Uniwersytet Ekonomiczny we Wrocławiu

Programme
Master of Business Management

Mert Topçuoğlu

Student No. 175879

MASTER'S THESIS

FAMILY BUSINESS:

Between institutionalization and professionalization

Master's thesis written under the supervision of
Sylwia Przytuła
HRM Department

WROCLAW 2020

BIZNES RODZINNY: Między instytucjonalizacją a profesjonalizacją

Streszczenie

Firmy rodzinne stanowią dużą część globalnej gospodarki. Ze względu na wygodę w zakresie zakładania tego rodzaju biznesu jest to jeden z najczęstszych rodzajów firm na całym świecie. Firma zarządzana przez członków rodziny będzie wymagała standardów, profesjonalizmu i zasad. W tym momencie, aby wprowadzić standard i porządek w sposobie funkcjonowania firmy, procesy instytucjonalizacji i profesjonalizacji są niezbędne. Badanie to miało na celu analizę związku między instytucjonalizacją i profesjonalizacją a liczbą pokoleń, przez które firma jest dziedziczona. Rezultaty badań pokazały także, ze wraz z dziedziczeniem biznesu rodzinnego przez następne generacje na przestrzeni czasu zauważa się wyższy poziom instytucjonalizacji w firmie.

CONTENT

INTRODUCTION

Family businesses constitute a large portion of the economy globally. It is one of the most common types of companies around the world because of its convenience in terms of founding the business in the first place. Most of the family businesses are established with family assets and start with the family members. This feature of being in an accustomed environment is one of the greatest strengths for the family business in the early stages. There is not much hassle to attract people into founding the company in the beginning since there are other factors that complete that process, such as family relations, trust, and a common goal. It can be said that family businesses are crucial to the global economy, but especially in Turkey, where the amount of the family business is above 90% (OYBD, 2010), it would not be wrong to call it the backbone of the economy. Even though every family company starts the business to increase the business volume and, if possible, transfer it to the next generations, it does not go as planned for most of the time.

As the family starts the business and increase the volume of the business, the business becomes more complicated willingly or not. A few family members cannot control a growing business; sooner or later, there will be conflicts. A business that is growing will have to expand its operations and its resources, and it means the other factors' involvement in the business, such as non-family employees and managers or maybe shareholders. As the business becomes more versatile and complicated, there appears a need for specific rules. A business that is ruled by the members of the family now will require standards, professionalism, and regulations. At this point, to bring a standard and order in the way the business functions, institutionalization, and professionalization processes are vital. This thesis aims to understand the dynamics of the family business through the three-circle model developed by Tagiuri and Davis and analyze how important institutionalization is for a family business for it to be transferred into the next generations successfully. Along with it, whether the business and family should be managed together or not will be discussed in the thesis.

Succession, as a part of the institutionalization, will also be discussed since it is related to the company's survival into the next generations. Succession plans are vital for a company's transfer to future generations. Still, most of the families do not take this process seriously and do not start making a detailed succession plan, which, later on, brings up many conflicts along with itself. According to the Turkey Institutional Management Association's report (TKYD, 2017), 48% of the family business consider succession as a future threat for

the companies (TKYD, 2017). This investigation is important because the survivability of the family businesses from generation to generation decreases at the rate of 30% at every generation. (EFB Report, 2012) This research will provide more insight into this case and will investigate the issues emerging from the familial changes, conflicts, and decisions from the perspective of their impact on the stability and continuity of the business and will seek to produce a better approach and solutions to these main problems.

In this thesis, multiple family company owners and their employees will be interviewed regarding the level of institutionalization and professionalization level of the company. Through their answers, this thesis will aim to answer how institutionalization and professionalization affect the company's success in terms of longevity and transferring the business into the next generations, if the business and the family as two different entities should be managed separately or as one whole unit. Also, the company employees will take part in a different test regarding the institutionalization and professionalization of the company to see the level of institutionalization from the perspective of the employees.

In an economy such as Turkey's, where the family companies constitute the backbone of the country's economy, the institutionalization of the companies is very important to have a successful long-term business for the future of the economy. Institutionalization is one of the most common problems of the family business's agenda. So, this thesis will provide more insight as to how institutionalization affects family businesses' survival and stability in the market. In the report of the Turkey Institutional Management Association, it is stated that one of the two family companies is still in the process of institutionalization.

To analyze the above-mentioned topics, a qualitative method will be adopted because the field of research requires in-depth insights, interpreting, and analyzing. To do that, research will be carried out on reports, texts, and studies on the subject, and they will be analyzed for further problems and solutions. This research will provide insight into many different business experiences and bring out a quality situation overview for the aim of the case. On the other hand, the investigation will also be realized through a series of interviews with Turkish family businesses. This data will be beneficial to gain insight into smaller family businesses and help us understand the notion of institutionalization and professionalization from the perspective of the family companies.

The first chapter of this work is going to identify the role and meaning of family business in the global and Turkish economy, with a particular focus on the Turkish market, where the family business is the backbone of the economy. It will identify its strengths and weaknesses and put forward some important business model for the family business.

In the second chapter, conflicts and the problems arising from the interaction of the family and business will be discussed along with the business models. Davis' three-circle model will be analyzed to provide a more in-depth insight into the dynamics of a family business. The importance of professionalization and its steps will be discussed with relevant theory from Davis (2019).

In the third and last chapter, it will be described the methodology adopted to investigate the family business models and stability. The research will show under which business models the family businesses perform the best and which business model proves to be creating the best environment to establish the balance between the two institutions. This business model will be put to the proof by asking business owners several questions. Additionally, the employees of the companies will be questioned to understand the environment of the company, and the way it works.

CHAPTER I

Place of family business in economy

1.1 Family business and its place in the market

There is not one true definition to define the family business due to its complicated relations within; there are different approaches to the definition of a family business from different perspectives. A definition from the perspective of family members: Gathering of family members in the activity of a business is enough for that business to be called "Family Business." (Tagiuri, 1992) Another definition takes it from the perspective of ownership of family property: The family company is a unique form of company which is founded in order not to separate the family property (Kuriloff, 1993:8) Another perspective takes it from the standpoint of blood relation: Businesses in which family members work at managerial levels are family businesses (Potobsky, 1992:601) According to Robert G. Donnelly, a family business is "A company is considered a family business when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on the company policy and on the interests and objectives of the family." (The Family Business, p. 94). Jess Chua defined family business as: "A business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families." (Defining the family business by behavior, p. 25).

Table 1 – Definitions of family business

Author	Definition
Rosenblatt, de Mik, Anderson, and Johnson	Majority ownership by a single family and direct involvement by at least two members in its operation (Rosenblatt, deMik, Anderson & Johnson, 1985)
Welsch	One in which ownership is concentrated and owners or relatives of owners are involved in the management process (Welsch, 1993)
Leach et al	Single family effectively controls firm through the ownership of greater than 50 per cent of the voting shares; a significant portion of the firm's senior management is drawn from the same family (Leech, et al, 1990)
R. G. Donnelley	Family business is a firm which has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family. (Donnelly, 1964)

P. Davis	Family businesses are those where policy and decision are subject to significant influence by one or more family units. This influence is exercised through ownership and sometime through the participation of family members in management. It is the interaction between two sets of organizations, family and business, that establishes the basic character of the family business and defines its uniqueness (Davis, 1983)
Holland & Oliver	Any business in which decisions and plans for leadership succession are influenced by family members serving in management or on the board (Holland & Oliver, 1992)
Davis & Tagiuri	A family company is one whose ownership is controlled by a single family and where two or more family members significantly influence the direction and policies of the business, through their management positions, ownership rights, or family roles (Davis, 2018)
Bernard	An enterprise which, in practice, is controlled by the members of a single family (Bernard, 1975)
Jess H. Chua, James J. Chrisman, Pramodita Sharma	A business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families (Chua, Chrisman & Sharma, 1999)
Carsrud	Closely-held firm's ownership and policy making are dominated by members of an "emotional kinship group" (Carsrud, 1994)

Source: Defining the family business by behavior - Sharma, Chua, Chrisman, p. 21

As can be seen in the table, there are many different definitions of the family business since the family organization itself makes the family business unique, and this makes this area open to many interpretations. "We study family businesses because researchers believe that the family component shapes the business in a way that the family members of executives in non-family firms do not and cannot" (Lansberg, 1983). The effect of the family members on the executive family-member staff is nothing to be overlooked. That is one of the uncertain factors that shape family businesses. The relationship among the family members, their goals, ideas, desires, behaviors, attitudes form the culture of the business, which originally derives from the family culture. From this point of view, a precise definition can be looked at carefully.

In the definition of Davis and Tagiuri, certain elements are very important to understand how family business functions and two institutions, namely family and business, interact. Family members are in power in the management, but also their family roles and ownership rights to the business affect the business. The definition is made based on the

interaction of the family and the business under different titles such as ownership, family roles, and business management. In the scope of this master thesis, this abovementioned definition is significant. Because the outcomes of this interaction between these two institutions will be discussed and, later on, it will be discussed further with Davis and Tagiuri's three-circle business system.

Depending on the country, throughout Europe, family businesses represent 55-90% of the business (EFB Barometer 7th Edition, 2018) 85% of all start-ups are started with family money and in most of the countries around the world, family businesses constitute between 70-90% of all the business (EFB Statistics, 2012.) These statistics help us understand the importance of family business in the economy around the world. While family businesses constitute a significant portion of the economy around the world, not all of them can withstand and make a transition to the next generation successfully. Around the globe, family businesses have the chance of success at the rate of 30%. This chance reduces to 10% from second to third, 3% from the third to fourth and 1% from fourth to fifth (EFB Statistics 2012.) With this information, we can understand the importance of the succession process and the choice of the right decisions in the family business. Considering the portion of the family business in the global economy and its contribution to it, it can be easily said that the family business is the backbone of the economy. To emphasize this statement, Europe, which is the economy that hosts the largest proportion of family business, can be examined. Here, in Figure 1, the geographic distribution of family firms in the years 2017 and 2019 can be seen.

Figure 1 – Geographic distribution of 2017 and 2019 firms
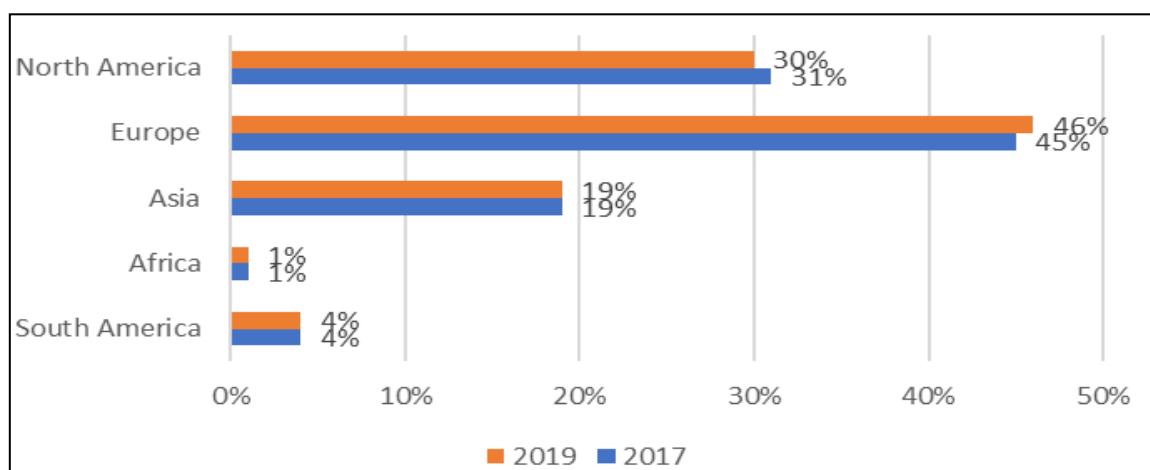
Source: (EYFB500, Insights from the 2019 EY and University of St. Gallen Global Family Business Index)

According to this report, Europe is the continent that hosts the most substantial portion of the family business in the whole world. According to another graphic, Europe is determined to keep the most substantial proportion of the family business in the world, with an increase in the new family business entrants by 21.3% in 2019. In Figure 2, the percentage of new family firms can be seen by geography.

Figure 2 – New Entrants 2017 and 2019 Index
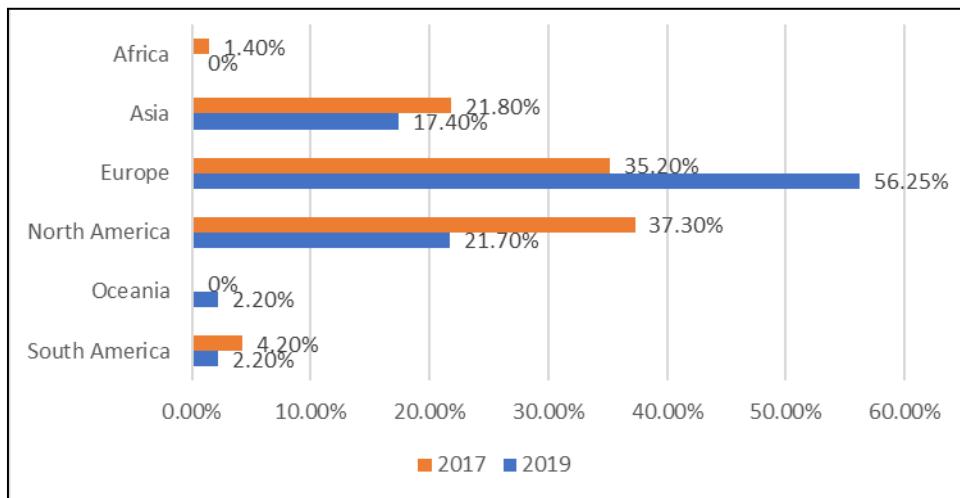
Source: (EYFB500, Insights from the 2019 EY and University of St. Gallen Global Family Business Index)

When family business constitutes a considerable amount of the globe's economy, it is very crucial to understand the factors that help these companies survive in this environment and maintain their stability, considering their importance in the global economy.

Family businesses are a big part of the European and Turkish economy as well as the global economy. Family businesses are distinguished in many ways from the other companies, and one of the most important of them is that they have a strong connection between the members of the family, and this helps a lot during the decision-making processes and at managerial levels. This is one of the strongest advantages of the family business compared to other companies. Since there is a common sense of trust and understanding among the members, the family business has a particularly good atmosphere to make a healthy decision for the future of the family. This is one of the advantages that put the family businesses in a valuable position in almost every market.

The life span of the family businesses in the world is around 80 years, with a very slight decrease in this number in the year 2019, and not all of them can be transferred into the next generation successfully. Nevertheless, there are still so many family companies in the

market which provide a significant amount of employment and value for the market around the world. This means that there should be a flow of new entrants into the market, as shown in the above continuously (*Figure 2*). Existing companies and the new entrants can be analyzed to understand their characteristics better and see the details of the recent family business statistics. In the below figures 3 and 4, the average number of employees and the average age of firms in both existing and new firms are stated.

Figure 3 and Figure 4

*Average number of employees*   *Average age of firms*
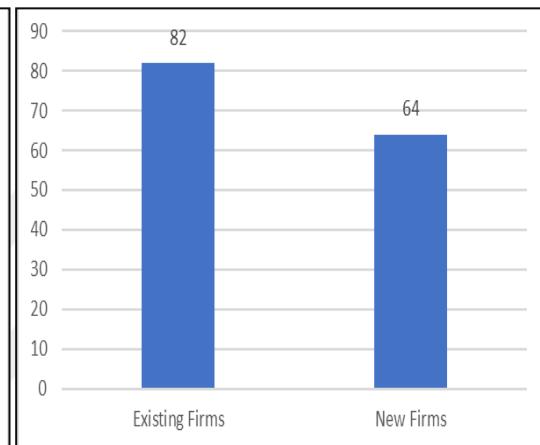
Source: (EYFB500, Insights from the 2019 EY and University of St. Gallen Global Family Business Index)

These new entrants are entering different sectors in the market. In 2019, the Majority of the new entrants were entering the Advanced Manufacturing & Mobility sector, and the sector, which is in the second-highest demand, is Consumer Products.

