy development process of an enterprise is a mechanism by which its actions, investments and decisions are determined whether formal or not. This process ultimately controls the amount of value a business creates for its customers, shareholders and all other stakeholders. While an ineffective strategy development process negatively affects the growth rate and general competitive situation of a business; an effective strategy development process can create a competitive advantage for the business. According to Deloitte 2019 survey results, only 11% of family businesses stated the shared values and moral structures of the family as key factors that will increase the sustainability of their companies for the next 10 to 20 years; less than one-third of respondents said there is complete family agreement on the development of their company for the next 1 to 20 years (Deloitte, 2020). As mentioned before, family values affect the strategies considered for the business. In order for family business strategies to be compatible with family goals, they must first define their values and work in cooperation to adopt these principles in the business.

In the process of developing value-creating strategies, businesses face three types of obstacles: structure, information and processing power. Most businesses lack a structure that will allow them to filter, organize, prioritize and manage all the information that goes into the strategy formulation process. This is a complex process. When developing strategies, businesses should consider thousands of information from multiple sources and be able to determine which information (customer requirements, legal issues, competitive data, production inputs, shareholder demands, resource constraints, stakeholder requirements, industry trends, etc.) is prior and how one part of information will affect another. In addition, they must be able to determine the order in which the information will be processed. Individuals often do not have the knowledge or knowhow what information they need to create breakthrough strategies and solutions. Many businesses use the information they have to help strategize without questioning its value or relevance. This causes inefficiency of the strategy development process and the ineffectiveness of the strategies produced. Businesses must be able to process hundreds of pieces of information simultaneously while trying to form strategies, define plans, and make complex decisions. Processing power is all about the power required to simultaneously analyze, calculate and process the collected information to achieve a successful result. Information gathering, analysis and information processing processes can create obstacles for businesses. These obstacles are often considered insurmountable obstacles to success. The success of the strategy development process is possible by overcoming these obstacles (Ulwick, 1999).

In the strategy development process, three types of strategies are developed at different levels of the business and with different perspectives: corporate, competitive and functional. These strategies must be consistent with each other and mutually supportive (Mitchell, 2009). In this section, competitive-generic strategies, one of the mentioned strategies, are discussed.

2. FAMILY BUSINESS and COMPETITION STRATEGIES

Strategic management is not about the management of the daily and ordinary activity of the businesses, but about the management of the activities that will enable a business to "survive in the long term, provide competitive advantage and return on average profit" (Ülgen & Mirze, 2007). Businesses have to develop strategies that will provide them with competitive advantages in order to fulfill the requirements of this definition. Many studies have been conducted to help businesses to develop these strategies. The most important of these, is the Positioning School, which Michael E. Porter developed and became a school of thought with his book Competitive Strategy: Techniques for Analyzing Industries and Competitors published in 1980. Positioning school has analyzed how a business can achieve a better strategic position in the market in which it operates. Porter's strategy view covers businesses operating in all industries. It is based on the opinion that businesses should position themselves differently than their competitors in order to gain more profit from their competitors. The positioning school has enabled the development of competitive strategies (Galbreath, 2020). The school sees strategy as an analytical process and focuses only on facts obtained through analysis. The positioning school analyzes how a business can reach a better strategic position in the market in which it operates and emphasizes that businesses should then choose an overall strategic position based on this analysis (Groener, 2016). The school argues that the strategy should be calculable and measurable, and analysts are required to determine the strategic action plan. Once the strategic goal has been set, the next step in the strategic process is to implement several competitive strategies to achieve the set goal. For example, if the strategic goal is determined as reaching a specific position in a particular market segment in any industry, the strategy will be organized as defending the interests of the business in that particular segment against current or future competitors.

The strategies of the positioning school are based on the results of the calculations made by the analysts who monitor the market according to the goal of the organization (Finlay, 2000). Porter stated that, according to the five forces model, a business can use three types of competitive strategies (cost leadership, differentiation and focus). Competition strategies include the offensive and defensive activities that businesses need to take to obtain and maintain a position in the sector in which they operate. These strategies will help businesses to cope with the five forces in the industry and outperform other businesses in the industry (Tanwar, 2013). The five forces shaped by Porter are as follows:

- Entry risk of potential competitors that do not currently compete in the sector but have the capacity to do so.
- The severity of competition between established companies
- Bargaining power of buyers
- Bargaining power of suppliers
- Competitiveness of substitute products

Porter stated that once businesses understand how each of these five variables work, they will be in a good position to identify strategic opportunities and threats (Alkhafaji, 2003).

These five forces show that competition in a sector goes far beyond established players. Customers, suppliers, substitute products, and potential entrants are all "competitors" for businesses in the industry, and one can outpace the others depending on certain circumstances. All five competitive forces jointly determine the intensity of competition and profitability in the sector, and the strongest power / forces govern the sector and become very important in determining the strategy to be established. For example, even a business with a very strong market position in an industry where potential entrants are not a threat will receive low returns as faced with a superior, lower-cost replacement product. Or, even if there is no substitute product or barrier to entry into the industry, the intense competition between existing competitors will limit potential returns (Porter, 1998).

As mentioned earlier, Porter has developed three strategies that are widely used by businesses to gain and maintain competitive advantage. These three competitive strategies depend on two dimensions: (1) strategic scope and (2) strategic strength. *Strategic scope* is a demand-side dimension and depends on the size and composition of the market which is targeted by the business. *Strategic strength* is a supply-side dimension and depends on the strength or core competence of the business. Porter defined product differentiation and cost (efficiency) as the two most important competencies (Tanwar, 2013).

The key to implement successful competitive strategy depends on knowledge about which strategy will work under on which condition. For example, cost leadership position can be achieved with advantages such as having a large market share, convenient access to raw materials or cutting-edge production equipment, differentiation strategy, technology, innovation, highlights, customer service or dealer network, etc. It can be achieved by creating a better-quality image with tools. Focus strategy involves focusing the business on a relatively small group of buyers or a limited part of the product line. But even with the focus strategy, the business still has to implement differentiation or one of the low-cost strategies (Alkhafaji, 2003).

In family businesses, the process of deciding on competitive strategies is affected by different structures. Studies point out several unique characteristics that enable family businesses to strategically organize their business activities efficiently and effectively. The unique feature that distinguishes a family business from other businesses is the impact of family relationships that have on the family business.

These family relationships are seen in businesses in several ways. First, there is a paternally relationship between owners and/or managers and employees in family businesses and employees are recruited and treated generously for the long term, which creates a clan culture. Second, family businesses have a unique ability to build trust, influence, motivation and commitment among employees. Moreover, there is a strong desire to improve customer relationships and show flexibility in decision making. Third, family businesses have a more reliable reputation, and they endure a lower overall transaction cost. Family businesses tend to build social relationships and connections and are known to have integrity and commitment to maintain these relationships. Finally, families can control their work by prioritizing family members in senior management and other sensitive positions, and also be selective in their recruitment procedures. This allows family businesses to have lower hiring and human resource costs, thus making them more efficient than other labor-intensive businesses. These features create a unique and flexible work environment that inspires employees to be motivated, committed to the business and loyal to the business, and allows the business to implement an efficient and effective business strategy by focusing on the well-being of customers (Acquaah, 2011).

Family businesses have some disadvantages besides the unique features listed above. In the literature, it has been emphasized that family businesses generally have informal business activities, lack of planning, and problems in strategy development (Peters & Buhalis, 2004; Garcia, de Lema & Dure´ndez, 2007; Douglas, Douglas & Davies, 2010).

These three strategies, differentiation, cost leadership and focus will be explained in detail below.

2.1. Differentiation Strategy

Differentiation is happened when a business differentiates its product or service delivery, creating something that is perceived as unique across the industry. Thus, businesses have the opportunity to demand a high price to increase their market share. The differentiation strategy appeals to the sophisticated or conscious consumer who wants a unique, quality product and volunteer to pay a higher price (Allen et al., 2007). In short, this strategy is based on uniqueness. It requires innovation and it leads the delivering of new products and services with increased value for customers (Galbreath, 2020). Differentiation approaches can be made in design or brand image, technology, unique features of the product, customer service, dealer network or other dimensions (Porter, 1998). This strategy provides businesses with benefits such as low production cost and higher profit return, supporting the entrance to new markets, being successful in price sensitive markets and creating barriers to entry (Ritson, 2008). Businesses that are successful in a differentiation strategy often have some strength. These are access to leading scientific research; highly skilled and creative product development team; strong sales, thanks to the ability to successfully communicate perceived strengths of the product; corporate reputation achieved through quality and innovation (Zapletalová, 2016). In addition, businesses with differentiation strategies based on innovation and knowledge can be more successful in a global context. This strategy helps mostly small-scale family businesses to increase their commercial activities in international markets by minimizing the damage that their competitors can cause (Vargas & Tagle Rangel, 2007). At the same time, differentiation strategies are called as useful strategy because of the unique relationships' family businesses establish with their customers over time. Businesses can use the relationship that they have developed with their customers to enable their customers to concentrate on value rather than price. Moreover, family businesses can gain the necessary information and market feedback to improve their services and products and to identify customers' needs through the unique social networking relationships they have built over time. Especially in developed economies, family businesses tend to give more importance to value creation, research and development investments to make a difference (Agyapong, Ellis & Domeher, 2016).