In the case of all family firms, the sectoral distribution changes between 2017 and 2019 are different compared to the new entrants. There is a big increase in the smart infrastructure sector in 2019 compared to 2017 by 7%, considering it was 7% in 2017 and 14% in 2019. And there is a 22.5% decrease in consumer products in 2019 compared to 2017. In figure 5, the sectoral distribution of family firms in 2017 and 2019 is shown.

Figure 5 – Sectoral distribution of 2017 and 2019 index
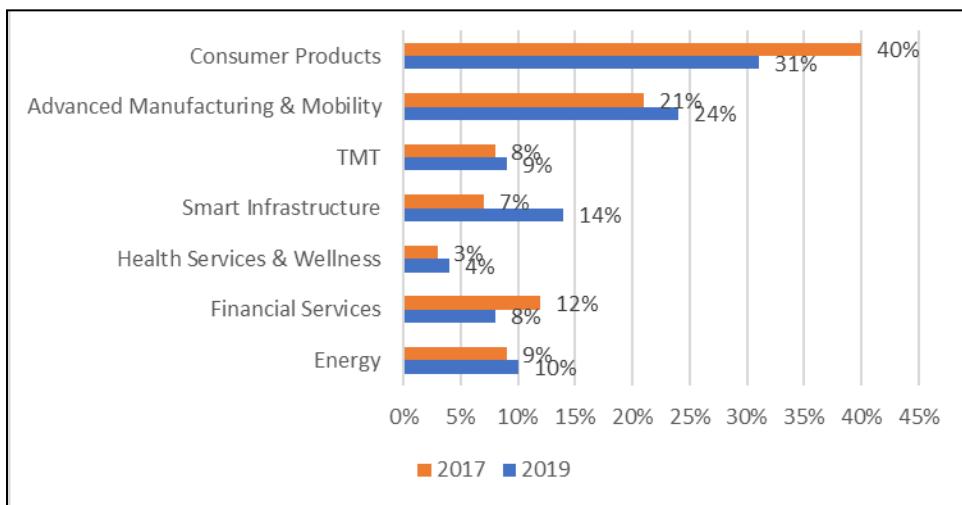
In the G20 countries, family businesses represent around 50% of companies in Canada and 90% in Turkey, with intermediate values for countries such as Germany (79%) and France (83%). Family businesses are also widespread in Brazil, India, and many other Asian countries. In the country which is considered most advanced in terms of market functioning, the USA, family businesses represent over 80% of the total companies and 50% of Fortune 1000 companies (Iosio, 2013).

As to the Turkish companies, priorities of Turkish family businesses that have a more durable structure against legal regulations and bureaucratic obstacles are a little different. According to research which is conducted by Pwc Turkey, 144 Turkish family businesses that participated in the survey have a more cautious perspective compared to the European family businesses. The majority of the participants think that the market is stable, but the number of people who think the market is critic compared to Europe is higher. The percentage of the people who think the market is critic is 17% in Turkey and 5% in Europe. The expectations about the economic environment are not that different, Turkish family businesses are more cautious compared to their European counterparts about the situation they are in may go worse (Pwc, 2018).

One of the most successful businessmen in Turkey, Ali Y. said that "80% of the most valuable brands of the world are family businesses," in his speech at the Family Businesses Place in New Global Conjuncture Session, and he continued, "and 70% of the global economy is constituted by family businesses." (Yalçınkaya, 2017)

Another successful businesswoman in Turkey (Ranking 73rd in Forbes The World's Most Powerful Women, 2019), Güler S., CEO of Sabancı Holding, said that family businesses constitute 95% of the whole business in Turkey. She continued saying that family businesses are not important in only Turkey, but they hold a significant place in the global economy (CNN, 2017)

While assessing the performances of the companies, it is seen that Turkish businesses are a little less positive compared to European companies.

Figure 6 – How do Companies see the market situation?
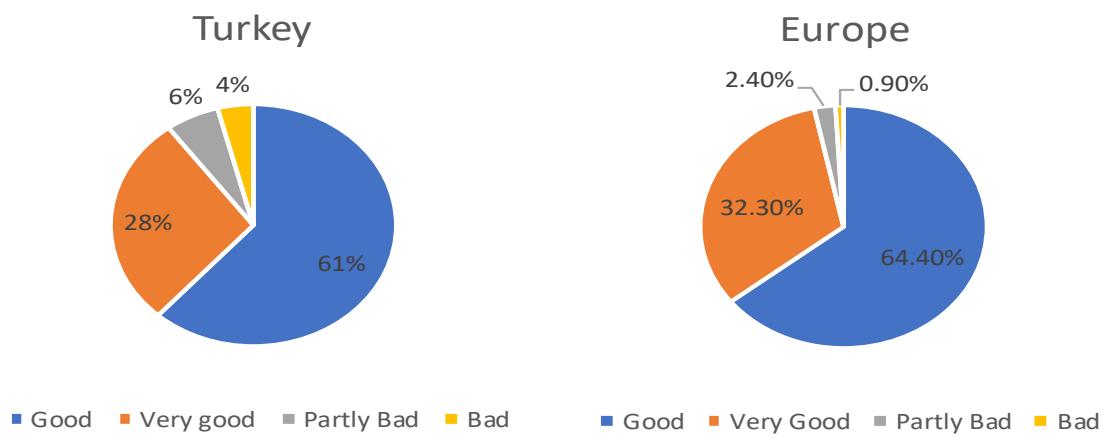
Source: Pwc European Family Businesses Report 2018, Turkey Results

In 2018, in both Europe and Turkey, the majority of the people had the idea that in the next 12 months, the business will either stay the same or get better.

Table 2 – Will the market recover?

Total %	Turkey	Europe
It will recover significantly	%17	%16
It will recover a little	%40	%48
It will stay the same	%33	%32
It will regress little	%10	%3
It will regress significantly	%1	%0
Total	**%100**	**%100**

Source: Pwc European Family Businesses Report 2018, Turkey Results

Another difference between Europe and Turkey originates from financing. Turkish firms appear to be more troubled in terms of access to finance, and it can be said that Turkish family businesses are more unplanned compared to European family businesses in matters like succession and partnership. This is also a very crucial mistake of Turkish family companies. Because the succession process for a family business already requires a lot of attention and work, and unplanned succession can even make things worse by leading to an internal family conflict, which, in the end, can affect the environment and the course of the whole business.

In terms of industry distribution, Turkey's production firms constitute the vast majority with %41, and this is followed by the service sector with %14 and construction sector with %10. The rate of the production sector in Turkey is 7 points higher compared to Europe's general average. The revenue distribution of the companies seems similar to Europe's general standard, mostly between 10m-49m worth revenue volume is observed.

Table 3 – Revenue Distribution of Countries

	Turkey	*Europe*
10 million Euro - 49.9 million Euro	%68	%69
50 million Euro – 100 million Euro	%22	%18
More than 100 million Euro	%10	%13
Total	**%100**	**%100**

Source: Pwc European Family Businesses Report 2018, Turkey Results

While there are many other factors that the Turkish family businesses are afraid of, such as geopolitical tension, competition, and high unemployment, Brexit matters are also among the threats for the Turkish businesses since commerce with Europe has a very high volume.

Table 4 – Brexit Effect

Brexit Effect	*Turkey*	*Europe*
It affects very much	%20	%12
It affects very little	%52	%45
It does not affect at all	%28	%44
Total	**%100**	**%100**

Source: Pwc European Family Businesses Report 2018, Turkey Results

In our fast-paced world in which technology is advancing more and more rapidly, new businesses tend to enter sectors like Advanced Manufacturing, Energy and Smart Infrastructure, which are promising in the future since people are becoming more and more dependant on technology in their daily life. Technology is becoming a part of people and penetrating almost every part of our life. Also, geological incidents, political decisions and trade wars are affecting the business course of the small organizations and they are trying to adapt to it. Families can follow these trends and become aware of the opportunities in the market. Family businesses, with their unique culture and structure, can use their strong traits and bonds and become successful.

Success may mean anything depending on the context and goals of individuals. While for some people success is having money, for others it is a good work-life balance. Values and beliefs affect the way success is perceived. This also applies to the institutions. Every company has different values, visions, and missions. The goals of companies may be revenue, being diverse, providing quality customer service or accessibility, but when it comes to the family business and its success in this master thesis, the most essential criteria is longevity, and that is how this thesis will adopt the success. According to Fortune 500 report (Caruso, 2000), the average life of a company is 18 years, as if this life span is fixed for every company from the beginning. In fact, %60 of the company rated by Fortune 500 in 1970, no longer exists. However, this short life span does not seem to apply for the family business, which are characterized by more extended longevity compared to other companies. In the scope of this thesis, success can be perceived as longevity and being able to transfer business to the next generations. At succession, the chances the family business will survive are %30. Here, success for the family businesses will be defined as the ability to establish an environment, both at work and in family, which will carry the business to the next second or third generations.

The family business is a structure that consists of different factors and groups. In order to create a business that will last for generations, the family business should be analyzed down to its components, so that we understand the way family business works and functions with all these groups interacting with each other. Once these groups as family, business, and ownership are recognized and identified, their objectives, concerns, and goals become more clear. Since the overlapping of these three groups is inevitable, there should be a system that

will minimize this clash between the groups to help the business thrive for generations. A family business is a structure that should be managed by taking the components that constitute it into account for these components/groups are cores of the family business. If they work coherently together, the business can improve.

1.2 Strengths, weaknesses and risks of family business

It is possible to better understand the family business by putting their strengths and weaknesses forward compared to the other organizations. Since family businesses have a unique culture and relationships, it is highly likely that these traits have both strengths and weaknesses. Even though it is known that confusing the family structure and the work structure is a problem in the family business, it definitely has strengths to it, which cannot be overlooked. In this subchapter, the strengths, weaknesses, and risks of family business will be discussed respectively.

Family companies have perks such as; supportive environment, flexible working hours, an owner-like business environment, and an environment that encourages personal responsibility. Family members' closeness and understanding are an important factor in business life. Family members have a shared past and a sense of identity. They know each other and know each other's abilities and weaknesses very well. Family members show compassion and loyalty to each other, and they pay great attention to the welfare of other relatives and staff. Usually, a unique and fast form of communication is developed in the family, they share the information and, as a result, perform the job more effectively. In the family business, it is known who has a voice according to established hierarchy; where to behave, how to share the tasks according to different statuses and abilities. Bringing these characteristics of the family into the business life reveals an interdependent, deeply connected and productive work team. These features, which are difficult to find among those without a family bond, provide family businesses with a competitive advantage (Jaffe, 1990)

Loyalty: The relationship of the employees with the family is beneficial for the internal dynamics of the business. The fact that the founder and his family are in close contact with the employees gives confidence to the staff. In family businesses, the relationship between the boss and the employees is warmer than the relationship between the professional manager and the employees. Employers work safer in family businesses, become more creative, open to new thoughts, and more risks (Kets DeVries, 1996).

The employment policy of family companies is different from large businesses. Long-term employment can be counted as one of the characteristics of family businesses. Employees who work responsibly, contribute to the company, in the case that they are sure

that they will spend their lives in that company, embrace the company and feel themselves in a family environment. This increases the loyalty of the ones who work in the family business and leads to success (Günver, 2002).

Family culture: What kind of leadership will govern in family companies is more apparent than in the other companies. With adequate planning, everyone knows who the successor and there is no competition for this position. While the family spirit determines the dominant values, attitudes and standards in the company, the values expressed by the family members create a common purpose for the staff and help create a certain sense of identity and commitment. On the other hand, less bureaucracy speeds up the decision-making process and makes it more effective, and it is easier to reach top management (Yalçın, 1993).

Family reputation: Whether the company will be able to survive in business life or not is a difficult task for the family businesses. But family businesses have a big advantage in this sense. In processes like taking credit, sales and advertisements, a good family reputation can provide a certain sense of trustworthiness. Also, a good reputation is always efficient in solving problems in the business and social world (Tosun, 1990)

Future-oriented: Family businesses are different from the other companies in the way they perceive the future of the business. In non-family businesses, future goals are set as profitability and success, which should be the same for almost every company. But family businesses have more to it because their future plans will provide a livelihood for the other valuable family members, which means that it has much more meaningful than just success and profitability.

As to the weaknesses of the family business, the source of the problems of family businesses is mostly psychological, not structural. These include issues such as incompatibility between the leadership style of the top management and the development stages of the company and the reflection of family conflicts and problems to the business environment. Features that affect family businesses negatively can be gathered under the following titles:

Nepotism: Nepotism is promoting or employing anyone based on kinship without considering the factors like ability, capability, success and education level of a person or their requirement for a specific position. Although nepotism or relative favoritism is more common in countries where traditional ties and relationships are intense and the market mechanism is

not sufficiently developed, it is also a phenomenon experienced in family businesses of developed countries (Özsemerci, 2005).

There is an unfair situation in which the blood bond is taken into consideration instead of merit principles such as the knowledge, skill, ability, success or education level of the employees in the family businesses in promotion and other organizational processes (İyiişleroglu, 2006, p. 44). Especially in family businesses, nepotism practices are among the most important problems. Owner-managers in family businesses employ family members in the business regardless of their abilities and contributions to the business (Ateş, 2005). In particular, the reason for bringing family members to the management position instead of professional people is that trust comes before expertise. However, these practices create serious motivation and stress problems in other employees (Develi, 2008). Also, working under the command of people who are assigned important tasks, regardless of their abilities, causes a lack of trust in non-family employees and a decrease in job satisfaction and performance of the employees, as well as productivity of the business (Ateş, 2005).

Bringing family issues to business: Family as an organization by itself has its own structures and relations. In a family business, family and the business interact with one another all the time and sometimes, some matters go beyond the line between the two organizations. A conflict that took place in the family affects the members of the family and their relationship with one another. For a group of people who live together and work together, it is hard to separate the private and business life due to the constant interaction with the other party. In these cases, some family members can reflect the conflicts of the problem of the family life to business life. This does affect not only the people involved but also the other family and non-family employees in the workplace. Reflection of a problem that is not business related to the business area is one of the vulnerabilities that is originating from the uniqueness of the family business. Aside from family members have very strong bonds and loyalty to each other, this kinship-based business environment has this dangerous weak spot that non-family businesses do not seem to have. This, along with the people involved, changes the atmosphere of the working place and decreases people's motivation and productivity.

Sibling rivalry: According to Friedman (1991), the rivalry between the siblings start from much earlier in the family environment. He argues that the rivalry starts at early age for the love of the parents between the siblings. And parents' attitude against this situation is also a deciding factor for the future relationship of the siblings. So, it is clear to say that sibling

rivalry has its roots in old family issues. Since the family harmony, common goals and interests are crucial for a family business and its success, these problems pose a big threat for the family business. Since the siblings may see themselves as potential successors, they can prioritize their own interests in the way they do their business to overcome the other sibling and this can damage the business or even bring it to an end if not addressed. In these kinds of incidents, creating an environment in which communication between the siblings is encouraged is very important for the integrity of the whole family business.

Shortage of qualified employees: Family businesses take their strength from the trustworthy and loyal relationships they have between each other and that is how family businesses create harmony in the workplace. This harmony and loyal bonds between the different family members are not all it takes to run a successful family business. In order to achieve the set standards and reach the goals, a company should have skilled and experienced employees in their areas. Since the families do not have a wide range of employee options, they may not find the right persons with the right skills for specific situations. In case some of the family members are not qualified for a position, this will affect the whole business mechanism and business operation.

Among the characteristic risks of family businesses, there are informal relationships between members. From a typical element and a strength point, this characteristic can turn into a factor of weakness, in the presence of quarrels between the heirs or lack of harmony in the business management once the guiding role of the founder passes away.

In the companies that cannot meet the demand of the market, these inefficiencies can develop latently and then become gangrenous. The reform of company law, moreover, outlines a new, more flexible governance for family limited liability companies, expanding the statutory possibilities of withdrawal of the heirs; this leads to a certain ambiguity in the management of one of the most critical moments for businesses. Hence the importance of timely and effective intervention.

The financial behavior of medium and small-sized companies is, due to the complex links that are established between the internal management needs and the family value of the structure, another one of the delicate aspects to manage, very often problems of liquidity arises from here. It is also necessary to evaluate the life cycle phase, passed through in order

to conduct a complete analysis of threats and opportunities with which the family business must deal.

Another widespread tendency by family members is to invest a substantial part of their financial resources in the company itself. By doing this, however, they are unable to diversify, assuming an excessive risk compared to that of other investors with a more varied portfolio of assets.

The totalization of the authority within the company is also one of the most common problems which are confronted in family businesses. In some families, there is a strict authoritarian figure that controls everything. When it comes to business, this person gathers all the authority in him/herself and does not let other members question his/her decisions. This problem both jeopardizes the business stability in the long-term and causes uneasiness among the members due to their desires or goals are not considered and met. This also increases the chances of making big decision mistakes since there is only one figure with the power and that figure controls everything.

Work-life balance is another issue in the family business. In non-family businesses, employees work for a certain amount of time in and if there is extra work to be done, they are paid for the extra time that they worked for, but the situation is not the same in the family business. The informal structure in this sense requires the members to do extra time without limits or certain rewards. This affects the work-life balance of the employee greatly since there is not a strict line. The commitment to the business is greater since it is a family business and it is hard to draw a line between business and private life.

1.3 The interaction of family and business

In relation to Davisʹs definition, I would like to focus on the interaction of family business's components as family, business and ownership and the concerns and goals of family members, non-family members and ownership in the family business as to how they should be best managed. In the family businesses, it is necessary to deal with the characteristic element that makes .them a specific class of analysis, that is, the one-to-one relationship that is established between the two actors, which are the family and the company. This difficult balance is well represented in the works of Davis and Tagiuri (Davis & Tagiuri, 1989), in which the family business is configured in three sub-systems: business, family, property. More specifically, in the case that the family system overlaps with the business system, a situation occurs in which some family members participate in the management of the company even though they are not owners. The areas of overlapping between the sub-systems define the values, goals and motivation of the members. In order to understand the connection between family and the business, different systems will be discussed.

In family businesses, two different concepts, like family and business, come together. Because, while the family is the smallest social unit of the society with its emotional structure, the business is a profit-making institution that brings together a variety of resources to maximize their interests. In other words, while the spiritual dimension of the family is heavy, the material size of the businesses is remarkable. In this case, the different roles of the family members come into question when the two systems come together and intersect. All of these different roles are important. A better understanding of roles is critical to resolving conflicts and ensuring sustainability. (Güleş et al., 2013)

In order to analyze different roles in family businesses and prevent them from mixing with each other, there are four different models related to family businesses in the literature. These are the Family System Theory (Two Circles Model), Three Circles Model, Four Circles Model and Sustainability Model.

According to Family System Theory, although family and business are sub-systems, they distinguish family businesses from other businesses according to their degree of overlapping each other (Habbershon et al., 2003: 455). In this model, both the family and the business have goals to accomplish. While features of the family are emotional decisions, self-directedness, intolerance to change, conservative structure and unconditional acceptance of

anyone from the family; the characteristics of the operating system are stated as realistic decisions, extroversion, openness to change, full competence, and performance-based acceptance (Güleş et al., 2013: 46-47). In parallel with these features, the duties of the two systems also differ. While the family system instills more spiritual emotions such as raising new generations and providing education for them, the business targets competing and increasing the level of productivity, etc. Therefore, these two systems constantly contradict each other. The dominant perspective in these overlapping models is that the family and the business are two different complex social systems and when they interact with each other the borders of the two systems overlap each other (Stafford et al., 1999)

Figure 7 – Two Circle
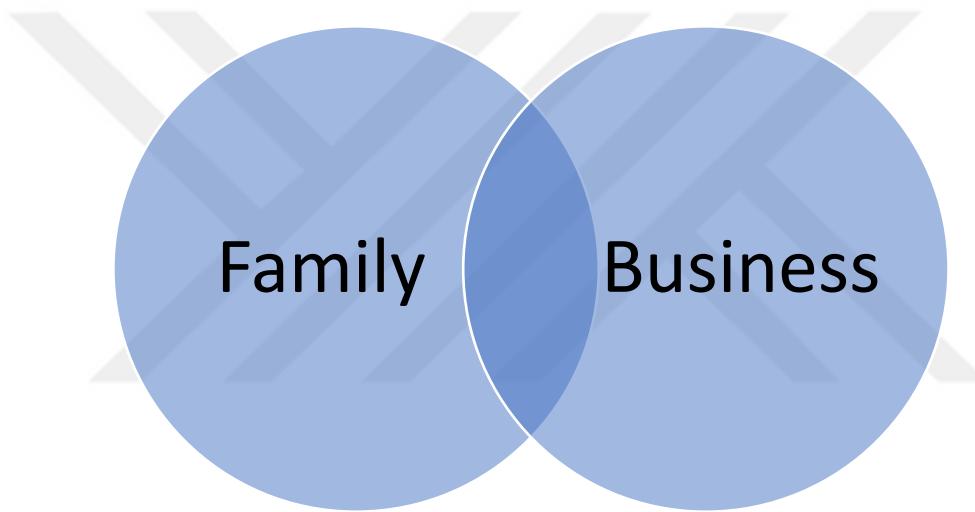
Source: Davis, How family business changed the way we understand family business, 2018

As can be seen from the above-mentioned features, the main difference between the two systems is a part of one of them. While the family system accepts members of the family unconditionally from the moment they were born, the business selects members based on performance. While both systems come together and employ personnel as a family business, they bring forth their own values (Erdoğmuş, 2007: 72). The important thing is to maintain the balance between these two systems. At the same time, it is essential not to mix family and business relationships with the duties of family members in the family and family business.

The three-circle model (Gersick et al., 1997), developed by Tagiuri and Davis towards the end of 1982 and took place in Davis' doctoral dissertation. Already existing two-cycle model that tried to explain the system was not enough because there are other parties in the

family business with different worries and goals. In order to understand and point out all the dynamics, they added "ownership" to the two overlapping cycles. The reason for this is that some family members or non-family members do not take part in the business even though they own shares, or they do not have a share while working in the business. The expectations and interests of individuals included in each of the three sub-groups in the model differ from each other. While the family members are concerned about family relations and reputation, non-family employees who do not own any shares are concerned about nepotism, compensation and career goals. The expectations arising from ownership differ for both parties (Güleş et al., 2013: 51-52). These different expectations can be a source of conflict for family businesses. Therefore, clearly identifying the intersections and non-intersecting parts of the three subsystems is necessary to identify which individual is located where in the family business.

Figure 8 - Three Circle Model by J. Davis and R.Taguiri
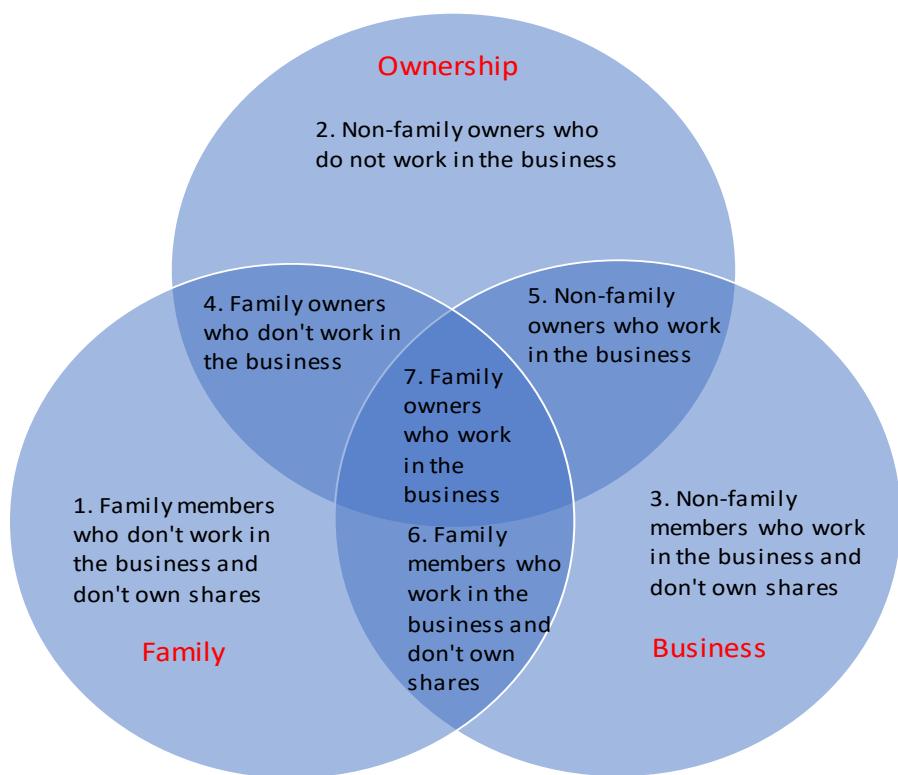
Source: Davis, How family business changed the way we understand family business, 2018

Within the Three Circle Model, there are seven different groups with distinct interests in the business as shown in Figure 9. People belonging to the first group are concerned about

their family relations, how business affects their familial relationship etc. People belonging to the second group are concerned about their investments and they question whether they receive an adequate return for their investment. People belonging to the third group are concerned if nepotism would block their career path if they can achieve their goals in a family business environment. And in the overlapping sections of the circles, those members have the interests and concerns of the groups which they are a part of. As Davis explains, "The model identifies where key people are located in the system." (Davis, 2019) This business system emphasizes that every group should be equally respected and treated for their goals, opinions and concerns.

What distinguishes the four-circle model from the above-mentioned models is that they have taken into account the environment in which family businesses are located. In other words, while two- and three-circle models treat family businesses as closed systems, family businesses are accepted as open systems in this model. Family businesses, which are open systems, consist of four sub-models. These are family, property, management and business (Pieper and Klein, 2007: 307-308). The dominant sub-system is the family, as in other models. Each of the four subsystems in this model has separate roles. These are the roles which the family has taken on, property and shareholding (Fındıkçı, 2005: 46). Here, too, the clear definition of roles and the separation of individuals' duties and responsibilities are important regarding the conflict environment that can occur in the family business.

The sustainable family business model was developed by Stafford et al. (Stafford et al., 1999: 204). While two sub-systems constitute the core of this model, namely family and business, different components of sub-systems, their current resources, limits and processes are taken into account. All the mentioned components, resources, limits and processes affect the others and affected by them (Danes et al., 2008: 398). According to the model, the sustainability of the family business depends on the success of the family and the business, as well as the intersection of the reactions to the conflicts in the family business (Güleş et al., 2013: 57-58). This model has a more flexible structure than others. According to this model, objective and subjective determinants are used when evaluating the successes of family businesses. The most used objective determinants are different measures of financial success. However, the subjective determinants are motivation, rewards, goals and perceptions of success (Olson et al., 2003: 644). In all the models described above, there is a crossing of different systems/groups under the roof of the family business. The same people play different

roles in different systems and there is an interaction between these roles. Individuals need to balance these interaction points.

Interaction between business and family have led to identifying different models that explain the relationships between the family and the enterprise system. In this regard, three models can be followed: the business and the family as a single system; the family prevails on the company; the company prevails over the family (Corbetta, 2010).

The first model is characteristic of small existing organizations. The model ignores the boundaries between business and family and considers the two-component systems as a unitary system. So, relationships between company and family are not regulated or even remunerated, because they are considered internal to a single system.

This concept prevents the development of the company and is destined to disappear with subsequent generations when the family grows and expands, that is when the differences are generated from the family core of the founder families of children. Since the motivations and the goals of the people belonging to each system, family and business, are different, a conflict of interests appears. As can be seen in the three circle and the two-circle model, out of the interaction of the two systems, different overlapping sub-systems appear and balancing these sub-systems require firm rules and boundaries.

In the second model, family values and goals prevail over those of the company. Some characteristics of this conception, are for example company management entrusted to family members; the relationships between the family members are equal and non-hierarchical; the career of family members follows the principle of identity for treatment and not that of merit; the related remunerations are independent of company results and meet personal needs of family members. If these principles prevail, it is possible that, over time, the company will not have the necessary resources to continue its development. Then also, this model represents a strong constraint on the development of the company, capable of compromising business balance.

The third model sees the company's reasons prevail over those of the family. In this case, the company is in the hands of the founding entrepreneur, who almost feels like the company is a part of him/herself. The family is forced to make enormous sacrifices (such as the contraction of financial resources for consumption) in the name of survival of the

company and to support its self-financing. Sometimes, it is witnessed that entrepreneurs use their own personal assets to recompense the losses of the company.

The last model is the one that sees the company as an independent institution from the family. Business and family are, therefore, two independent institutions, even if the former takes important resources, both human and/or financial, from the latter. The last concept, therefore implies that responsibility and remuneration of family members are linked to the merits of each member; generational rotation occurs according to the needs of the company; the shareholders' meeting is distinct from other governing and management bodies; moreover, if the family does not have the necessary human and financial resources to the company, we proceed to find them externally, without this compromising the business management.

This is the only concept that allows effective and efficient business management. Only this concept is consistent with the vision of the company as an "economic institution destined to continue" without losing the cultural values of the entrepreneurial family. Combining company values and family values is definitely an activity complicated and any balances that are reached are often precarious and transient. The repercussions that family affairs have on the company are known and extremely topical; it is, therefore, necessary that the stage of the family drama is no longer in the company but the most appropriate location, the family.

The presence of a total overlapping will not be a benefit. It will, therefore, be necessary to draw only the "good" from one and the other institute in order to create an effective mix to compete in the market.

Most family firms target successful business and family harmony. But, most of the time, they face problems and family conflicts. The biggest threats to the stability and continuity of the family business are conflicts and succession. Most of the conflicts are not caused by business performance but because family members think that their needs are not fulfilled. Managing these conflicts is crucial to the survival of both the business and the family. The main reason of these conflicts is the lack of understanding and communication between the groups.

It becomes harder to understand these dynamics because every member of the family business has their own views. These views will show differences depending on where the member is exactly positioned within the three-circle. The core issues which will most probably cause conflicts and debates include (Nasser, 2014):

- Decisions about the future strategy of the business.

- Performance of family members actively involved in the business.

- The setting of the remuneration levels for family members actively involved in the business.

- Decisions around who can and cannot work in the business.

- Family members actively involved in the business not consulting the wider family on key issues.

- Deciding between the reinvestment of profits and the payment of dividends.

- The role 'in-laws' should or should not play in the business.

- Agreeing on the basis valuation of shares in the business for those exiting the business.

- Choosing the future leaders of the family and business succession.

In order to create a formal and professional workplace with distinct areas for every function, certain rules and frames should be set in the company to sustain the business for the next generations. As can be seen, in the family business, there are so many interactions and people with so many different interests and goals. These different aspects are required to be controlled and managed in a professional and formal manner. An environment with a set of rules which will draw lines between the two institutions, namely family and business, will minimize any possible conflict that can emerge from the interaction of these two. If duties, positions, relationships, goals and personal interests and concerns are redefined and addressed according to the two different institutions, the balance of family and business life can be much easier to manage. At this point, the institutionalization of companies and families is of great importance to achieve this goal and create a professional and formal environment in which family business can thrive without minimum internal conflicts.