2.2. Cost Leadership Strategy

Cost leadership strategy is based on the principle of gaining competitive advantage by offering a product or service at a lower cost than competitors. Competitive advantage occurs when a business can earn higher profits than its competitors by charging a product at market prices (Ritson, 2008). Businesses can derive cost advantage from activities such as mass production, mass distribution, process innovations, economies of scale, input cost, capacity utilization of resources and access to raw materials (Allen et al., 2007). At the same time, experience-based cost reduction efforts, tight cost and overhead control, avoiding marginal customer accounts, research & development, service, sales force, advertising, etc. costs can be minimized with the efforts made in these areas. To achieve these goals, a great deal of managerial attention must be paid to cost control. Having a low-cost position will provide companies with an above average return in their sector despite the existence of strong competitive forces (Porter, 1998). Businesses implementing a cost leadership strategy can gain a relatively large market share as the lowest cost manufacturers or service providers in their industry or market. Therefore, businesses implementing this strategy can earn above-normal profits due to their ability to lower prices to match or even below those of competitors and still make profits. Family-owned characteristics such as paternal relationships with employees in family businesses, a long-term recruiting strategy, stability and long tenure of family managers, reliability and lasting social relationships can facilitate efficiency in the use of resources and capabilities. These unique features can also help reduce human and other transaction costs by providing reliable access to low-cost raw materials, distribution networks, and financial resources to sustain capital investments and increase the efficiency of existing manufacturing and service operations (Acquaah, 2011). Even if businesses are too small to monitor cost-efficient production, cost-effective production is an important requirement for these businesses. Low costs can be achieved in strategic investments by modernizing production / implementing process innovations (Leitner & Gu¨ldenberg, 2010). In addition, maintaining a low-cost leadership position often brings advantages such as a relatively large market share and ease of access to raw materials. Family businesses can achieve cost leadership by providing high asset turnover, low direct and indirect operating costs and control over the supply chain (Agyapong, Ellis & Domeher, 2016).

2.3. Focus Strategy

In cost leadership and differentiation strategies, the goals are aimed to be realized throughout the sector, while the focus strategy aims to serve a specific target audience very well. This strategy aims to serve customers' customers more effectively and efficiently than competitors struggling in a wider area (Doğan, 2017). Family businesses, most of which are small or medium-sized, have no choice but to target product, service or geo-based niche markets due to their limited resources.

Businesses that act in large markets with cost-based or differentiation strategies are constantly competing with large, established brands and businesses that are able to harm those (Parnell et al., 2012). These strategies are formed as a result of the application of two main competitive strategies to differ market regions (more limited and within a certain range). Businesses, that focus on goods and services for their target customer group, that will meet their common characteristics, can narrow the target audience for which competitive strategies will be implemented and increase the effectiveness of the strategies. The narrowing of the market to different customer groups prioritizes the market and generally reduces the number of competing businesses. This situation may affect the narrowed market entries as well as change the intensity of competition in the narrowed and privatized market (Ülgen & Mirze, 2007). Businesses that focus on a particular market will be in a better position to identify current buyers. Thus, mostly small-scale family businesses can meet the demands of the market by providing an optimum positioning in the market. Business managers with long-term goals often implement a focus strategy by using benchmarking, networking, business process strengthening and improvement methods for optimum results. Businesses that implement this strategy achieve a high degree of customer loyalty. For this reason, family businesses should offer services and products to specific market as niche, that is, focus on a specific niche in the market in order to gain the loyalty of their customers and continue their business in the long term (Jakes, 2018).

The focused strategy can be combined with both differentiation and cost leadership strategies. It is possible to have combinations to have competitive advantage for family businesses. While high returns for superior quality can be achieved with the focus strategy can be called as focused differentiation strategy or a low-priced, which points out focusing cost leadership, product can also be offered to a special buyer group (Kiechel, 2010). In the focused differentiation strategy, businesses aim to differentiate only in one or a few target market segments. In focused differentiation strategy, businesses aim to be unique in their industry in some areas that are highly valued by buyers and perceived as better or different. Businesses that follow focused differentiation strategies produce customized products for small market segments (Zapletalová, 2016). Ferrari and Rolls-Royce, for example, are classic examples of niche players in the auto industry and both of them have premium products that are sold at a special price (Kiechel, 2010).

In short, successful companies benefit from competitive advantages in the market in order to reach high performance levels. For this, they either reach the general market leadership by differentiating themselves from their competitors or they dominate the market segments where they focus their efforts.

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PART FIVE
CHAPTER 16

AGILE MANUFACTURING in FAMILY BUSINESSES

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INTRODUCTION

Competitive pressure, constantly changing market conditions and fast developments in technology pose challenges to businesses. In such an environment, the ability to perceive threats and opportunities easily and to respond to these threats and opportunities, in other words, the agility will equip the businesses with a key competitive advantage. Agile manufacturing is defined as the ability to respond to changes effectively and rapidly in an environment of unpredictable change in particular (Sindhwani and Malhotra, 2017a: 467). Thus, so as to have accomplishments and even to survive, having an agile structure is quite crucial for today's businesses (Huang, Ouyang, Pan and Chou, 2012:294; Kumar, Singh and Jain, 2020:157). However, adapting a new manufacturing approach is a quite difficult process for several businesses including but not limited to family businesses. Unlike other businesses the family, business roles and values are intertwined with the relationship of emotion and reason in family businesses. This situation makes it an obligation for family businesses to take into consideration, both the family dynamics and changing market conditions. Failure to examine both family dynamics and market conditions simultaneously and the neglect toward their significant effects on each other create a barrier for family businesses which are interested in implementing the agile manufacturing technique. In the relevant literature, it is asserted that family businesses are confronted with special challenges in issues such as flexibility (Hatum and Pettigrew, 2004:239), growth (Upton, Teal and Felan, 2001:60; Ward, 1997:323), internationalization (Banalieva and Eddleston, 2011:1060) and innovation (Llach and Nordqvist, 2010:384) because of certain characteristics peculiar to family businesses. It is not easy to place agility, particularly into family businesses which adapt the traditional management style and resist the change (Lewandowska and Sajdak, 2013:229). That is why exploring the barriers to agile manufacturing in family businesses is necessary for removing these barriers. The discovering of these barriers will make it easier for family businesses to adapt to agile manufacturing. In this way family businesses can quickly accommodate themselves to changing market conditions and gain competitive advantage. The chapter of agile manufacturing in family businesses aims to provide the information and assessments about the barriers to agile manufacturing on the basis of family business. In this context this study consists of two parts. In the first part, the concept of agile manufacturing is discussed. In the second part, the barriers to agile manufacturing in family businesses are examined.

1. AGILE MANUFACTURING

Factors such as constantly changing customer demands, developments in technology, globalization, activities of competing firms, changes in laws and regulations and aspirations of businesses on entering different markets give rise to continuous change in product and manufacturing processes. Manufacturing systems of enterprises, which are involved with business activities in such a dynamic environment, need to have the ability to respond rapidly and effectively. It is relatively easy to adapt on planned or expected changes, however, the necessity on putting the unexpected changes under control and taking appropriate decisions challenges businesses substantially. That is why, today's businesses gravitate toward agile manufacturing so as to be successful in an environment full of unpredictable changes. Agile manufacturing is a production model that responds to the changes in the environment with a view of achieving high speed, flexibility, good service and high quality through the integration of highly qualified human resources, advanced technology and organization (Potdar, Routroy and Behera, 2017:1914). Sindhwani and Malhotra (2017a: 467) defined the agile manufacturing as the ability to respond to changes effectively and rapidly especially in an environment of unpredictable change. In 2007 study, Hasan, Shankar and Sarkis (2007:2) defined the agile manufacturing as the ability of a producer of goods and services to succeed in an environment of continuous and unpredictable change. Gunasekaran and Yusuf (2002:1361) point out that, in most definitions about agile manufacturing, the emphasis is placed on the flexibility of the business and its ability to respond. The agility can be summarized as having a structure which is capable of using opportunities arising from the change, and focuses on the dynamism and has the capability to act in response to the encountered situation. It should additionally be noted that the agility is not solely a method for reducing the cost or an effort to enhance the productivity but it is also about providing customers with a solution.

The main trait of agile manufacturing system is that it is capable of adapting to changes quickly and manufacturing different products with no need for making new investments. That is why the business, which aspires to have an agile structure, should have certain properties which are different from those of the traditional business. The structure and properties which a business should have so as to enhance its agility can be listed as below (Lewandowska and Sajdak, 2013:236; Kumar et al., 2020; 157):

- Enrichment of the customer: It is about rapidly understanding and satisfying the unique needs of each customer. Approaching each customer differently and manufacturing the product demanded by each customer by creating a database about customers is today's reality. Consumers prefer personalized products which are manufactured to satisfy their tastes and needs. However, consumers also want these personalized products to have good quality and to be offered at reasonable price. That is why the product which is offered to the customer should be priced in a manner to enrich the customer. In other words, in agile manufacturing, the firm should design a value-based strategy for enrichment of the customer.
- Cooperation for the promotion of competitiveness: It pertains having cooperation both within and outside the organization and if necessary, even with competitors. Usually it is not possible for a business to have all skills which are necessary for responding to changes quickly. That is why in agile manufacturing, businesses try to overcome their own shortcomings through cooperations with other businesses. By virtue of this cooperation-based construct which is built by businesses specialized in different areas, businesses can benefit from the strengths of each other more effectively and rapidly. Thus, the selection of the right partner for cooperation plays an important role in achieving agility. Partners should be selected on

the basis of their abilities and the properties of the product they manufacture. However, the partnerships which are created for achieving agility are temporary not permanent.

- Ability to create a new organizational structure: It is about changing the organizational culture with a view to prevailing over change and uncertainty. The agile manufacturing often requires the mode of doing business, technology and equipment changes in the business. In this respect, not only small-scale improvements but also a totally different mode of doing business is put forward. Therefore, by taking the market characteristics into consideration, each business which aspires to achieve agility should find for itself the favorable combinations of culture, organizational structure and technology (Gunasekaran and Yusuf, 2002:1359). For instance, Sindhwani and Malhotra (2017b:254) asserted that the flattened organizational structure was necessary for facilitating the effective exchange of information and ideas across the business.
- Understanding the significance of human, information and technology:To be capable of responding to unpredictable changes, the agile manufacturing is in need of flexible technology, well-trained and qualified employees and information systems (Sánchez, Pérez-Pérez and Vicente-Oliva, 2019:598). How to manage and motivate the workforce are crucial issuese specially for promoting the flexibility and the ability to respond, both of which are essential to agile manufacturing. As empowered employees, multifunctional workforce and multilingual workforce are particularly essential to agile manufacturing, agile manufacturing is necessary to provide employees with training on this issue (Gunasekaran, 1999:97; Gunasekaran, Yusuf, Adeleye, Papadopoulos, Kovvuri and Geyi, 2019:5162).

As a result, businesses that want to start agile manufacturing need to make changes not only in the field of manufacturing but also in many other fields within the business in order to have the above mentioned features. It is not easy for many businesses to adopt and implement these changes. Especially family businesses that adopt traditional management style and resist change face many barriers in this process.

2. FAMILY BUSINESSES and BARRIERS to AGILE MANUFACTURING

Even if the concept of family business is used very commonly, its definition is not as clear as it is assumed to be. This is because of the absence of a clear criterion used for differentiating these businesses from other businesses (Lewandowska and Sajdak, 2013:230). In addition, the intangible aspects of the criteria used are one of the problems that complicate the issue. While defining the family business, a variety of criteria such as wealth, protection of ownership, the person managing the business and kinship relations in the business management are utilized. However, the determinations about the priority or importance of these criteria may differ for researchers.

Family business is defined as a business kind in which the majority of the business ownership and control are in the hand of a family and two or more family members are directly involved in it (Erdoğmuş, 2004:56). As per another definition based on the same criterias, the family business is described as a business in which one or more family members have influence on company decisions, and more than 50% of company shares are owned by the family and family members make up the majority in the executive board (Akıngüç and Günver, 2004:4-6).

Moving from the common points of the definitions obtained from various studies, it is possible to notice three criterias that many authors emphasis for the definition of family business: The first of these can be titled as ownership, ownership that highlights having more than 50% of the ownership of the firm should belong to the family, the second one is governance that emphasis on the subject of controlling the business by a family member and/or family members and the third management, which is called as a significant part on company management that should be done by a member and/or members of the family (Llach and Nordqvist, 2010:382).

Family businesses can have both advantages and disadvantages in the implementation of agile manufacturing due to their unique characteristic features. In a general sense, researchers have divergent views on what type of differences exist between family businesses and other business types. Certain researchers claim that family businesses have characteristic features such as trust, loyalty, flexibility, speed and commitment and, by virtue of such features, family businesses have competitive advantages over other business types.It is also asserted that the family businesses have the ability to develop healthy relationships with their customers and maintain these relations for a long time (Ort and Green, 2009:284). Such features are crucial elements which will smooth the way for family businesses in the transition of agile manufacturing. However, some other researchers take attention to the negative aspects of family businesses. In the relevant literature, it is highlighted that this business type is more conservative and introverted. Moreover, it is alleged that, in general, there is high resistance against change in these businesses and they suffer from the lack of qualified employees (Patel, Pieper and Hair, 2012:237; Llach and Nordqvist, 2010:384; Dyer, 2006:262).

Several problems are encountered in the adaption, development and implementation stages of agile manufacturing. In this sense, one of the problems confronted by businesses is the absence of a road map conducive to achieve agility. This is because there are so many barriers and conflicts that pave the way for the road map to be caught in a vicious circle. These barriers should be comprehensively examined and than they can be eliminated (Potdar et al., 2017: 1913). Upon the review of literature on this topic, it is discerned that a number of writers listed different barriers to the achievement of agility. For instance, Sindhwani, Mittal, Singh, Aggarwal and Gautam (2019:501) referred to 13 different barriers to agile manufacturing whereas Hasan et al. (2007:4) identified more than 11 barriers. In the literature review by Potdar et al. (2017: 1914), 42 barriers to agile manufacturing were found. As seen from the literatüre there are many different barriers on agile manufacturing systems. According to this study's concept not all barriers will be taken in. Only the barriers which are more frequently examined in the literature will be included and will be taken in with a view to concentrate the attention on a more specific point. Main barriers encountered in the implementation of agile manufacturing are as follows: Lack of management commitment (Potdar et al., 2017:1916; Mukherjee, Kamarulzaman, Shamsudin and Latif, 2015:63; Hasan et al., 2007:4; Sindhwani et al., 2019:501), scarcity of skilled employees (Potdar et al., 2017:1914; Mukherjee et al., 2015:63), lack of training (Hasan et al., 2007:4; Sindhwani et al., 2019:502), fear and resistance toward change (Potdar et al., 2017:1915; Hasan et al., 2007:4; Sindhwani et al., 2019:502; Mukherjee et al., 2015:63), financial constraints (Sindhwani et al., 2019:502), technological constraints (Mukherjee et al., 2015:63; Hasan et al., 2007:4; Sindhwani et al., 2019:503), improper communication and lack of coordination (Sindhwani et al., 2019:503), lack of planning and strategy (Potdar et al., 2017:1915; Sindhwani et al., 2019:503), setbacks in the management of information (Potdar et al., 2017:1914; Sindhwani et al., 2019:504), absence of an organizational structure conducive to agile manufacturing (Potdar et al., 2017:1915; Mukherjee et al., 2015:63), poor management of customer relations (Potdar et al., 2017:1917; Hasan et al, 2007:4) and improper suppliers (Potdar et al., 2017:1917; Hasan et al., 2007:4).

Each barrier undergoes certain changes based on the structure, size, background and field of operation of the family business. Therefore, these barriers were explained by taking the general features of family businesses into consideration.