CHAPTER II

Methods to Improve the Sustainability of Family Business

2.1 Institutionalization in the family business

According to Greif (Greif, 2005), an institution is the system of rules, beliefs, norms and organizations which establishes a behavioral orderliness in a social structure. Also, institutionalization is defined by Kramer (2000) as creating a standard implementation, behavior or tradition in a human system. Institutionalization, for a company, is a process of obtaining an identity to continue its existence independent from individuals. In other words, it means having rules, standards, procedures that refer to owners and managers, making its distinctive business ways and methods its culture and thus forming a distinctive identity from other companies (Karpuzoğlu, 2004, p.45). The main purpose of institutionalization studies is to make the necessary organizational arrangements to ensure the continuity of the business.

Considering the high percentage of family businesses in Turkey, over %90 percent, and in other European countries, it is safe to assume that these companies constitute a remarkable portion of the global market. Thus, for the survival of these companies, the institutionalization is very crucial. Institutionalization is the process in which companies become a system that is independent of individuals. The business starting to serve the family instead of family serving the business is a sign that the company is in danger. The thing that should be done in this case is to adopt a professional management understanding.

Institutionalization can be stated as the most important tool in the solution of the problems in family companies because the life span of the non-institutionalized and individual-dependent companies in Turkey is generally limited with one generation (Müftüoğlu, 2013: 232). In Turkey, usually with the death of the entrepreneur who founded the family business, many businesses either stop their operations or change owners. The most important way to prevent this danger is to institutionalize the business and transfer it to the second and third generations.

According to Turkey Association of Institutional Management, in a survey in which criteria such as ownership and control that are the basic indicator of institutional management, family constitutional law, family management relations, being a shareholder, forming a system of conflict management, making a succession plan and preparing shareholder agreement, is measured; approximately 60% of the companies surveyed do not have a family

constitution. According to the survey, in which the institutionalization process continues in one of each two family companies, the most important agenda item in 75% of family companies is financial matters.

Institutionalization means that, with the words of Vehbi Koç (Forbes, Billionaires, 2015), businesses can survive for many years, regardless of individuals. Institutionalization with a more technical expression; a strong structure can be defined as creating systems and developing a professional management mechanism. Organizations with a high level of institutionalization move the operation of the company away from personal values and beliefs and try to progress towards achieving the mission of the institution and achieving the targeted goals (Bilgin, 2007, p. 28).

Institutionalization is an expression that contains many definitions. However, it should not be understood that the institutionalization should be perceived as cutting the whole relationship of the family from the business. Because if there is no patronage in an institutionalized enterprise, which means if a person or a group does not have full control over the management of the company, then there may be unfavorable results. For example, members coming from various places to the boards of the companies without patronage can use the business in their interests and then resign from it when there is a problematic situation and easily escape from the responsibilities.

It is only possible for companies to transform into a future-oriented economic value by gaining a sustainable structure. When considering pure sustainability, the importance of institutionalization becomes clear. Therefore, it becomes possible to achieve a sustainable structure if the institutionalization and institutional management are created at the organizational level. In addition, with institutionalization, it is possible to increase the level of earnings and market value, to make employees select qualified companies, to increase the market shares and company performance, and to increase the volume. On the other hand, the sustainability brought by institutionalization and corporate governance turns into new value in itself. To put it more clearly, the aspects that add value to companies such as having a long-term and institutional structure, in fact, become a new value, bringing practices for sustainable performance, efficiency, and profit (Abdioğlu, 2007, p.47).

It is possible to come across many reasons that encourage institutionalization in family companies. In the table below, the factors promoting institutionalization and sustainability in family companies are stated.

Table 5 - The Aspects that encourage family businesses in the matter of institutional sustainability

The Aspects that encourage family businesses in the matter of institutional sustainability	Value Increase	Increasing brand value
		Increasing trust and reputation
		Increasing the profitability of the company
	Employee Motivation	Increasing profit margin by increasing the employee motivation
	Qualified Labor Force Employment	With the increase of the company's reputation, qualified personnel employment becomes easier
	Competitive Advantage	Gaining advantage over the competitors with the legitimacy created in the eyes of the public
	Providing Financial Support	Opportunity of taking financial support from responsible international Investing Companies becomes Easier

Source: (Kuşat, 2012, s.4)

There are different criteria and indications of institutionalization for a family company. Like every company, family companies also need to fulfill some expectations and meet some standards for institutionalization. These criteria can be categorized as family constitution law, formalization, professionalization, individual and organizational goal harmony, succession planning.

Formalization is determining the duties, authorities, and responsibilities of the employees, redesigning the process in which the business activities are carried out, shaping the organizational structure, organizing the relations of the operating departments, and documenting them. The main purpose of formalization, which has an important place in the

institutionalization process, is to separate organizational activities from individual ones and to carry them to a certain and sustainable level (Walker, 1997, p.76). The applicability level of the regulations refers to the degree of formalization. Therefore, it is possible to measure the formalization levels of companies by looking at the degree of formalization. If the processes related to the company's activities are determined in detail, and the duties and responsibilities of the people who will take part in the processes are clearly defined, and it is obligatory to comply with the determined processes it means that a high degree of formalization has been achieved (Staggenborg, 1988, p.585).

The professionalization means having all the necessary information in the field of activity and being able to apply the accumulated knowledge and experience in the best way. It is considered essential to reach the level of professional business execution on the way to institutionalization. As a matter of fact, companies that have professional people in their fields can fulfill all the necessary conditions in the area in which they operate, and can adapt to the sector they are in. Obtaining professionalism as an institution and in terms of employees means a competitive advantage for companies carrying on a business in free markets in which the competition is intense. (Yazıcıoğlu & Koç, 2009, p. 499).

As with every corporate structure, companies have certain goals and objectives, and with all their assets and knowledge, companies try to achieve these goals. Similarly, it is quite normal for an employee working for the company to have individual goals and objectives independent from the company. Individuals prioritize their personal interests and, if necessary, join organizations and use the organization to achieve their own goals (Karpuzoğlu, 2003, p. 80).

If the goals that individuals obtained in the business world do not comply with the goals and objectives of the institution they work for, the company, which is a whole with its employees, cannot achieve internal harmony and consistency within itself and cannot achieve the objectives of the organization. In this context, in order to ensure corporate identity, the founders of the company should act in line with the business objectives and struggle to harmonize the objectives of the employee with the company objectives. Institutionalization gains speed and success is achieved if the individuals working within the enterprise desire their progress and development of the company in line with the objectives of the business (Eren, 2001, p. 39)

Since family companies have a hierarchical structure starting from the oldest member of the family, the rules that the family members working within the company must comply with are not written. The oldest member of the family comes forth, and decisions are usually made by that person. Although this situation gives the ability to make quick decisions in small-scale companies and provides an advantage against sectoral competitors, it causes problems with the growth of the company and causes conflicts between family members. For this reason, the regulation of a constitution that aims sustainability in family companies regulates the relations between family members and the company, and focuses on basic principles, can overcome the problems that arise within the company (Karpuzoğlu, 2004, p. 43).

Regardless of matters in institutionalization, specific rules must be dominant in all kinds of interaction and communication. Therefore, appropriate rules must be established in all processes of the institution, and these rules must be written. These lines of written rules form the constitution of the enterprise (Bilgin, 2007: 2). The constitution of an enterprise is a basic guideline in which the vision and mission of the enterprise are stated, the general and specific goals of the enterprise are determined, and all the principles and boards regarding the business and operation are stated in a written form.

Planning of the succession in family companies is important to show that the company has an independent corporate structure. Succession planning means ensuring that the company can carry on its activities in a possible event like the founder's death or leave. However, it is not the desired process by the founder because the company is believed to be founded with great effort and difficulties. At the basis of this idea lies the concern that the company will leave its traditions and undergo a radical change with the succession. (Yalçın & Günel, 2006, p. 73).

Succession planning is an inevitable obligation to ensure the institutionalization and sustainability of the company. In fact, company founders are emotionally connected to their company and want it to survive. Therefore, the succession process should be planned very well. The fact that founders of the company do not want to plan a succession because of their excessive emotional commitment and concerns explained above, the possibility of business disruption, difficulties in choosing among family members, and possible conflicts among potential managers make the succession process difficult. (Yaşa, 2006, p. 51).

As a part of establishing a standard and a professional environment that will respect the members of each group with different goals and motivations, institutionalization is a very important process. With institutionalization, the line between the family and business can be set and these institutions can survive with minimum overlapping by only taking the good traits from each other. As a part of institutionalization, leadership succession is also of great importance. Having a plan for succession is one of the most crucial musts of the institutionalization process in order to eliminate any unknowns as much as possible and go through this critical process as safe as possible.

2.2 Succession process in the family business

The continuity of family businesses from generation to generation is one of the most important establishment reasons for family businesses. However, generation-to-generation management transfers are often a failed process. One of the sine qua non for the process to be successful is that the previous generation has the desire to transfer the business to the next generation. Some of the other important conditions are getting the institutional structure and the next generation ready for this important process.

Because the succession process is not planned and executed timely, and notions of family, business and ownership from Tagiuri and Davis's three-circle model perceived as if they are one factor by the family members even though they are intertwined but practically dependent from one another; family members cannot take the necessary steps toward institutionalization, the continuity of the family business and succession of the next generation cannot be performed successfully. In order to create distinct lines between the three groups, the institutionalization process should be conducted properly, as well as the succession process as a very important component of the institutionalization process to transfer the business to the next generations.

Venter, Boshoff, and Maas (Venter, Boschoff & Maas, 2005) have revealed in an article published in the Family Business Review that, if successfully managed, some relationships will enable the successful succession of the family business from one generation to another, thereby improving the continuity of small and medium family businesses. The dependent variable of this research was expressed as the "perceived success of the transfer process," and this variable was measured through two dimensions defined as "satisfaction from the transfer process" and "continuation of the profitability of the operator." According to the results of the empirical research conducted by the authors, the factors affecting the satisfaction of the transfer process regarding the person who will take over the business have been identified as "the willingness of the person to take over the business" and "the relationship between the owner-manager and successor." Factors affecting the continuity of the business's profitability have emerged as "the willingness of the person to take over the business," "the preparation level of the successor," and "the relationship between the owner-manager and successor." It is understood that the relations between the owner-manager and

the person who will take over the business are affected by the level of harmony between the individuals in the family.

In the model, the willingness of the person who took over the business is shown as an important factor that ensures both the satisfaction level of the succession process and the continuity of the business profitability. Indeed, the emotions we can exemplify as a heartfelt desire for this business, feeling happy and proud in the family business, and self-confidence will greatly help in the successful management of the family business. There is no doubt that the new generation's positive emotions for the management of the family business will be greatly affected by the behavior of the previous generations. In other words, the owners or managers of the business will have a big impact on the desire or avoidance of new generations to the management of the family business. For example, family elders, who do not talk about the business in the family and hide the activities or problems of the family business almost as a secret, will also be the reason of young people being insensitive to the family company and its problems. Similarly, parents who constantly reflect work pressure or the stress created by the business to their family may push their children from the family business. Providing accurate and enlightening information about the future career, family relationships, and share in the company for the person who is decided to be appropriate for the management of the family business will make help to prevent possible problems. As it is mentioned in the three-circle model by Davis & Tagiuri, the personal goals, satisfaction, and worry of the members belonging to each group should be addressed and aligned with the company. In her study, Sharma (1997), she discusses that the willingness of the successor is directly influenced by the alignment of the successor's career interests with the opportunities of the business.

In terms of the relation between preparedness of the successor and the successful succession, there are strong findings that show a positive relation between the two. The evidence shows that, in successful successions, the successors are generally well-prepared. In fact, it is shown that the successor's development is one of the most important characteristics of a successful succession (Venter, Boschoff & Maas, 2005).

The importance of the third factor in question is that the relationship between the owner-manager and the person who will take over the management has an important effect both on the continuity of the business profitability and on satisfaction with the transfer process. This result shows that a supportive and collaborative relationship between the two generations and a willingness to share information will be an indicator of the existence of

quality and harmonious relationships in the family business. It is perfectly normal for the two generations to live different periods of their lives to have different priorities and to look at the family business from different perspectives. In order to avoid conflict, both parties should communicate openly and honestly and share information and ideas about the business. The parents' flexibility in discovering and accepting new managerial approaches, and treating their children as adults, will encourage the young generation to contribute to the decision-making process, and consequently, healthy relationships based on trust and support will be created in the family business (Venter, Boschoff & Maas, 2005).

The founder of the family business will have to hand over the management of the family company, which has reached a certain size, to the new generation, and the choice of the most suitable person for management is undoubtedly a subject that must be meticulously addressed. The abilities, training, and perhaps most importantly, the wishes of the successors will come to the surface as factors that affect and determine the decision-making process.

There are four main reasons why family businesses fail in transferring the firm from generation to generation (Yalçın and Günel 2004: 76):

- The low capability of development and survival of the firm

- Lack of planning

- Owner's reluctance to hand over the business

- Next generation's reluctance in joining the management

While each of these factors is extremely important alone, lack of planning is perhaps the most important reason why the business cannot be successfully transferred to other generations. When a person starts a business, he sees it as a work or a child to be raised. The person or persons who founded the business want the life of the business to be much longer than their own life and wish that the future generations of the family will take the family business much further. However, in most family businesses, since the 2nd or 3rd generation does not have the desire or ambition of the founder, the stability of the business is also negatively affected as a result of the death of the first generation, and this can even result in the sale of the business or shutting it down most of the time. In order not to face such a result, it is necessary to show how and when the business will be transferred to the next generations

in succession plans. Who will be brought as a leader after the founder is an issue that needs to be carefully considered.

To take a better look at the succession planning and in Turkey, the chart from Pwc′s Turkey Family Business Report can be looked at. In this chart, 144 family businesses were asked when they are expecting a succession for their families.

*Figure 9 – Succession in the next years in your company*
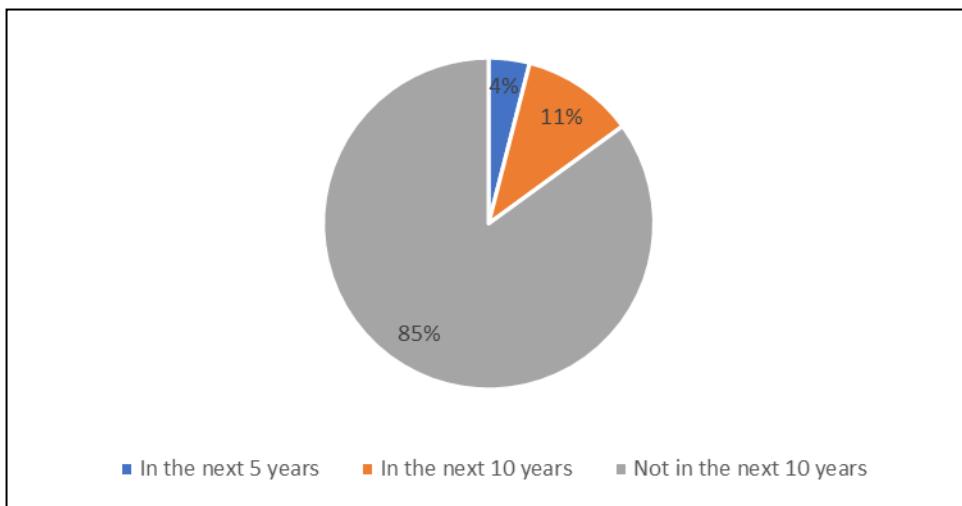
Source*:* Pwc European Family Businesses Report 2018, Turkey Results

In the next ten years, as a result of the founder′s retirement or death, companies are not expecting a succession. The majority of the companies do not have a succession planned on their agenda in the near future.

When these companies were asked about their solution to the inevitable succession plan, it is seen that the majority of the companies still do not have any plan regarding whom to bring to the management after the current generation. Among the ones which have a succession plan, the majority has found the solution within the family. Companies, which have found the solution within the company and externally are sharing the same portion.