Twelve of the barriers will be identified at this part of the chapter depending on relevant literature. And these barriers are titled as, lack of management commitment, fear and resistance toward change, scarcity of skilled employees, lack of training, financial constraints, technological constraints and failures, improper communication and lack of coordination, lack of planning and strategy, setbacks in the management of information, absence of the conformity organizational structure, poor customer relationships and improper suppliers.

2.1. Lack of Management Commitment

It is known from the practises in daily business life and stated in many researches that for the success of any program and any change, top management's support is quite important. Because the top management has a remarkable potential to influence the employees directly.

In order to achieve agility, adapting new business policies, restructuring the processes and even changing the culture can be necessary. Incase, the financial and technical support necessary for achieving agility is given by the top management, the development of agility within the business will be facilitated. Moreover, knowing that the top management attaches importance to the agility will raise the level of commitment of employees to the process (Sindhwani et al., 2019:501-502). However, sometimes the top management may not notice the advantages of agile manufacturing or a consensus on this issue may not be formed by the top management. For instance, the diversity of personal goals and values in family businesses can make it difficult for the top management to have consensus on the decisions to be taken. In this situation, creating a common vision for the future gets gradually more difficult although it does not become impossible (Ward, 1997:324).As a result, in such a business, the top management can offer in decisive support toward agile manufacturing.

2.2. Fear and Resistance Toward Change

Agile manufacturing often requires that the mode of doing business, technology and equipment change in the business. In this sense, not only small-scale improvements but also an absolutely different mode of doing business is set forth. If the business is not prepared to cope with the change and there is resistance against the change, it will be difficult to set the agile manufacturing into motion (Sindhwani et al., 2019:502; Hasan et al., 2007:3). In fact, in such a business, it is difficult to put into practice not only the agile manufacturing but also any new practice.

Organizational structure and culture in family businesses can restrict the possibility of making changes required by practices such as agile manufacturing. There can be resistance from certain family members against the change (Patel et al., 2012:237). In the relevant literature, it is asserted that the managers with the ownership of the business are more impervious, reserved and conservative toward innovations and technological developments than professional managers are. In particular, such managers are inclined to maintain practices and strategies through which they previously obtained achievements. Besides, owners of the business may not show any interest in 'the change' with the fear that the change will impose disadvantages on their interests and prestige and some of their powers will be lost. Consequently, the inclination to maintain these habits which come from the past and resistance against the change cause the business to lose its competitive power and flexibility in a constantly changing business atmosphere (Ward, 1997:324-327). In short, quick decision-making and flexibility, the key features which are among the advantages of family businesses, can be transformed across years into disadvantages such as maintaining the status quo and conservatism.

2.3. Scarcity of Skilled Employees

Human and behavioral factors have key roles in development and implementation of agile manufacturing successfully. It is even discerned that success in agile manufacturing is more closely associated with the mental effort such as knowledge, skills and experience rather than employee's physical efforts (Sindhwani et al., 2019:502). In agile manufacturing, human factor and/or labor force plays a crucial role in developing new technology and/or a product, using advanced technology such as computer-based design, computer-based production and so on, perceiving the change and responding to change. However, the unskilled workforce will affect the agility negatively as it will be challenged in responding to dynamic changes in the production (Hasan et al, 2007:6).

Even if the scarcity of skilled workforce is a challenge for a great number of businesses, it is one of the biggest problems for family businesses in particular (Llach and Nordqvist, 2010:384; Dyer, 2006:262). Due to the organizational shortcomings in family businesses, the need for workforce equipped with knowledge and abilities well-suited to the job cannot be met most of the time. Moreover, people who have blood tie with the family instead of professionals those who have no kinship connection with the family are selected for key positions in these businesses (Dyer, 2006:262). The blood tie rather than the skills comes true as the main criterion for the selection of managers removes the possibility of building a career for managers who are interested in being promoted and having a voice in the firm. Consequently, managers do not want to work for such kind of a business and they prefer to transfer to another business in case they have the opportunity. This situation causes family businesses to be deprived of intelligent and well formed and competent employees and gives rise to a fall in the performance level of employees who are not from the family. Moreover, family members who occupy management positions despite not having the required qualifications also pose a challenge to the successful management of the business (Dyer, 2006: 262) and they also can be seen as a barrier for the development of business.

2.4. Lack of Training

Skills expected of the employees in agile manufacturing are different from those in traditional manufacturing systems. For instance, employees in agile manufacturing system are supposed to be savvy about other business tasks and to succeed in fulfilling a variety of duties (Gunasekaran, 1999:97). That is why, the need for empowered employees, multifunctional workforce and multilingual workforce arises. Moreover, employees should have a good command of topics such as information technologies and advanced manufacturing technologies (Gunasekaran, 1999:97; Gunasekaran et al., 2019:5162). Therefore, it should be ensured that the employees have the training required for the achievement of agility (Gunasekaran, 1999:97). These training programs will help to develop the flexibility and ability to respond which are needed by the firm to achieve agility. As a consequence, absence of a skilled and well-formed workforce and failure to continue to provide suitable training programs will make it difficult to make use of agility in the business (Potdar et al, 2017:1914).

As mentioned above, the lack of skilled employees are perceived as a crucial problem for family businesses. Training of employees is an another critical issue for family businesses in terms of the human resources management (Reid and Adams, 2001: 310). Family businesses perceive the development of managerial skills of their employees as a threat. Thus, they focus on technical training activities that are intended for enhancing employees' technical skills rather than employees' managerial skills. Moreover, the family businesses give more importance to informal training programs than formal training programs (Sánchez-Marín, Meroño-Cerdán and Carrasco-Hernández, 2019:1090). In these informal training programs, training activities develop spontaneously without any specific plan, and do not undergo any structuring, and hence what their results will be and what is to be learnt from them are unpredictable. In short, the informal training activities appertain to the process in which people learn from their environment or from their own experiences. Even if the informal training activities are important in businesses, formal training is one of the basic elements which will help employees obtain knowledge and skills essential to the business. Consequently, not paying the necessary attention to the training of employees and not having equality of opportunities between employees from within the family and from outside the family make it difficult to adapt to the changing conditions in family businesses. However, in this fast developing technology era and market conditions, perceiving employees' training needs just as an item of expenditure means to risk also the continuity of the family business.

2.5. Financial Constraints

As noted previously, multifunctional employees who are well-trained, amenable to teamwork and capable of using advanced manufacturing technologies and information technologies are significant elements of agility. Likewise, having a developed technology also facilitates the implementation of agile manufacturing. On the other hand, for having both the sufficient number of skilled employees and developed technology, the business should have enough financial power to make investments. The allocation of a large budget is needed for enhancing agility in the business (Sindhwani et al., 2019:502-503).

Looking at the family businesses from a financial perspective, certain studies assert that the family businesses have better performance than others (Wagner, Block, Miller, Schwens and Xi, 2015:3). As family businesses have financial troubles, they prefer to obtain financial support from family members rather than borrowing and/or being opened to public. The most important problem faced by family members on this issue occurs as the family has no wealth or savings nor owners of the firm do not welcome to borrow. Moreover, even if the borrowing is welcomed by the family, the family business fails to borrow at high interest rates because of having a small amount of wealth. Having access to financial resources which are necessary for agile manufacturing will be difficult for family businesses which are confronted with such circumstances.

2.6. Technological Constraints and Failures

Technology plays a key role in the transformation of a business into an agile structure (Sindhwani et al., 2019:503). In the relevant literature, it is asserted that the businesses which use technologies and equipments are seen as advantaged firms in terms of the achievement of agility as advanced technology both enhances productivity and quality and makes it possible to respond to the market more rapidly (Potdar et al., 2017:1916). For instance, an effective customer feedback system is needed for agile manufacturing. For setting up this system, suitable tools, technical equipments, business processes and technology (i.e. management of customer relations, information technologies in effect between businesses) are necessary (Hasan et al., 2007:5). Likewise, computer-aided design, computer-aided manufacturing and automated guided vehicle systems are indispensable for agile manufacturing. In short, having trouble in adapting to advanced technology and having an indifferent attitude toward the adoption of change can create barriers to the achievement of agility (Potdar et al., 2017: 1914).

The reluctance to use new technologies can be in place in family businesses with conservative characteristics. Advocating the existing family culture persistently and neglecting the benefits, speed, cost advantage and quality associated with technology in family businesses, in other words, maintaining the status quo, will inflict great damage on the business. However, financial problems faced by family businesses can also bring technology investments to a halt occasionally (Miller, Breton-Miller and Scholnick, 2008:58).