Figure 10: Succession Plans of Companies

Turkey

- Yes, intrafamilial solution
- Yes, intraco solution
- Yes, external solution
- No, successor has not been chosen yet
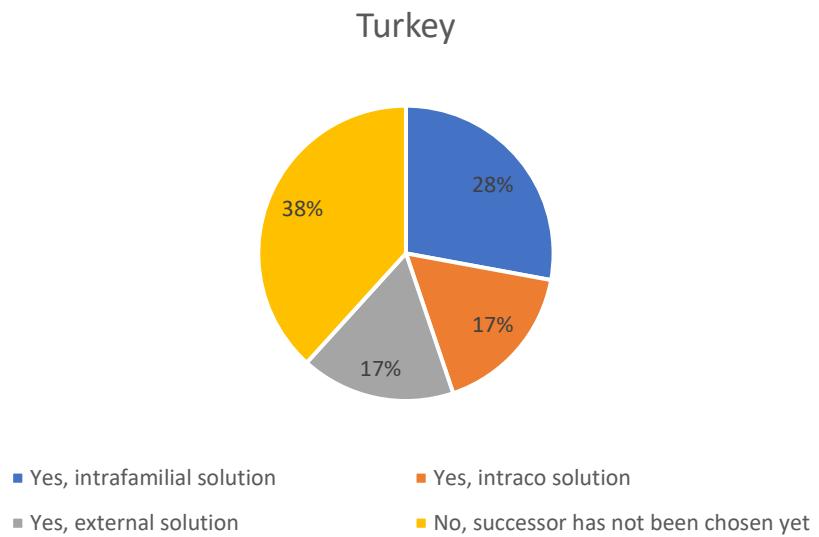
Source: Pwc European Family Businesses Report 2018, Turkey Results

According to the Turkey Association of Institutional Management, 48% of the companies see succession planning as a potential danger regarding the future of the company; 46 % of them see it as professionalization.

The succession process and its planning as a part of the institutionalization are very crucial in terms of the survival and stability of the company. With this process, the company is taking a step into the future, and the quality and success of this period will be extremely influenced by the person who is chosen for the leadership. This process should be planned as one of the most important discussions of institutionalization, and it should be extended over a period of time in case a family member is to be chosen and educated for this role. Showing the young family members the way business works and personal satisfaction in it will awaken interest in the business in the next generation. There are companies like LEGO that managed to achieve great success internationally with three generations of family managers. Still, there are families who do not have the necessary talents within. In these cases, hiring an external manager who qualifies for the position may be one of the best options for the continuity and the success of the business. Taking steps towards professionalization is very important at this stage. Equipping the business with people who are good in their fields is one of the most

important parts of becoming and institutionalized company. People who are adept in their areas will contribute to the company if the family allows it and finds the right mindset to take this step.

2.3 Professionalization in the family business

The fact that the companies who have such a big impact in the economy are the focus of the center is quite natural. Because family businesses hold a very important place in both the Global and Turkish economy, the survival and success of these companies are not only the concern of the owners and the family but also all the other businesses that are in contact with them. Like every fortune, the ownership of the family business is a right that is passed to the next generations, but as the business grows, it becomes more complicated to manage the whole business. And at this point, not all the families have suitable managers among themselves. Therefore, in order to be competitive in the market, companies need people who excel in what they do. The emotional links to the business might get in the way of taking this step for owner-managers. This is one of the reasons that keeping the family and the business institutions separate as much as possible is key to avoid these situations. Thus, the professionalization of the company is a big step for this. Family leaders must agree on this process.

Professionalization does not necessarily mean bringing non-family managers to the management. When we think that majority of the companies around the world are family-owned businesses, it means that they are doing many things right, and they are examples of professionalism. According to Davis, author of the three-circle model, "A company can be family-owned and managed and be professional. And a family member-employee of the family business can be a professional manager. It is important to challenge those who refer to 'family managers' of businesses and 'professional managers" of businesses because that implies that the only way to be 'professional' is to be 'non-family.' Professionalism doesn't have anything to do with family or non-family categories; it has to do with one's attitudes and behaviors." (Davis, 2019)

Davis argues that companies hire people knowing that they have strengths and weaknesses, but they are trying to find employees the best possible set of skills for the position. Thus, there should be a minimum requirement for employees to meet to qualify for the position in a company. If family members cannot qualify for these requirements, then non-family members can be searched for the appropriate position in the company. Nevertheless, companies should not make the mistake of assuming that the only way to professionalize the family business is to get rid of the family members and hire non-

family employees. Even though it might be an option for later, it should not be implemented as a first step of professionalization.

Harmony of the traits and capabilities of the managers from different backgrounds can contribute to a very well-developed and balanced decision-making process and competitive advantage can be achieved through hiring non-family members by obtaining quality personnel with knowledge and experience (Castanias and Helfat, 2001). In particular, usually, family businesses require a CFO because the necessary skill set for creating a financial route for the business does not usually exist within the family members. And external non-family CFOs come not only with their experience but also their network. A family business that hires non-family CFOs is usually associated with a financial plan and different bank relationships (Lutz, Schraml & Achleitner, 2010). With the right mindset of the owner-manager, the idea of keeping the business and the family separate brings many benefits to the business through the hiring professionals.

One of the obstacles of hiring an external manager for the family business is the emotional links to the business. It is most often difficult to hand over the business management to an outer member for business owners. In the professionalization and hiring of external non-family members process, one of the most significant risks is the family itself. (EY, External Managers in Family Business, 2016) Due to the emotional ties with the business, family members can affect or involve the decisions they are not authorized to, disagreements within the family may damage the business and prevent the managers from doing their job.

According to the Turkey Association of Institutional Management, professional management is in the first place in the families' future agenda (TKYD, 2017). Family companies' future plans include professional management (52%), succession (37%), merger-division (21%), technological transformation (37%), capital empowerment (43%), respectively, as can be seen in the below table.

Figure 11 – Future plans
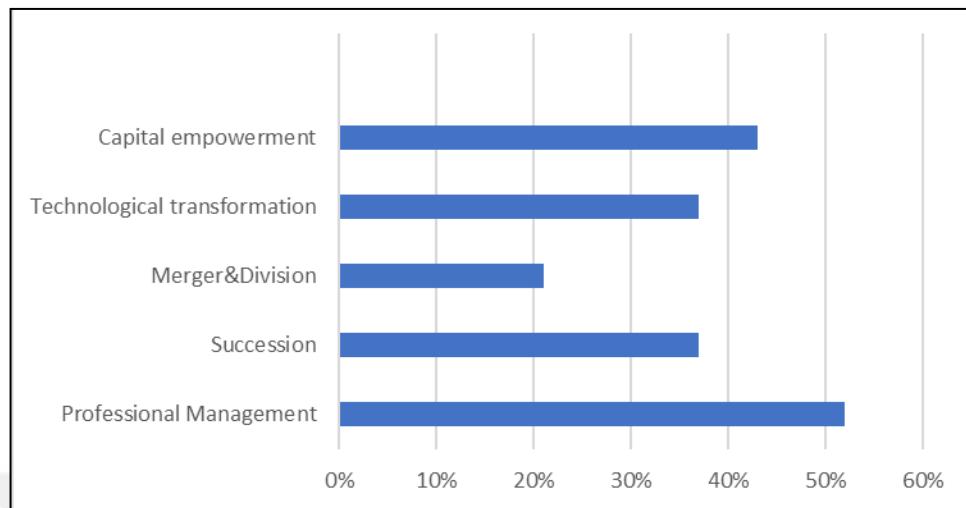
As the size of the family business increases, the ownership matter gets more complicated with the external manager involved. In order to balance this need for governance on the family side, there are several solutions. Most of the companies have agreements or articles of association to identify the concerns and needs of the family. These can involve family values and how they can take part in the business. There can also be committees with the top management to share information so that the family can be updated on the business, future plans, and projects.

According to Davis, there are six pillars of professionalism (Davis, 2019):

- Attract, develop and retain great family and non-family talent

- Ensure that the organization can always make timely big decisions

- Strengthen family discipline and commitment toward the business

- Respect the management hierarchy and empower employees to make decisions

- Create systems to ensure consistently high performance and fairness

- Guard your core values like a hawk

Attract, develop and retain great family and non-family talent: In business, talents hold great importance in the competition and families should be aware of their resources.

If there is a member in the family with the leadership abilities such as good values and ability to keep shareholders, employees, key customers, suppliers and others loyal to the business, it may be the best option for the business. The more the business grows, the more complicated it gets and external managers are needed for the family. Because the family simply does not have the means to provide a manager who has all the necessary skills as the business grows bigger and complicated. The family should be aware of its resources and look for external managers if necessary. If the family wants to make the business attractive for external managers, it should vacate some top management roles for non-family members. The safest option for the family to maintain their ownership and leadership is to try to raise several family members to be successful managers from a young age so that they can be familiar with the business and see what is interesting for them in the business.

Ensure that the organization can always make timely big decisions: Businesses that cannot make timely decisions regarding organization changes, hiring key people, capital expenditure will most probably be condemned to fail. When family companies cannot make a decision when they need to because the top management is in an impasse, it is always better to have some other decision-making processes to rekindle the decision process such as boards of advisors or director with external members so that they can pinpoint the issue that must be addressed from another perspective.

Strengthen family discipline and commitment toward the business: In family businesses, family discipline and dialogue are important to approach business in a more responsible way. When there is enough dialogue in the family to address the business concerns, the chances of success and survivability of the company increases. There are many things that can distract the family from the business, such as competition for status, power, control, and love. These can hinder the needed discipline to be established in a family. Family and the business should be handled separately to avoid any damage to the business as much as possible. Families should manage their own politics so that the managers can focus on the business goals.

There are a few methods suggested by Davis to ensure discipline and dialogue:

- Developing rules and plans for family involvement as employees and owners in the business

- Appraising family employees, so they receive important feedback, encouragement and rewarding them for the contributions

- Building a strong board and forums for management, owner and family discussions that identify their goals and remind members of three groups (family, business, ownership) of their responsibilities to the business

Developing rules and plans is very important to draw a line between the groups so that they do not overlap more than they are supposed to and create a conflict. Listening to the three group of the family business and hearing their concerns and problem will make each group feel respected.

Respect the management hierarchy and empower employees to make decisions: Originating from the very nature of the family businesses today, family members in the business have special relations, and they can use it to access some company information and join business discussions. If the hierarchy of the family business is respected and the decision making of the top management is not hindered, this is not a serious problem. To empower non-family employees to make decision, there must be trust between the members. Unless families trust non-family members, they cannot make big decisions for the business. They should promote success and correct the mistake to learn from them; that is how these necessary decision-making skills are learned. Obstruction of decision-making in the top management slows down the flow of business negatively affects the business. This kind of distrust at the base of this process can end a business.

Create systems to ensure consistently high performance and fairness: In the first stages, family businesses lack a systematic structure. The founder is extremely precautionary about taking opportunities and setting a course for the business. Usually, the founder does not make much effort to develop a systematic approach for company practices. When the business starts growing, the need for a system becomes more evident. The system is placed in the base of professionalism. It is all about setting distinct lines standardizing the processes for the operations.

Guard your core values like a hawk: Ethical side of the business is as much important as the performance of the company. In order to create standards for some basic attitudes such as honesty, respect and fairness, the managers should spearhead this process and maintain a business culture within the company. Family members should be educated about family values and sustaining them in the business. Many companies overlook this critical factor, but this is particularly important for professionalization and business success.

Professionalization is a very crucial part of institutionalization and keeping the family and business separate from each other. For this, the family should take a big step in opening its business to non-family members. There are emotional ties that hold family members back in this matter, but a growing business requires more resources and a family's resources are not necessarily inadequate, limited at this point. All family members should agree on it, and they should work on attracting qualified professionals by promoting their professional working environment and addressing their concerns, as mentioned in the three-circle model by Davis. They should be comfortable about the position, authority, and decision-making powers. They should have an environment in which they can operate and reach their goals. They should have the trust of the family on big decisions and feel in control of their job. The family should structure family and the business in such a professional way that two separate institutions will not hinder the functioning of one another. The hierarchy in the family and the business should be separately maintained professionally by each member. Such an environment can only be established by tending concerns and caring for the goals of every group. So that there is no opportunity for a conflict to arise that could jeopardize the situation. In the meantime, the values of the business should be protected and promoted among the employees as the pillar of the business. Keeping the two institutions as separate entities will minimize the overlapping of the problems of the two institutions and create an environment safe from conflicts, helping the business thrive in their own environment.

CHAPTER III

3.1 Method and research questions

This chapter will cover the method of the thesis and research questions, the importance of the research, and the key findings as a result of the answers gathered through the questionnaire. This research was going to be conducted with a face-to-face method with the companies in Turkey, but due to the coronavirus emergency and the restrictions that came with, it made this face-to-face interview near impossible. Instead of a face-to-face interview for this research, one of the computer-assisted interview research methods, Computer Assisted Web Interview (CAWI), among CATI, CAWI, and CAPI, is implemented. The qualitative method is adopted as the main method in the research.

As to the method that is used in this thesis, CAWI methodology is a data collection methodology that is based on the compilation of a questionnaire via the web provided through a link, a panel, or a website. It is considered the most economical way to carry out surveys on generic populations. It does not entail any operator costs. For this reason, online surveys, also called online questionnaires, have become one of the most popular methods of conducting surveys and collecting information.

There are two types of questionnaires prepared for each family business. One of the questionnaires is prepared for only family member business owners and the second one is prepared for the employees working in the family business, family or non-family member. In the questionnaire for the family member business owners, there are sixteen open questions and nine multiple selection questions directed to the respondent.

In the other questionnaire, which will be directed to the employees of the companies the owners of which were interviewed, there are fourteen multiple-choice questions. Questions were arranged with a Likert Scale where the respondent has five options scaling as strongly disagree, disagree, undecided, agree, strongly agree. This provides an insight into how much the respondent agrees or disagrees with the given statement or question (McLeod, 2008).

To lift off some of the social or work environment pressure, the questionnaire is arranged to be submitted anonymously. Respondents are only requested to state the company they work for so that their opinions on the company can be seen in accordance with the level of the professionalization and institutionalization of the company. However, as it is one of the

most important problems in the other research methods, the answers depend on the desirability of the respondent to answer the questions truthfully.

This research will aim to answer the following questions:

From the point of family business owners

- How do family business owners define the family business?

- How do family business owners define success for the family business?

- How do family business owners define institutionalization?

- What are the strength and weaknesses of family businesses?

- How do institutionalization and professionalization affect the success of the family business in terms of numbers of generations the family business was transferred to?

- Is managing the family and the business separately from each other the best way of managing these two institutions?

- Is the level of institutionalization and professionalization affect the family and business life overlapping?

From the perspective of employees

- What are the main concerns regarding working in a family business?

- Are employees treated the same along with family members?

- How does the institutionalization and professionalization level of the company affect the work experience and motivation of the employees?

According to the questions that are presented above, the following thesis can be debated in the discussions;

- Managing family and the business as two separate institutions is the most preferred, implemented, successful way of managing family businesses

- Institutionalization and professionalization levels are directly related to the survivability of the companies into the next generations.

- The measure of success for the family business is the number of generations the business is transferred to.

3.2 Key findings

There are twenty-four questions in total in the questionnaire for the family business owners and there are eleven respondents for ten different companies and thirty-four employee respondents from these family businesses who submitted the questionnaire, overall forty-five respondents together with owners and employees.

These ten companies will be given names such as "Company X" with X indicating a number.

Family business, owner responds

Question 1

Which generation is running the family business currently?