2.7. Improper Communication and Lack of Coordination

Having a productive communication and coordination between all employees and whole departments have critical importance to businesses which implement agile manufacturing technique. Because the agile manufacturing system emerged as a reaction to change environmental conditions. For being able to survive in such an environment, it is essential to adapt to changes swiftly, for instance, to develop a new product quickly. However, developing a new product makes it necessary to establish a strong relationship between design and production functions of a firm. A great number of studies stress the importance of cooperation and coordination which will enable manufacturing, design, marketing, quality and R&D departments to work together in order to ensure that high quality products can be manufactured (Hasan et al., 2007:7). Consequently, in agile manufacturing, the emphasis is placed on uninterrupted and direct flow of information.

With a view to assure the coordination efforts can succeed, it is necessary to ensure the flow of information through multiple channels within the business and to keep the communication channels always open ended. In family businesses, different departments which are managed by different family members can use the means at their disposal without paying due attention to the activities of other departments. Just to be seen as successful, managers adapting this attitude focus solely on the works and achievements of their own departments, and they accuse other departments even when a tiny problem comes into being within the business (Güleş, Arıcıoğlu and Erdirençelebi 2013:160). Moreover, prioritizing and favoring family members in the business can frustrate the communication between employees from the family members and the employees from out of the family. Such type of poor communication can undermine the flow of information between departments. If employees work without providing information from each other, the same task can be performed by more than one employee or a task which is supposed to be performed can be put on hold. On the other hand, if family members make decisions informally on the business and professional managers are not invited to meetings concerning the business, coordination problems will further grow (Karabulut, 2008: 653).

2.8. Lack of Planning and Strategy

One of the most important elements of agile manufacturing is the strategy (Gunasekaran, 1999:89). In businesses, the lack of a strategy or the creation of solely cost-based and price-based strategies contradicts the philosophy of agile manufacturing (Potdar et al., 2017:1916). If proper strategies are not put in place, technologies or systems acquired by the business will not be beneficial to the achievement of agility.

In family businesses, there can be certain shortcomings also in terms of the strategy development. Previous studies indicate that a large majority of family businesses did not have strategic plans (Upton et al., 2001:61). Especially in non-corporate family businesses, it is observed that the planning is based on intuition and experience without any environmental analysis and solid basis, and it is not formally drafted. These businesses mostly try to obtain positive results through the trials and error methods which are applied to the existing strategy (Ward, 1997:331). Moreover, in general, there is no room or a place for a planning department, and even a planning professional is not employed in family businesses. Planning is often undertaken by the founder or partners of the business. However, most of the time, these founders or partners do not have knowledge and competency to make a long-term plan, and perceive the time spent on planning as a waste of time (Gümüştekin, 2005:80). Consequently, the failure to develop plans and strategy properly causes every effort to be made in an aimless and disorganized manner and restricts the scope of the likely achievements of the business.

2.9. Setbacks in the Management of Information

As noted previously, agile manufacturing has the ability to respond changes swiftly. In order to do that, access to real time information is needed in agile manufacturing systems. That is why, there is quite high need for information in agile manufacturing. And moreover, as information sources which are solely from within the business are not trusted as per agile manufacturing, mechanisms which enable the accessibility and effective use of information sources from outside the business are also necessary. In the next stage, action plans of the business are designated by analyzing information obtained from sources from within and outside the business. Consequently, accessing information, processing it and ensuring its visibility are the main elements which are essential to the implementation of agile manufacturing technique (Potdar et al., 2017:1914).

Decisions to be taken in family businesses can be shaped in light of recommendations and experiences of the family members or family leader, rather than being backed by scientific data (Kotlar, Massis, Frattini, Bianchi and Fang, 2013:1077). In particular, the majority of small and medium size family businesses begin their operations with missing or false information even in the establishment phase, and as a consequence, irreversible or irreparable errors are made as decisions are not based on sufficient information (Gümüştekin, 2005:78). Gathering scientific information and making use of expert opinions are necessary for eliminating such errors.

2.10. Absence of the Conformity Organizational Structure

An organizational structure well-suited to agile manufacturing is indispensable. Agile manufacturing favors a flat organizational structure rather than a vertical one because more engagement with teamwork, less bureaucracy, better communication, more opportunities for professional development and higher level of job satisfaction are available in a flat organizational structure (Sindhwani and Malhotra, 2017a: 470). A flat organization does not only encourage the participation of a higher number of people into the decision-making process but also exerts less control over employees. Moreover, the flow of information is faster and more effective in such businesses (Claver-Corte´s, Zaragoza-Sa´ez and Pertusa-Ortega, 2007:48). Finally, a flat organizational structure will also help to develop the design capacity of the business (Elmoselhy, 2015:161).

On the other hand, in family businesses, decision-making process is quite central especially in the early years of the establishment phase (Hatum and Pettigrew, 2004: 241). In such businesses, the manager who is the founder of the business has the inclination to gather all powers in his/her hand. The delegation of certain powers to someone else is considered as a sign of the loss of prestige and power. In family businesses in which decisions are generally made just by a single person, the decision-making process is fast in comparison to unwieldy corporate businesses. Consequently, it can be asserted that the family businesses which adopt a centralized mode of management can more easily adapt to dynamic environmental conditions. However, the disadvantage of such businesses is that business owners can make emotional decisions far from being reasonable. Another trait which is observed in centralized mode of management is that almost all managers are family members and a sufficient level of trust is not felt toward employees who are not from the family. Because of the distrust felt toward employees who are not family members, it is not possible to benefit from their innovativeness and other skills at the desired level.In family businesses with such a structure, a setting in which employees will feel themselves as part of the business and can be included in the decision-making process is inexistent (Karpuzoğlu, 2000:28). As previously noted, an organizational structure in which teamwork, cooperation, innovation and strong communication will come to the forefront instead of single-handed decision-making and problem-solving must be created.

2.11. Poor Customer Relationships

Understanding the customer needs and making on time evaluations to respond customer complaints are necessary for the achievement of agility. False and missing information on customer needs will undermine the ability of the business to supply the demanded product. That is why, an effective customer relationship management system should be set up in the business (Potdar et al., 2017:1917).

The general opinion about family businesses is that the family businesses can develop good relations with their customers and maintain these relations for a long time (Orth and Green, 2009:248; Miller et al., 2008:56). For instance, in a study performed on this issue, it was asserted that, with a view to enhancing the customer satisfaction, family businesses provided a wider range of products/services than other business types. Moreover, family businesses have the advantage of flexibility as most of them are small-scale businesses (Liach and Norqvist, 2010:387). However, family businesses can be reluctant about new or different practices due to potential family conflicts which will endanger the survival of the business. When conflicts arise, family businesses are likely to get introverted and close themselves to the developments taking place in the outside world. Under such circumstances, customer expectations are in general neglected. For instance, a part of the family can prioritize the growth and hence new investments whilst other family members attach more importance to individual gains. However, the conflict may not necessarily pave the way for negative outcomes all the time (Patel et al., 2012:236).

2.12. Improper Suppliers and Wrong Partners

A key to the achievement of agility is the cooperation to be established between supply chain partners (Potdar et al., 2017:1917). An agile firm is intertwined with its suppliers, customers and competitors. If necessary, it can have a partnership with its competitors or can act in collaboration with its suppliers or customers. The important point for the agile manufacturing is to adapt to changes swiftly and make use of the opportunities. In fact, it is not possible for a firm to have all necessary skills. Hence, businesses can overcome their shortcomings by having cooperation with other businesses.

However, relations established as a requirement of the agile manufacturing are not long-lasting. To benefit from a business opportunity, different businesses come together and establish a partnership, however, afterwards, this partnership comes to an end and is transformed. Depending on the circumstances, new partnerships are also established later on. Thus, an agile business should have the ability to establish new relations rapidly in order to benefit effectively from emerging market opportunities. As well as the ability of the business to establish new relations rapidly, the selection of suppliers and the relations established with suppliers also have crucial role in the achievement of agility. An agile business should select suppliers equipped with properties which will be compatible with those of its own, and work in collaboration with these suppliers (Hasan et al. 2007:7). As good relations are established with a suitable supplier, it will be possible to develop products more rapidly, reduce the workload, present more alternatives to the customers and lower costs (Kumar et al., 2020: 161).

It is acknowledged that the family businesses generally have long-term relationships with their external partners. By means of establishing such relationships, family businesses are able to adapt more easily to the changes taking place in the market (Liach and Norqvist, 2010:386). However, too much attention paid in certain businesses to loyalty and commitment to traditions can undermine the power of the supply chain. For example, continuing to work with suppliers which are not compatible with the needs of the business prevents the family business from achieving agility (Ward, 1997:325).

As a result, agility is not only an action that can be carried out in the field of manufacturing, but it is also the meaning of being able to establish new relationships quickly to take advantage of opportunities.

CONCLUSION

Today, consumer markets are quite changeable and sophisticated. In a setting in which the change is not an exception but the rule, agile manufacturing is necessary for coping with the change. However, adopting a new production strategy is quite challenging for a great number of businesses including but not limited to family businesses. Especially in family businesses which have loyalty to traditions and family values, adopt traditional management style and resist the change, it is not easy to achieve agility (Lewandowska and Sajdak, 2013:229). Exploring the barriers to agile manufacturing in family businesses is essential to the removal of these barriers. Departing from this point, examining the barriers to agile manufacturing with respect to family businesses was aimed in this study. As per the literature review, the following twelve barriers to agile manufacturing were identified: lack of management commitment, scarcity of skilled employees, lack of training, fear and resistance toward change, financial constraints, technological constraints and failures, improper communication and lack of coordination, lack of planning and strategy, setbacks in the management of information, absence of the conformity organizational structure, poor customer relationships and improper suppliers and wrong partners.

Family business culture which relies on self-sacrifice and trust seems to be well-suited to agile manufacturing as it instills long-term thinking, sense of responsibility and solidarity between partners. Besides, other features owned by family businesses such as the speed, flexibility and good relations with customers and suppliers are also factors which are likely to facilitate the transition to agile manufacturing. However, family businesses are also faced with certain barriers in the process of transition to agile manufacturing. Most businesses depend on the technology for achieving agility, however, using the technology alone is not enough. An agile business should also introduce the change to its culture besides technology and promote flexibility and responsiveness in relation to its workforce and other systems. Particularly the need to change the existing culture for the purpose of achieving the implementation of agile manufacturing is one of the areas in which the family businesses will be most troubled. It is quite difficult to change the cultural construct of family businesses since the founder designated and defined it by exerting influence on the business culture and structure. In other words, business culture also reflects the founder's culture, and this cultural construct is imprinted on the business texture.

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PART FIVE
CHAPTER 17

DIGITAL TRANSFORMATION and VIRTUALLY BORN FAMILY BUSINESSES

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INTRODUCTION

Family businesses that have an important historical background in business life, are universally important corporate organizations. Family businesses have had an important place in the economy of society since ancient times. There are ample examples of family firms that have endured generations. Probably the oldest continuously operating family business was a Japanese temple builder Kongo Gumi founded in Japan in 578 (Hnilica et al., 2014, p. 256). In 2006, the company was bought by the Takamatsu construction group (www.takamatsu-cg.co.jp, a.d. 10.09.2020). It's not just Congo Gumi. There are several more family companies established in the last 1000 years in the world. For example, Japanese Hoshi was founded in 718 and today the 46th generation is at work. Italian Barone Ricasoli was founded in Florence in 1114. The company continues to exist in a castle today. The company produces olive oil and wine. The foundation date of the world's oldest family companies goes back to the 1000s. There are family businesses that have survived more than a century in Turkey. Kurukahveci Mehmet Efendi founded in 1777 and still active today, takes first place (Eroğlu and Pıçak, 2018: 102). Güllüoğlu, founded in 1820, Abdi İbrahim, founded in 1912 and Eyüp Sabri Tuncer, founded in 123, are also among the oldest family businesses (Yılmaz, 2016: 50). In the global literature, it is seen that there are enterprises reaching the 40th, even 50th generation. In Turkey, the "fourth generation" is currently working in only 4 of the 50 companies included in the research. The number of companies where the third generation is at work remains at 19 (https://www.capital.com.tr, a.d. 21.08.2020). Families are one of the most important shareholders of business organizations in the world economy. Family businesses are growing and developing in all countries in both developed and developing countries throughout the world (Li and Zou, 2020, p. 377).

In today's competitive environment where globalization and technological developments are experienced rapidly, businesses have to include current innovations and practices in every stage of their business processes. With new digital technologies, existing business models are transforming and paving the way for new business models. Schwab (2017: 9) states that today's enterprises that can produce and use digital technologies can survive in the digital market; therefore the digital adaptation process is very important. Achieving a sustainable competitive advantage by adapting to this change in the digital world is of vital importance for family businesses (Randerson et al., 2015:144), which have a large share in the global economy (Trauntsching, 2020: 8).

1. DESCRIPTION of FAMILY BUSINESSES

Family businesses are the oldest and a rather universally significant corporate organization in the world. Family businesses, which have an important place in the world economy, continue to develop rapidly. It is seen that there are various definitions of family businesses in the literature. In general, family businesses are defined as business structures established by one or more family members, where the senior management and most of the shares are in the family members, and the business is aimed to be passed on to future generations (Salvato and Corbetta, 2013:236). When the structure of family businesses is examined, it is seen that the basic functions of the business such as production, marketing, accounting, finance and human resources are managed by family members. In this context, family members hold the property by being in founder, shareholder and manager positions in their family businesses (Gallo and Seveen, 1991:183). It is seen that the other element that stands out in the definition of family businesses is sustainability. Accordingly, they are the enterprises where the head of the family or the person who supports the family is at the head of the business and at least two generations are employed (Rouvinez and Ward, 2005:3).

The values, culture and goals of the family also affect the functioning of family businesses. Habbershon & Williams (1999:13) emphasizes the overlap between the family system and the business system in family businesses. Accordingly, the greater the overlap, the higher the influence of the family. The impact increases depending on how the firm's decision making and actions are influenced by the values, culture and norms of the family (König et al., 2013). Thus, the family affects business through both formal and informal mechanisms.

Family businesses have some advantages and disadvantages due to their unique structures. Developing the advantageous aspects of the family businesses and developing solutions for the disadvantageous aspects will be beneficial for the sustainability of the business.

Table 1. Strengths and weaknesses of family businesses

Strengths	Weaknesses
More freedom of movement Low or no stock market risk Low or no risk of business takeover	Complex organizational structure Messy structure Uncertain Task Distribution
Family culture as a source of pride Stability Strong identification Continuity in leadership	Nepotism Incompetent family members being managers Unequal reward syndrome
Less bureaucratic More flexible Making decisions faster	Domestic conflict Bringing family conflicts into the workplace
Financial interests The possibility of great success	Patriarchal / autocratic rules Resistance to change Privacy
More flexibility in difficult periods Re-investment of income	Limited access to capital markets
Long-term orientation	Family members can use the business for their own benefit
Business knowledge Early education for family members	Financial difficulties Imbalance between contribution to the business and wages

Source: Yolaç and Doğan, 2011, p.87.

As seen in Table 1, family businesses have strengths and weaknesses (Yolaç and Doğan, 2011: 87). The commitment of family members to common values and goals and effective communication between family members are considered as opportunities for the development of businesses (De Massis et al., 2018). In addition, in family businesses, using family wealth for family businesses also provides convenience in obtaining financial resources (Gomez- Mejia et al., 2007). Family members are seen responsible toward each other in maintaining their economical existence (Türker and Yaşa, 2016: 614). Additionally, important advantages of family business include rapid decision-making, greater flexibility of action, long term orientation, dynamic commitment and motivation in business operations. On the other hand, there are important disadvantages which are encountered in family businesses. These are; family disputes, nepotism, resistance to change, prevalence paternalism, major obstacles in procuring professional management and mismatch between the contributions from family members and compensation received (Pandaram and Amosa, 2010: 119).

Family businesses focus on their core competencies to create competitive advantage in local and/or international markets. The life span of family businesses is usually limited to the founding boss or the second generation, and their sustainability cannot be achieved. It is seen that the failure of this sustainability is the inability to adapt to market and technological developments (Türkyılmaz, 2019:13). Classen et al. (2014) state that family businesses investing in innovations significantly increase the probability of long-term survival. It is an important requirement for long-term oriented family businesses to include innovations that will adapt the digital age into their business processes.

2. DIGITAL TRANSFORMATION

The digitalization process, which started at the end of the 20th century and accelerated in the 2000s, caused radical changes in the corporate structures and ways of doing business, as in all areas of life. The digitalization process, which started with the digitization of analogue data, initiated the digital transformation phase with applications that connect the physical world to the virtual information world, defined as Industry 4.0. Hess et al. (2016: 123) defines digital transformation as a strategic transformation driven by digital technologies, affecting business models and theoretical performance, and enabling significant business improvements. Digital transformation is not just the improvement of the technology infrastructure or software used by the company (Andriole, 2017:22). It is a process that reshapes the vision, organizational structure and culture of the business, while destroying the old (Gurbaxani, Dunkle, 2019:212). Digital transformation, which has been on the agenda especially in the last five years (Klein, 2020:25), is an evolutionary change in which digital technologies such as social media, big data analytics, cloud computing and the Internet of Things are used to improve the business (Morakanyane et al., 2017: 21).