Results

Figure 11 – Companies and their generations
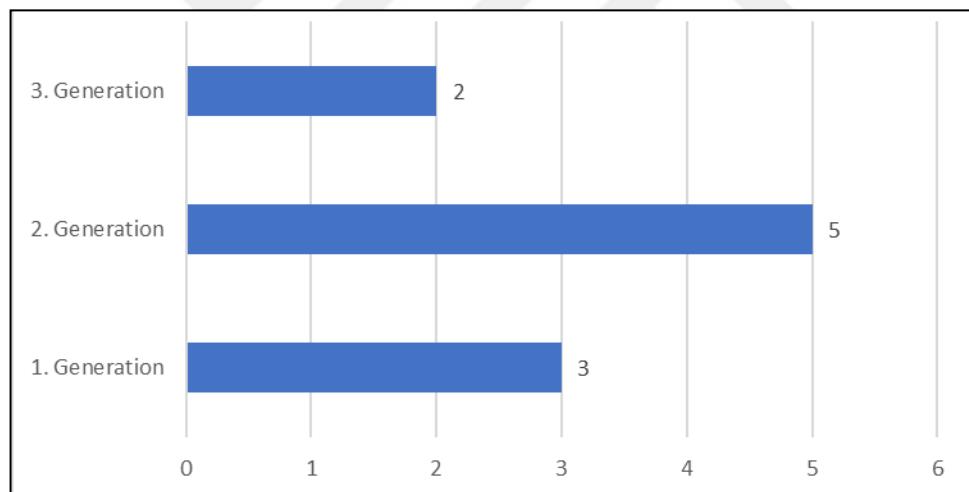
Source: Own work

Out of 10 companies that took part in the interview, 3 of them are still run by the 1. generation; 5 of them are run by 2. generation; 2 of them are run by 3. generation.

The companies and the generations which they are run by can be seen in the below table:

Table 7 – Companies and their generation individually.

Company	Generation
Company 1	2
Company 2	1
Company 3	1
Company 4	2
Company 5	1
Company 6	3
Company 7	2
Company 8	3
Company 9	2
Company 10	2

Source: Own work

51

Question 2

How would you define family business?

Results:

Figure 13 – Answers of family business owners and generation of management
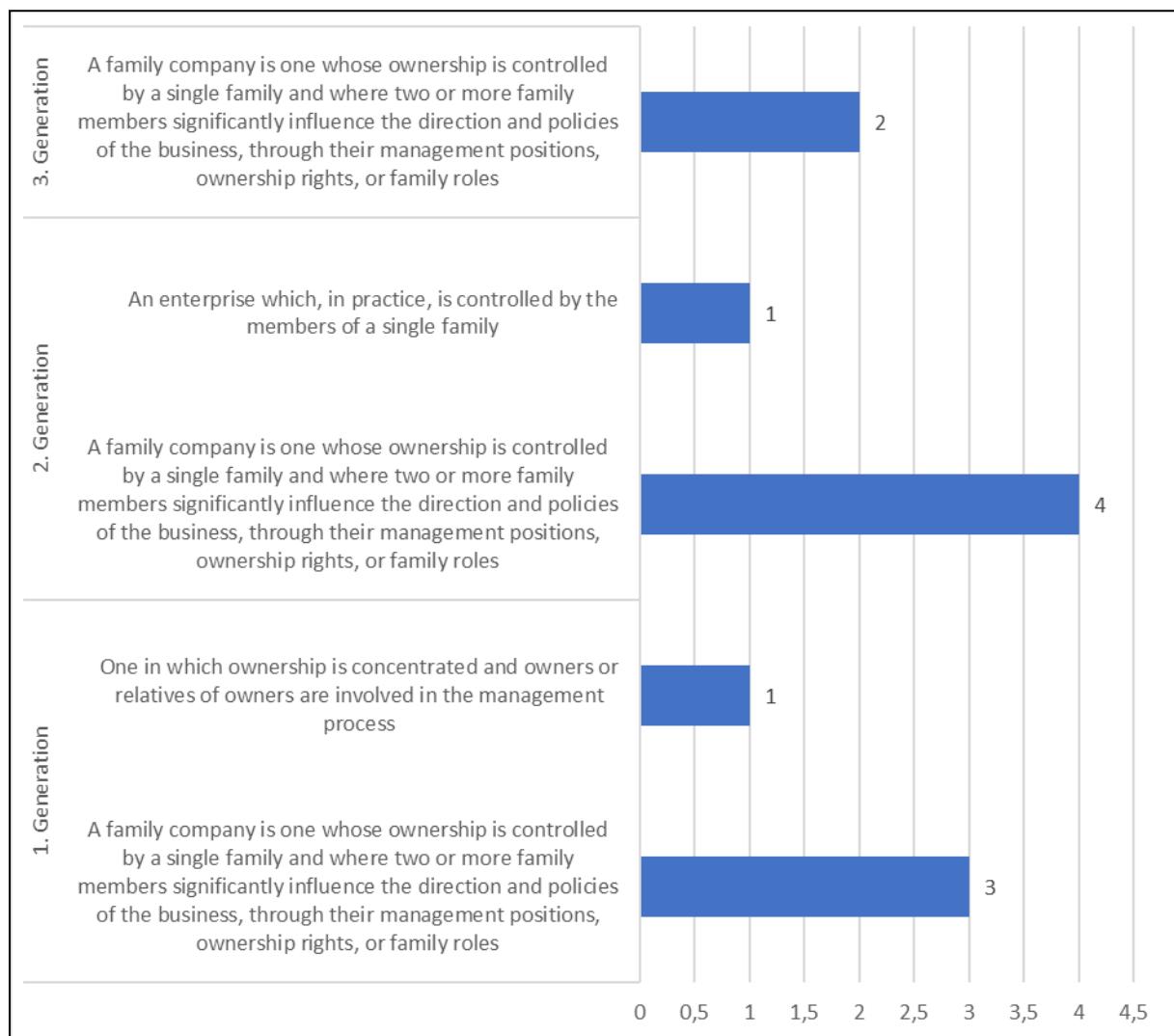
Of all the respondents, nine family business owners have chosen Davis's family business definition. They are aware that the family business is a business managed by family members and in which the influence of the members is effective on company policies. This definition also shows that the families understand the there are other factors in play affecting the course of business, such as family roles, management positions and ownership rights. It

can be understood that the owners are aware that there are different groups of people with different goals and concerns.

Question 3

How would you define success for the family business?

Resılts:

Figure 14 – How would you define success for family business?
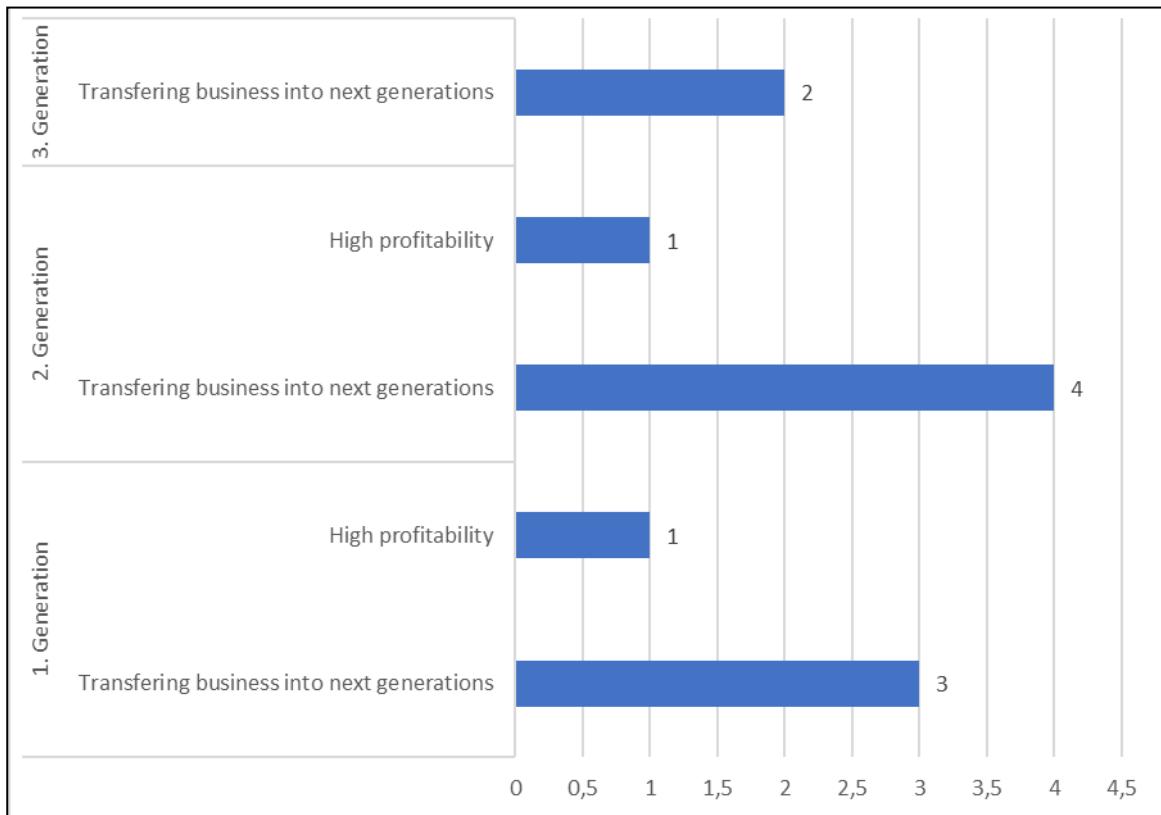
Since family businesses are future-oriented, what they really focus on is the ability to transfer the business into the next generation. Regardless of which generations runs the family business, most of the family businesses are founded with the purpose of transferring the business into their children. This motivation is something that normal companies lack, and its drive is stronger.

Question 4

How would you define institutionalization?

Results:

Figure 15 – How would you define institutionalization?
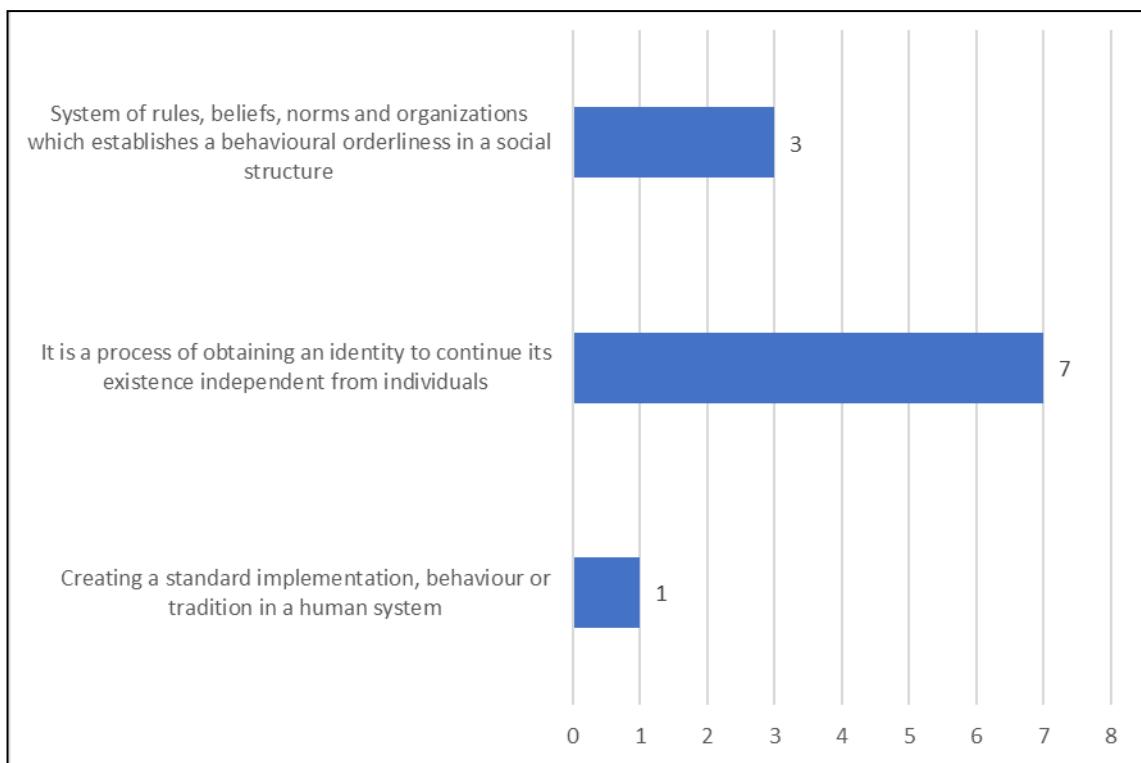
Seven out of ten family business owners define institutionalization with Karpuzoğlu's "A process of obtaining an identity to continue its existence independent from individuals" definition. According to this definition, the owners understand that the business itself should be a separate institution free of human conflicts and should have its own structure. It can be said that institutionalization, with this definition, defends that family and business should be managed separately, and the business owners agree.

Question 5

What are the most important strengths of family business?

Results:

Figure 16 – Strengths of family business
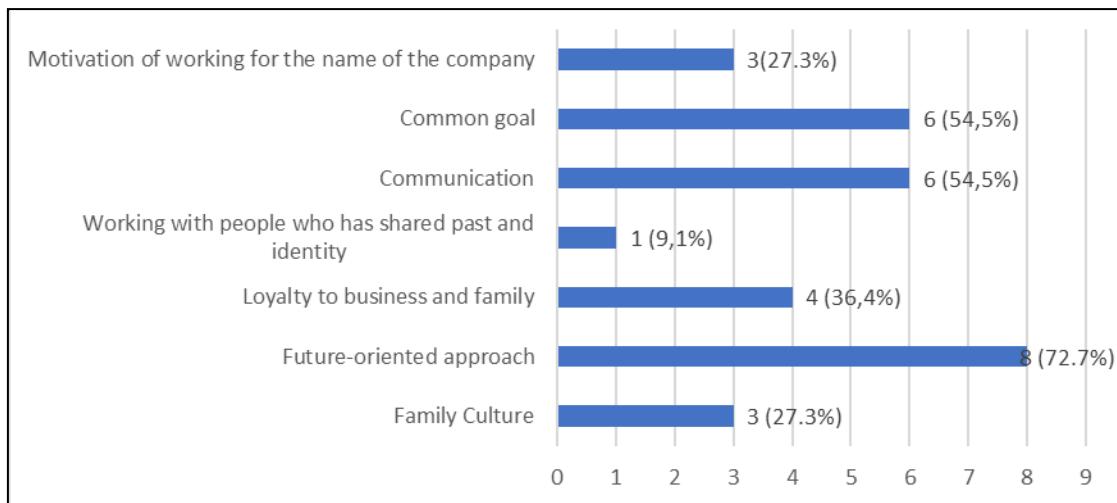
Source: Own work

As stated in Chapter II, those above are the strengths of the family businesses. According to the results received from the business owners, the most important three strengths of family businesses are the Future-oriented approach, Communication and Common goal. I think the future-oriented approach is one of the most important drives for business owners to take some steps to make the life of the company longer so that one can transfer business to his/her family. Hence, institutionalization is important for this cause.

Common goal and communication are crucial to uniting the members under a roof and towards one direction. Because of the particular bond between the family members, the common goal is relatively easier to set and seen as a strength. Communication also has a unique form in the family business; they know whom to contact and how to approach a particular person to solve a problem.

Question 6

Which of the below would you define as weaknesses of family business?

### Results:

Figure 17- Weaknesses of family business

Unprofessional environment — 1 (9.1%)
Informality — 1 (9.1%)
Overlapping family and business lives — 7 (63.6%)
Work-life balance — 4 (36.4%)
Informal relationships between the members at work — 2 (18.2%) 2
Shortage of qualified employees — 0
Sibling rivalry — 2 (18.2%) 2
Bringing family issues into business — 8 (72.7%)
Nepotism — 2 (18.2%) 2
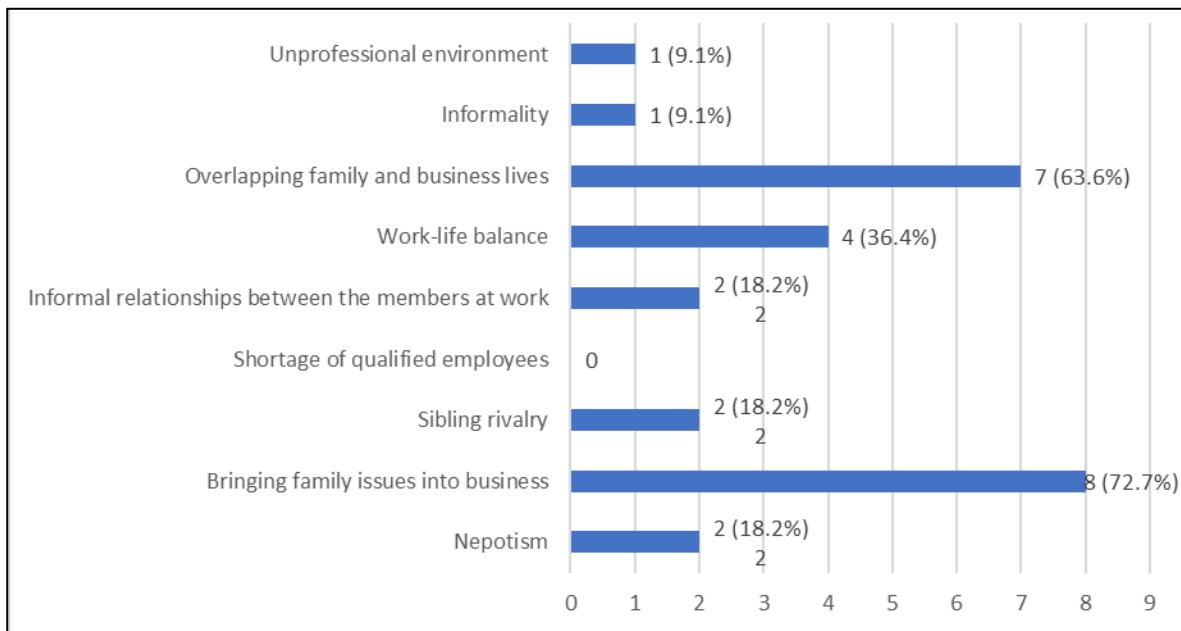
Source: Own work

Respondents are asked what three most important weaknesses of family businesses are and the most common answers were bringing family issues into business, overlapping of family and business life and work-life balance. It can be said, from the perspective of the family business owners, the hardest thing is to draw a strict line between business and family/private life, which would actually compromise the peace and professionalism in the workplace.

Question 7

What are the most important conflicts arising from the interaction of family and business?

Results:

Figure 18 – Conflicts arising from the interaction of family and business
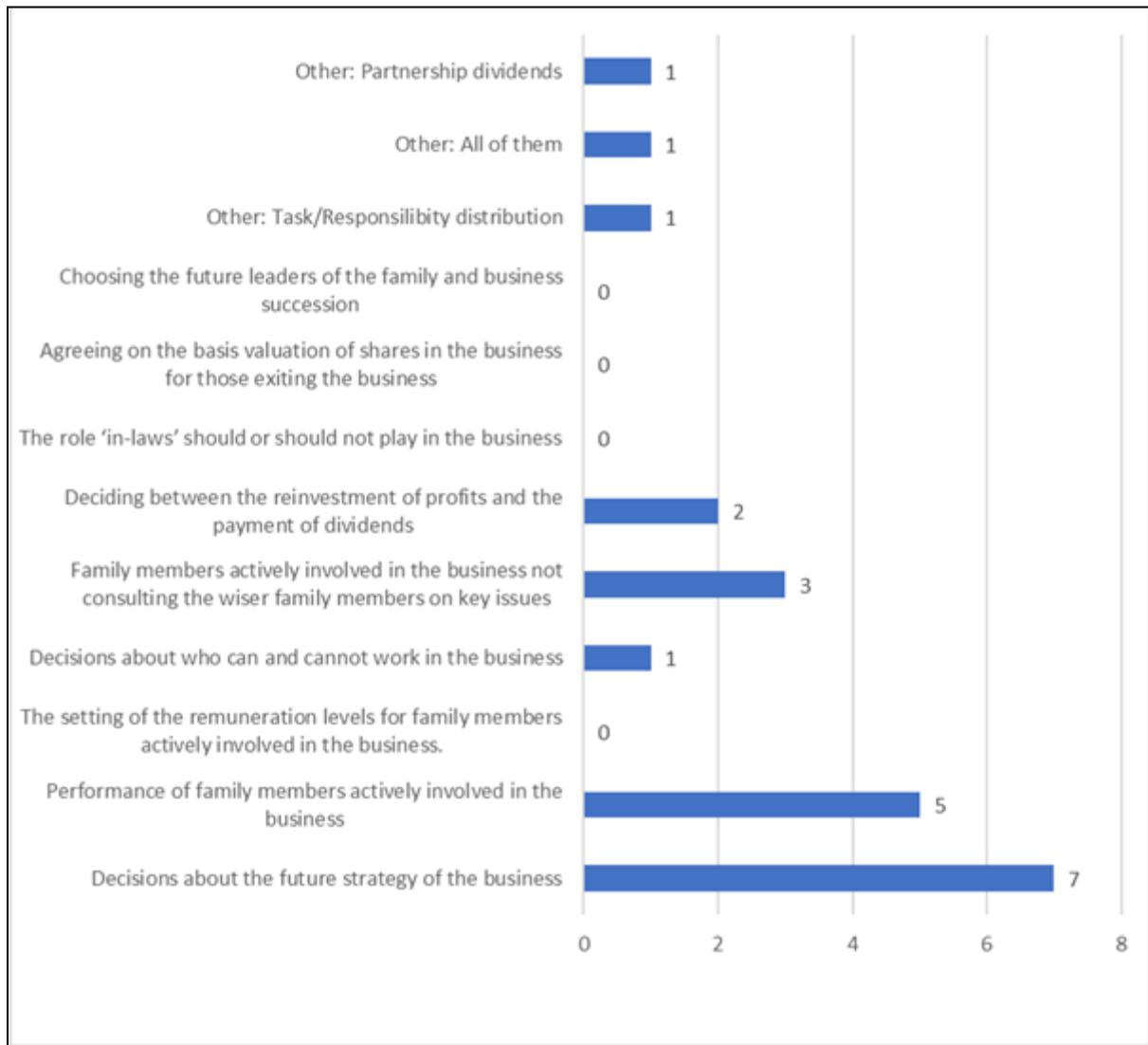
Respondents were asked which conflicts arising from the interaction of family and business are most important. It is shown in the above chart that the three most common answers are decisions about the future strategy, performance of family members involved in the business, and family members not consulting wiser family members on key issues.

57

Two companies which are run by first- generation, three companies which are run by the second generation and two companies which are run by the third generation, answered that decisions about the future strategy would cause conflict. Even though some companies were successfully transferred into the next second and third generations, they are having these problems. It shows that they have not taken steps to strengthen the hierarchy within the organization.

Question 8

How do you manage family and business?

Results:

Figure 19 – Management of family and business
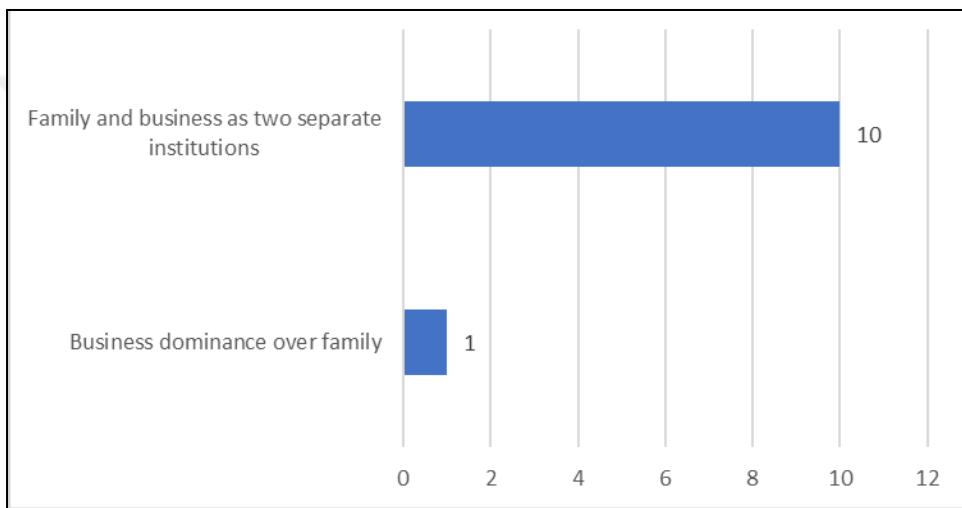
Source: Own work

Respondents were asked how they manage their family and business. They have four options

- Business and the family as a single system

- Family dominance over the business

- Business dominance over family

- Family and business as two separate institutions

Ten out of eleven respondents have stated that they are managing their family and business as two separate institutions, but one respondent, Company 9, answered that he adopted a system in which the business is more dominant. A remarkable amount of business owners chooses to manage their business and family separate from each other.

Question 10

According to the answer you have given to the question above, how did it affect your business and family life?

Results:

The companies who have adopted the "family and business as two separate institutions" have answered that the effect was positive and result-oriented, stating that family and the business should not overlap each other.

Company 4 owner, which is ruled by the second generation, has stated that the important thing here is to maintain the distance between the two institutions. Neither should be brought close to the other one. The business should be handled on an institutional level, and it has no negative effect on the business.

Company 6 owner, which is ruled by the third generation, has stated that even though it is a family business, for the continuity of the professional and institutional business life, not reflecting the family life and its problems to the business has always been the golden rule to protect the family business.

Company 7 owner, which is ruled by the second generation, has stated that he does not mix his family and his business. The way he handles is, he does not speak of family matters at work and vice versa.

Company 9 owner, which is run by the second generation, has stated that in today's world, the notion of family, unfortunately, fell behind the business because of the system we live in. Company 9 owner also had stated that he adopted a business model in which business was more dominant than the family. Company 9 is the only respondent that stood out in this particular question.

Question 11

How do you manage the conflicts in the business between family members, non-family members and owners? Do you have a solution mechanism?

Results:

Company 1, which is run by the second generation, has stated when they have a conflict, they have a discussion session to come up with a solution between the parties.

Company 2, which is run by the first generation, has stated that they have authoritative rules regarding the solution of the conflicts.

Company 3, which is run by first generation, has stated that they are taking past experience and cases as a base in solving conflicts, and they pay attention to the requirements of today. So, they have been using their past experiences to solve a problem and also consider what the current situation requires, and they take action accordingly.

Company 4, which is run by the second generation, has answered that the authorities of the employees are identified, and the conflicts are resolved, predicating on the authority and hierarchy.

Company 5, which is run by the first generation, has answered that each family and non-family employees have their job definitions and, parallel to that, the scope of authority. When there is a conflict, the authorities of the person and its limits are taken as a base.

Company 6, which is run by the third generation, stated that he, as a second generation manager, takes the matter in hand with tolerance while solving it with his third generation partner, and they always try to find common ground in their solution. So, they are negotiating to find a way in between so that both parties are content with the results equally. While doing this, they always prioritize the experience of the expert people in the field. Otherwise, everybody will have to accept responsibility for their own actions.

Company 7, which is run by the second generation, answered that they pay attention not to mix family and business relations together. The moment they step in the workplace, they decide with the awareness of being business partners and act accordingly.

Company 8, which is run by the third generation, answered that through institutionalization, everyone is treated the same and just.

Company 9, which is run by the second generation, has stated that being the owner of a company and managing it is done through protecting your own benefits. The line between conflicts and the company benefits is thin, and the benefits of the company come first.

Company 10, which is run by the second generation, has stated that the solution mechanism is democracy.

Question 12

How do you address different concerns of family and non-family employees?

Results:

Company 1 has stated that they choose to talk and communicate with their members to address their concerns.

Company 2 has stated that the task division is very important, and everybody has their own tasks identified. It looks like more of a preventive approach.

Company 3 also has a preventive approach. They answered that tasks and responsibilities are identified for each person, and if each of them fulfills these duties, there should not be any concerns. We can understand the company is not prepared for the scenario.

Company 4 has answered that they remind their employees of the understanding of professionalism.

Company 5 approached this question from an institutionalization perspective. They stated that if a company creates a sense of belonging in a company, these kinds of problems do not occur in the workplace.

Company 6 answered that they address these concerns of the employees by having frequent meetings, establishing a flow of information, and giving them the opportunity to speak their minds.

Company 7 approached this from an emphatic perspective, and the owner stated that the employees in the workplace are also his family. He listens to his family's concerns and tries to help as best as he can. He always keeps in mind that his employees are also humans and they also have families. Empathy is the best solution here.

Company 8 has answered that they exchange ideas with their employees to be updated with their concerns and worries.

Company 9 has answered that they listen to the concerns of the employees, and with the experience that the years have bestowed on them, they weigh the situation and help with their concerns.

Company 10 has again answered that they are approaching this issue with democracy.

Question 13

Which of the below steps did you take to institutionalize your company?

Results:

Figure 20 – Institutionalization steps taken by the companies
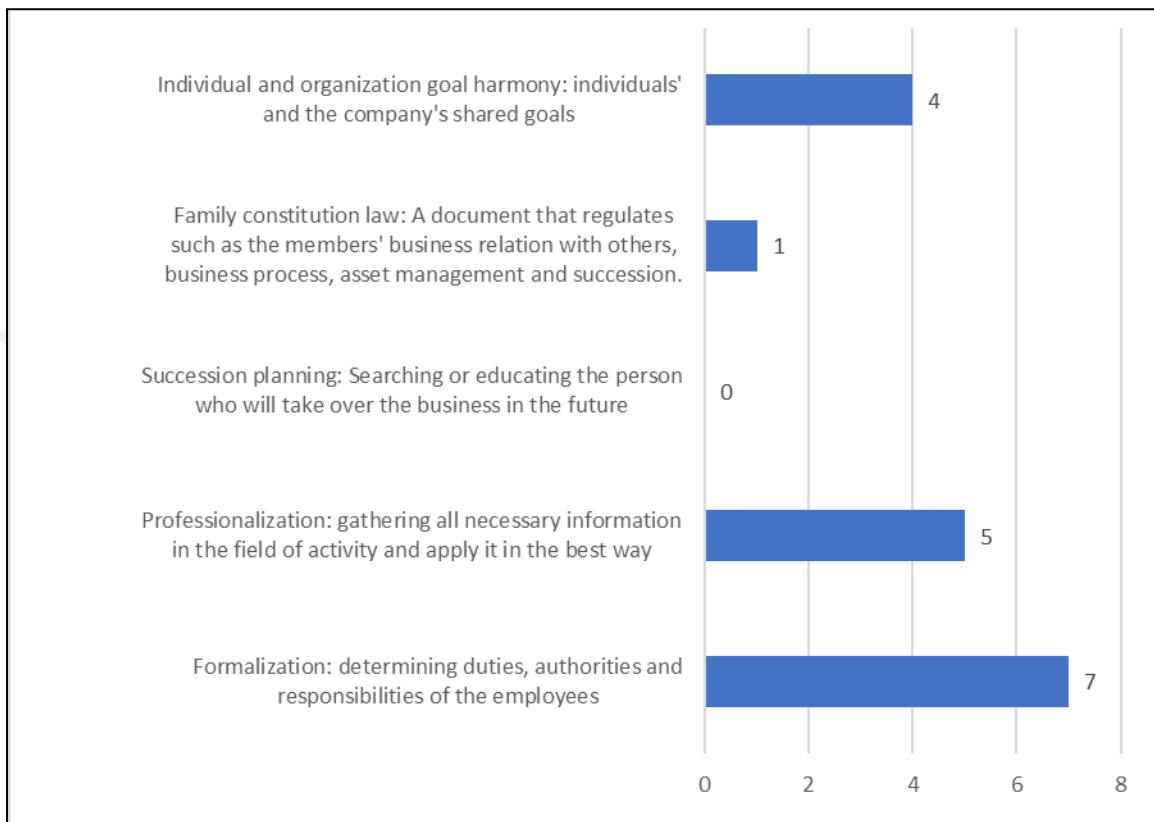
Source: Own work

Company 1: Individual and organization goal harmony

Company 2: Formalization

Company 3: Formalization

Company 4: Individual and organization goal harmony

Company 5: Formalization, Family constitution law

Company 6: Formalization, Professionalization, Individual and organization goal harmony

Company 7: Formalization, Professionalization, Individual and organization goal harmony

Company 8: Formalization

Company 9: Professionalization

Company 10: Professionalization

Question 14

According to your answer to the above question, how did it affect your company?