Digital transformation consists of three phases; digitization, digitalization and digital transformation (Verhoef et al., 2019:3). Accordingly, it is not possible to talk about digital transformation without digitization and digitalization.

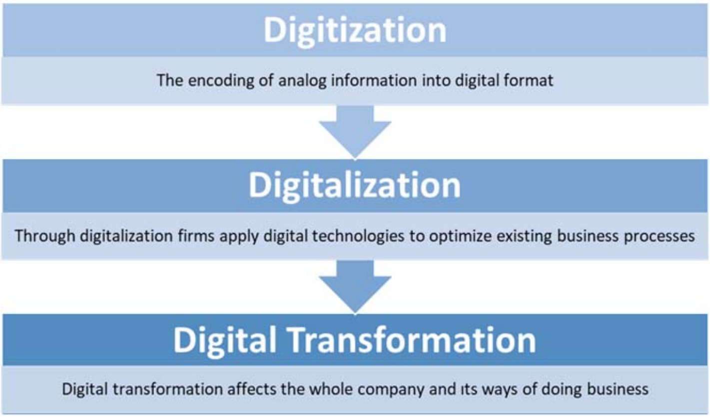

Figure1. Phases of Digital Transformation, Verhoef et al. (2019, p.3)

Digitization, which is the first stage of digital transformation, refers to the process of converting analog information into digital format by encoding them with codes (North et al., 2020: 239). Digitization, which is not a new concept, includes the transfer of handwritten documents, photographs and images to the digital environment. Digitalization, which enables data compression and large volume-controlled storage, is the transformation of operations and workflows within the enterprise into digital form.

Although digitalization, which is often used interchangeably in the literature, is a concept closely related to digitization, it does not have the same meaning (Yankın, 2019:11). Digitalization is the change of business models and processes by using digitalized data in the business world through digital technologies. Businesses can obtain an opportunity to develop a new business model and create value by using digital technologies. Digitalization also includes the adoption of digital technologies in social and community activities by going beyond the concept of business. (Tilson et al., 2010: 751). Social communication through digital communication and social media channels is shown as an example for the social field of digitalization. Similarly, it is possible to see the traces of digitalization in all areas of life, from health registration systems to personalized mobile applications.

Digital innovation, which is considered the last stage of digital transformation, includes both efficiency-oriented process digitalization and digitization of existing physical products in enterprises (Berghaus and Back, 2016: 22). As included in the definition, digital transformation is a broader phenomenon that includes digitization and digitalization processes. Businesses can adopt different road maps and strategies for digital transformation. While one business uses robotic technologies in production in the factory, the other may turn to digital transformation in marketing. Having a holistic approach is important for businesses that turn to digital transformation with different fields and methods (Klein, 2020: 998).

While businesses that invested heavily in new technologies in the 1990s gained competitive advantage, today they have to follow a more selective and holistic approach due to both economic constraints and technology diversity. In the transformation process where only new technologies are not sufficient, businesses need to adopt strategies that are suitable for their internal processes and resources (Güvener, 2019: 8). Beyond investment and innovation in a single field, digital transformation that focuses on people covers all processes of the enterprise. In this context, Microsoft (2017) has identified four main topics that can be followed in the digital transformation process of businesses.

- Engage Customer; Increasing consumer engagement by providing personalized, enriched and connected experiences
- Empower Employees; To ensure that employees achieve more by creating a smart, flexible and safe modern working environment
- Optimize operations; Improving the synchronization of business processes and their interaction with the supply chain by increasing the flow of information in all business operations
- Transform Products; Gathering information about the use of products, creating teams to design innovative features and develop the products.

Companies in almost all sectors are implementing different strategies to discover new digital technologies and take advantage of them. Because digital transformation is a highly complex, company-wide effort, it accompanies structural changes that affect people in the organization. Coming from a business-centric perspective, these strategies focus on the transformation of products, processes and organizational aspects thanks to new technologies. Regardless of the industry or company, digital transformation strategies have certain points in common. These elements can be attributed to four basic dimensions: the use of technologies changes in value creation, structural changes, and financial aspects (Matt et al., 2015: 339).

2.1. Drivers of Digital Transformation

Rapidly advancing technological developments in recent years are regarded as the most important drivers of digital transformation (Nambisan et al., 2019). New digital technologies, especially those called SMACIT (social, mobile, analytics, cloud and Internet of Things,) offer both game-changing opportunities and existential threats to large legacy companies (Sebastian et al., 2017: 197). In addition to these technologies, technologies such as big data, artificial intelligence, robotics and blockchain enable new or improved products and services to be offered to consumers. As a result of all these technological developments, businesses have faced digital transformation by adapting to changing conditions. Klein (2019: 1000) emphasizes the importance of the Internet of Things phase, which comes after the mobile social media phase, examining the digitalization phases of businesses. The internet of things is defined as a common network structure where devices or machines exchange data, collect information and make decisions based on the collected information via the internet (Gündüz and Daş, 2018: 327). Cyber-physical systems, in which sensor and network technology are used integrated, require the transformation of the entire business value chain of the enterprises.

Figure 2. External Drivers of Digital Transformation

The other driver of digitalization is competition, which has changed significantly with technological developments. Today, companies' adaptation to change and technological competitiveness have come to a more important point. In the business world where access to information and consumers is easier, intense competition and rapid changes are experienced, companies' survival depends on their adaptation to the dynamic environment. Another driver of digital transformation is changing consumer behavior. Market figures show that consumers' purchases are directed towards online stores, and digital touchpointsplay an important role in the customer's journey, affecting both online and offline sales (Kannan and Li, 2017: 25). Consumers can access information about the product or service they want to purchase whenever they want, without any time and place restrictions. Consumers, who can reach more alternatives through virtual marketplaces, demand cheaper and higher quality products. Digital technologies change consumer behavior and markets, creating a digital competition that creates market pressure for businesses (Trauntsching and Hetz, 2020: 20).

Internal drivers such as digital skills, strategies, cultures, and talent development are also effective in the realization of digital transformation (Kane et al., 2015). It is directly related to the digital innovation of businesses, increasing their digital competence and resources. A critical component for success is the digital knowledge of a business (Gurbaxani and Dunkle, 2019: 213).

Senior management vision is also regarded as another driver that is effective in digital transformation. A consistent digital vision perception supported by the top management within the company increases employee cooperation and enables innovations to emerge. In the digital transformation process, enterprises need to take measures against the institutional resistance that may occur by increasing the cooperation between units (Gobble, 2018: 66.

2.2. Digital Transformation in Family Businesses

Especially in the last 10 years, it is seen that digital technologies have created a transformation that will affect all kinds of businesses (Nambisan et al., 2019: 3). Businesses have to include new technologies in their business processes in order to be successful in the digital world and to ensure their sustainability. It is known that digital transformation, which is based on a comprehensive renewal, differs in family businesses compared to other businesses. In their study on the proactive and innovative tendencies of family and non-family businesses, Craig et al. (2014) argue that family-based businesses are less likely to innovate. This is explained by the fact that family participation creates an identity specific to family businesses and separates them from their non-family peers. With the family being an integral part of the business, family dynamics significantly affect the ownership and business structures of the business (Zanon et al, 2019: 29).Family businesses tend to avoid external technological collaborations, which can result in incremental rather than radical innovations (Fitz-Koch and Nordqvist, 2017).The fact that the old generations in senior management in family businesses have a closed perspective on innovation can also create an obstacle to the adoption of new technologies (Claeseens et al., 2002: 2745).

Long-term orientation and traditional approaches to risk aversion in family businesses also restrict investments in innovation. Creating a disruptive transformation, digital technologies can be seen as an expensive and risky investment for family businesses that prioritize financial security (Trauntsching and Hetz, 2020: 28). Family businesses also have uneconomic goals such as desire for control, power, and leaving the business to the next generation. Non-economic targets are closely related to long-term orientation, which may increase the tendency to respond to disruptive technologies that generate long-term economic incomes (De Massis et al., 2012).

The sustainability of family businesses stems from the necessary balance between tradition and renewal provided by their innovation capacities. This balance includes entrepreneurial activities not only in the products and markets in which the firm operates, but also in new business opportunities and entrepreneurial activities in new markets. Therefore, it is very important to closely follow digital technologies for family businesses whose vision is to survive for generations (Lumpkin and Brigham, 2011). König et al. (2013: 419) states that family businesses perceive disruptive technologies later than their competitors, but implement their adoption decisions faster and more flexibly. Flexibility and fast decision-making features, which are among the advantages of family businesses, may over time turn into a disadvantage in the way of preserving the current situation. The traditional and conservative attitudes of the entrepreneurial family members towards innovations may cause family businesses to miss development opportunities in the long term. In this respect, assigning professional and young managers will be beneficial in adapting the business to change and innovation (Günver, 2002: 25).

An important part of digital transformation in businesses is the human factor. Since family members are among the employees of family businesses, they are dependent on the business culture and have a low turnover. However, this feature, which also provides cost savings in the long term, has some disadvantages in adopting digital transformation and innovations. With the effect of nepotism, business employees may not have the competence and skills to work in the new technological environment. For this reason, it is important for family businesses to develop the skills of their current employees and to include them in digital transformation (Trauntsching and Hetz, 2020: 29).

When family businesses perceive their long-term innovation goals as risky and competitive, they may adopt a more reserved attitude with the concern of leaving the business to future generations. Family businesses (Miller and Miller, 2006), which tend to be less interested in areas outside of their core competencies, display a similarly closed attitude to foreign investors.

Dynamic capabilities are an important factor in understanding the technological innovation and digital transformation processes of family businesses (Daspit et al., 2019: 139). Dynamic capabilities ensure continuous adaptation by constantly understanding the external environment and adapting to it, by restructuring the directed resources (Helfat and Winter, 2011). In other words, the process of obtaining knowledge from the environment and making internal changes within the firm is governed by the knowledge-specific dynamic capability. Dynamic capabilities are essential for the integration of digital technologies provided by multiple stakeholders, and for the business to successfully participate in a digital platform or ecosystem (Vial, 2019). Although tradition and culture are important for family businesses, these companies need to learn new thinking and business skills, especially in dynamic markets. Family businesses that want to adapt to digital transformation and the environment should restructure their internal processes that require strong dynamic capabilities.

3. VIRTUALLY BORN CORPORATIONS (DIGITALLY BORN)

The shift in consumer preference towards faster and easier digital mediums has led businesses to use digital channels. Systematically, it is possible to say that postmodern consumers living in an age of digital culture are stronger through factors such as expecting quality and adapting to what the market offers, rapid access and sharing of information and participation. Many retailers reach customers through both offline channels such as stores and online channels such as mobile apps and websites, and analyze obtained data to gain actionable insights about their customers' behavior and preferences.

Especially in recent years, completely technology-based enterprises called "born digital" have caused the balances in the market to change (Sebastian et al., 2017. 198). Traditional businesses have begun to lose value against businesses such as Amazon, Facebook and Google, which are regarded as the pioneers of "Born Digital" businesses. In today's world where digital transformation has reshaped every phase of life, businesses have to adapt quickly to "become digital" and compete if they are not "born digital" (www.entrepreneur.coma.d. 09.09.2020). Businesses that cannot digitalize in their own business process establish digital partnerships. If businesses cannot go digital on their own, they partner with digitally born businesses.

With technology, online and offline lives are intertwined in daily life. Digitally born companies have also facilitated the acceleration of this process. Social media statuses, check-ins, posts, selfies and the availability of virtual augmented reality expand the online life space of the consumer. The ever-increasing pace and ubiquitous nature of social media is increasingly engaging participants in various online social networking services.

As a new phenomenon in recent years, social interaction in virtual worlds where users communicate and interact simultaneously offers unexplored potential for both users and marketers (Kozinets, 2002: 61). Virtual worlds; are interactive, three-dimensional simulated digital environments that can be accessed by a large number of users via online interfaces. In line with Bell (2008:2) definition of a virtual world, there are three key characteristics of virtual worlds that differentiate them from other social media and provide a further understanding of the meaning of virtual worlds. People join this world with avatars representing themselves. Users called residents can create their own external views, objects, places, identities, and even their purpose of existence in the virtual world (Tasa, 2009. 4). Second Life (SL), which is the most popular and fastest-growing example of such environments (Duncan et al., 2012: 950). Users can typically perform a wide variety of activities within virtual worlds. Having its own currency, Second Life also offers "virtual business" opportunities to its users. Individuals and entities in the virtual world can create and sell their own virtual goods and services to others, collecting payments that can then be extracted and converted to real world currency. They have the opportunity to create and sell anything they can imagine such as clothes, cars, houses, ships with the object creation feature offered by the 3D Virtual world. In Second Life, users can establish their own "born virtual" businesses and sell their products to SL users from all over the world by advertising and promoting their products. "Born Virtuals" to state clearly that these organizations are created by avatars to exploit and discover oppurtunities primarily inside the virtual worlds (Tiegland, 2010: 4). Digital environments like Second Life do deliver enormous benefits potential for economic development. What may explain the popularity of virtual worlds is that they enable businesses to sell virtual goods to real-life people. Digital environments are rich media that can establish a high sense of presence and interactivity, making them excellent channels for commercial creation and facilitating innovative marketing approaches. A lot of brands have already recognized the value of virtual worlds and have since established brand (Bleize and Antheunis, 2016: 406). Virtually born firm have the ability to mobilize a workforce more easily than organizations in the real world as they reach out to individuals with similar interests across the globe (Tiegland, 2010. 22).

Most of the digital transformations of the old big companies are at an early stage in many industries, and the majority of the revenues of the established companies still come from traditional products and services. Family businesses, which have a more traditional structure, have to adapt to digital transformation for sustainable competition in a period where digitally born and virtually born businesses are increasingly widespread and dominate the economy. Sebastian et al. (2017) states that large legacy companies need to determine their digital strategies to integrate their existing business capabilities with new capabilities made possible by SMACIT (social, mobile, analytics, cloud and Internet of Things) technologies. Digital strategies are not just technology strategies, but business strategies that combine the opportunities provided by the digital environment. In its broader definition, digital strategy is a business strategy that aims to deliver unique, integrated business capabilities in ways that are inspired by the capabilities of powerful, easily accessible technologies (such as SMACIT) and respond to ever-changing market conditions. A digital strategy guides leaders in their efforts to create new value propositions by combining the existing capabilities of their companies with the capabilities provided by SMACIT and other digital technologies (Sebastian et al., 2017: 198).

In today's business world digitally/virtually born family owned start-ups started to take their places in the market. These new type of organizations have different dynamics and capabilities compare to traditional family businesses. The digital and technological genes that those companies consist of help these organizations to adopt much more effective to the technological environment. They can be lean and agile in many ways and can adapt to the new market situations. For example digital natures of these organizations enable them to conduct international operations much more effectively.

The digital nature of their businesses and industries is also provides them an advantage when it comes to international partnership. For example a family software company can transfer its products and knowledge through digital channels to other markets or partners.

The questions here we have to address is will "the new digitally born family businesses" change the rules of the game for family businesses? Everything that we know so far about family business will they change because of the nature of new digitally born family businesses. For example in terms of sustainability or internationalization, what awaits these new types of organizations?

All of the questions listed above and even much more should be addressed by scholarsin the coming years. As the technology advances and the environment changes for businesses, the family business will evolve to adopt and survive.

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Core of the civilization; FAMILY.

(William James Durant, a member of Philosophical Science, The Story of Civisilation,1935)

Family is the site where the minds come together through blood ties and marriages. As the minds come close to each other with love and respect, with high synergetic effect, positive energy occurs; as minds act incompatible with each other, destructive events occur.

In family businesses, personal goals, family goals, and the company's goals of existence, continuously or sometimes, may differ from each other and may have conflicts with each other. It is vital for family and company existence to protect family integrity and business from the damages and incompatibilities that may be caused by these differentiations and conflicts.

Family Businesses: Business Models and Strategies book is written for the purpose of sharing precious business and marketing oriented ideas with the reader, that create a synergistic effect on the business success of families where the minds come together through blood ties and marriages. Models, management styles and strategies, competitive strategies, leadership, conflicts, organizational designs and human resource management and also sustainability with social responsibility, marketing effects and internationalization, corporate brand heritage, agile manufacturing and digitalization in family businesses are the subjects that are placed in.

Good readings.

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