Results:

Company 1 answered that the steps taken by them had brought continuity to their business.

Company 2 answered that they were better able to distribute the tasks among the employees.

Company 3 answered that when the employees started to do their work according to their job descriptions, it affected the work positively, decreasing the conflicts.

Company 4 answered that their steps for institutionalization had increased the motivation to work for the goals.

Company 5 answered that the company obtained an institutional structure, and even when some of the family members were outside the company for some reason in certain times, the operations continued, and there was no problem.

Company 6 has answered that the steps taken by the company have increased the reputation of the company in the local area and its trustworthiness by making it more professional for people.

Company 7 has answered that they have a very positive return from formalization and professionalization for their companies.

Company 8 has answered that they had a positive return from the formalization process of the business.

Company 9 has stated that the commerce in Turkey is a very difficult institution, in order to survive in the business, institutionalization is a must.

Company 10 has answered that the steps that they have taken have brought back profitability to that company.

Question 15

Have you ever treated an employee differently because she/he is a family member? If yes, can you please provide an example?

Results:

Companies stated that they had not treated their employees differently depending on their relations with the family. Company 10 has stated that they always remind their employees that employees always come first.

Question 16

Are the authority and responsibility of employees in the company clearly identified and communicated?

Results:

Table 8 – Authority and responsibility communication

Company 1: Everybody is told about their responsibilities, and they know them.
Company 2: Duties and responsibilities are distributed as management, accounting, and technical personnel.
Company 3: Yes, work distribution is done. Everybody should know what they need to do in accordance with their job description.
Company 4: Yes, employees know how to address their work and managerial needs, their responsibilities, timing and procurement of materials as well as whom to contact for these.
Company 5: Absolutely, job and task descriptions are made, and it was submitted to them. And right after, parallel to that, they were given their authorities and responsibilities.
Company 6: Since we work with qualified personnel who is capable of taking responsibility and is professional in his/her field, in terms of communicating with the non-family personnel, authorities and responsibilities are verbally identified clearly.
Company 7: Authorities and responsibilities are taught during the onboarding.
Company 8: Answered that they do not have a specific way of distributing the task and authorities.
Company 9: Answered that they also do not have a specific way of distributing tasks among the family members.
Company 10: Job description and company booklet are provided for the employees.

Source: Own work

Question 17

Did you implement a system that assesses the performance of your employees? If yes, please explain.

Results:

Table 9 – Employee performance assessment

Company 1 does not have an assessment system.
Company 2 has a premium system to assess the performance of the employees.
Company 3 is conducting the assessment at the end of the month by the sales.
Company 4 has an assessment system that controls the conclusion of the given tasks, customer satisfaction, and audits.
Company 5 has a premium system that is based on revenue.
Company 6 does not have an assessment system
Company 7 does not have an assessment system
Company 8 does not have an assessment system
Company 9 does not have an assessment system
Company 10 answered that they have been observing and following their employees and results and actions.

Source: Own work

Half of the companies do not have an employee assessment system. Interestingly, all of the companies which are run by the first generation, Company 2, 3 and 5, have a system that assesses the performance of the employees.

From the companies which are run by the second generation, only Company 4 and 10 have an assessment system, while Company 6 and 8, which are run by the third generation do not have an assessment system.

Question 18

Are new employees for company positions chosen by their skillset and experiences? (family or non-family)

Results:

Table 10 – Recruitment criteria

Company 1: They are chosen by their experience and skillset.
Company 2: We raise and train our employees starting from young ages.
Company 3: They are chosen according to experience.
Company 4: Yes, they are chosen by their experience and skillset.
Company 5: They are chosen by their experiences and qualifications.
Company 6: They are chosen by their experiences and skillset.
Company 7: We have not checked the experience of our family member employees. But we control the experience of the non-family employees we have.
Company 8: Yes, they are chosen by their experiences and skillset.
Company 9: We give importance to the talents of the employee. So, the criteria for us is talent.
Company 10: We prioritize the employees who want to work in our company for the long term.

Source: Own work

Question 19

As a part of professionalization, which of the following have you implemented?

Results:

Figure 21 – Professionalization steps taken by the company
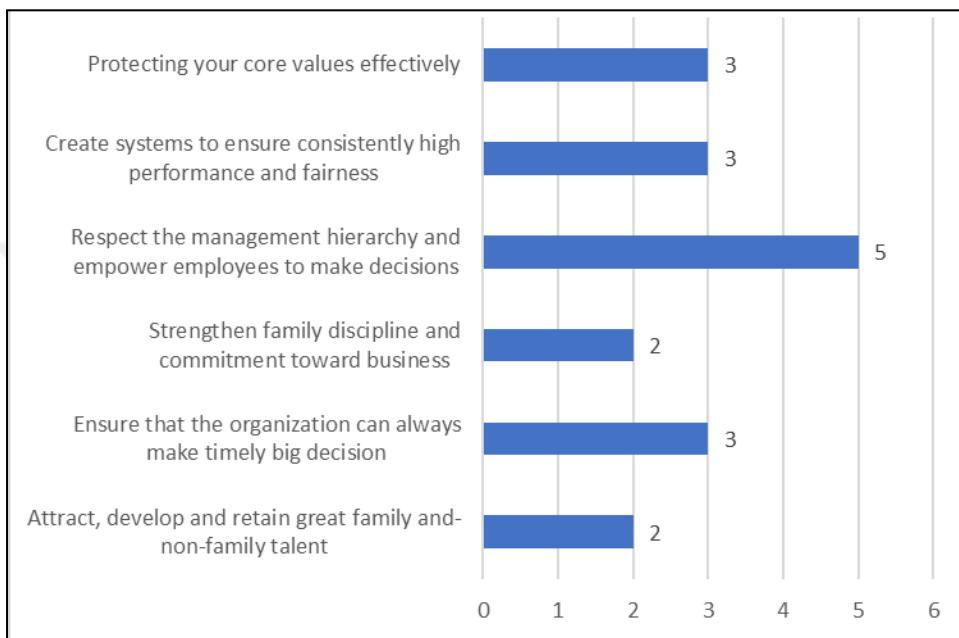
Source: Own work

Among the companies, respecting hierarchy and empowering employees is the most common and taken a step towards professionalization. The companies value the importance of authority and hierarchy, which is very important for each organ in an organization to function independently.

Table 11 – Professionalization steps by company

Company No	Answers
Company 1	Create systems to ensure consistently high performance and fairness
Company 2	Attract, develop and retain great family and- non-family talent
Company 3	Ensure that the organization can always make timely big decision, Strengthen family discipline and commitment toward business
Company 4	Respect the management hierarchy and empower employees to make decisions
Company 5	Respect the management hierarchy and empower employees to make decisions
Company 6	Respect the management hierarchy and empower employees to make decisions, Create systems to ensure consistently high performance and fairness, Protecting your core values effectively

67

Company 7	Ensure that the organization can always make timely big decision, Strengthen family discipline and commitment toward business, Respect the management hierarchy and empower employees to make decisions, Protecting your core values effectively
Company 8	Attract, develop and retain great family and- non-family talent
Company 9	Protecting your core values effectively
Company 10	Respect the management hierarchy and empower employees to make decisions

Source: Own work

Here, Company 7 and 6 are the companies which have taken most of the steps towards professionalization along with the steps taken towards institutionalization. These companies are, respectively, run by second and third generations of family.

Question 20

What is your opinion about hiring an external manager?

Results:

Table 12 – Opinions about external managers

Company No	Answers
Company 1	For professionalization, external managers should be hired.
Company 2	Professional managers should be hired when family management is solecistic and unproductive.
Company3	I am running the company for my son; I wıll train him to be one.
Company 4	It is possible. Professionalism is always an option in every aspect as a solution-oriented thinking.
Company 5	Professional managers who have experience in the family business and expertise in their field always create added value.
Company 6	I see myself adequate in this aspect.
Company 7	Absolutely negative.
Company 8	Absolutely no.
Company 9	It depends on the condition of a specific time for the company.
Company 10	Institutions should be in control of professional managers.

Source: Own work

Most of the companies think that hiring an external manager is an added value to the family company and a positive step towards professionalization. It can be said that companies on the way to institutionalization. As Davis said, professionalization does not mean hiring non-family employees. Family members can also be trained to be professional with adequate education and experience. As can be seen, Company 6 and 3 are planning to stick with the

68

family members in the management while Company 7 and 8 definitely do not think about involving and external manager into the management of the company.

Question 21

Did you have the need for a professional non-family external executive employee? If yes, how did you diagnose this need? What was its effect on the business?

Results:

Table 13 – Requirement for external managers

Company No	Answers
Company 1	Yes, we hired the one who is a professional in his field, and because of his need, our profitability has increased.
Company 2	%70 of our employees are non-family members; family members are in the management team.
Company 3	We have chosen a professional by his/her experience and knowledge in the respective area.
Company 4	We did not need it.
Company 5	We did not need it so far.
Company 6	We did not need it.
Company 7	We did not have this need so far.
Company 8	Because a hired professional did not adopt the family business as his own, his contract has been terminated.
Company 9	From time to time, we had this need. While we were changing the sector, we were in contact with professionals. It has been helpful.
Company 10	Yes, we needed professionals. We hired an operating manager.

Source: Own work

From the results, it can be seen that 60% of the companies have hired a professional either for some time or a specific occasion. Company 8 complained about the managers not giving enough to the business due to a lack of adopting the business. We have also talked before in the succession sub-chapter about the reluctance of the owners to transfer the business because this business is something that they created and raised. There is an emotional bond between the owner and the company. This case is similar to that feeling of an owner. Apart from this unfortunate incident, companies mostly benefitted from professionals.

Question 22

Do you have a succession plan and a successor candidate? (family or non-family member)

Results:

Table 14 – Succession plan and successor candidate by company

Company No	Answers
Company 1	Yes, we do. We want to transfer the business to the third generation.
Company 2	Yes, we do.
Company 3	Yes, we do. My son will succeed in leadership.
Company 4	No, we do not.
Company 5	I have alternative leader candidates for each department in the company. Therefore I have a succession plan.
Company 6	We do not have a succession plan for now.
Company 7	We do not have anything specific about this matter right now.
Company 8	Yes, we do.
Company 9	Yes, we do have a candidate. My son, whom I believe I trained well, will succeed.
Company 10	Yes, we do.

Source: Own work

Seven companies out of ten companies have stated that they have a candidate and a succession plan. This shows that the companies are aware that this process is essential to the longevity of the company and its transfer into the next generations.

Question 23

Do you think that the criteria for succession should be based on the merits of a person or family relations? Please explain why?

Results:

Table 15 – Criteria for choosing a successor

Company No	Answers
Company 1	The talents of the successor are important.
Company 2	The successor is chosen by his/her talents.

Company 3	I am planning to have my son as a successor, and I will train him as best as I can.
Company 4	It depends on the talents.
Company 5	It depends on talents and competence.
Company 6	It depends on talents because it is more important to maintain continuity.
Company 7	I think it should be based on the talents of the person, but unfortunately, my opinion is not enough.
Company 8	It should be based on the talents of the person.
Company 9	It is absolutely based on talents.
Company 10	The family manages, and the professionals operate.

Source: Own work

It can be said that all the companies which took part in the interview have agreed that the successor should be chosen based on the merits and talents of the person. Even though some companies want a family member like a son to succeed in the business, they stated that they would try to educate and train them.

Question 24

How did you choose your successor, and how did you educate him/her? (family or non-family)

Results:

Table 16 – Education of the successor

Company No	Answers
Company 1	Everybody has a different education. I chose my successor, according to his/her education level.
Company 2	I chose the successor according to his/her discipline to manage a company and his/her success in the business.
Company 3	As a successor, I chose my son.
Company 4	I have not chosen my successor yet.
Company 5	In the family we have the candidates who can maintain the continuity of the company. The education is still ongoing with trainings from outside the company and experiences being gained within the company.
Company 6	I have chosen the successor from the nuclear family members and I ensured his education and training by sending him to work for another company doing business in the same sector.
Company 7	We have not chosen anyone yet. Family members who are eager have opportunities to show themselves.

Company 8	We transfer the business from father to child.
Company 9	Since I have only one kid, I have built everything on him. He made his own decision regarding his education, and he chose the profession of his father.
Company 10	The successor is chosen according to the intrafamilial talents.

Source: Own work

Even though all companies which have chosen their successor pay attention to the education of the successor, some of them prefer the successor from the family members, and some of them are just looking for experience and education regardless of family relations. These approaches are both acceptable as per Davis's approach to hiring professionals or training professionals.

Employee responds

In total, there are 34 respondents from all the companies. These respondents were directed 14 questions.

Question 1 & 2

Which position are you working in?

Are you a family member?

Results:

Figure 22 – Employee positions and their relation to family
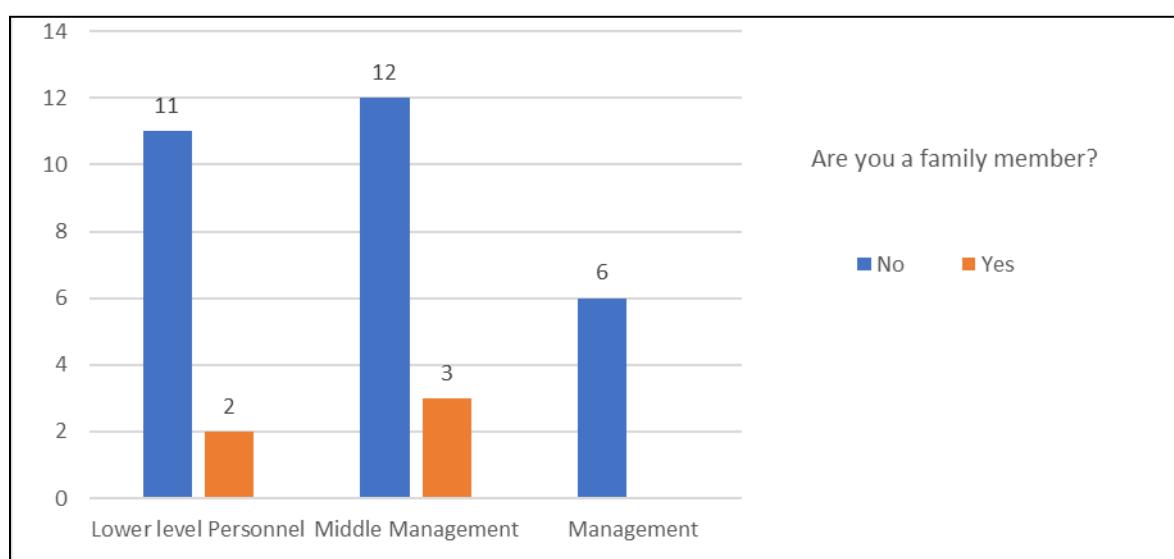
Source: Own work

Employees of the interviewed companies are mostly employed in middle management and lower level personnel. There are only five respondents who are members of the family.

Question 3

Do you own shares in the company?

Results:

None of the respondents have shares in the companies they are working.

Question 4

What are your main concerns about working in a family-owned business?

Results:

Figure 23 – Employee concerns about working in a family business
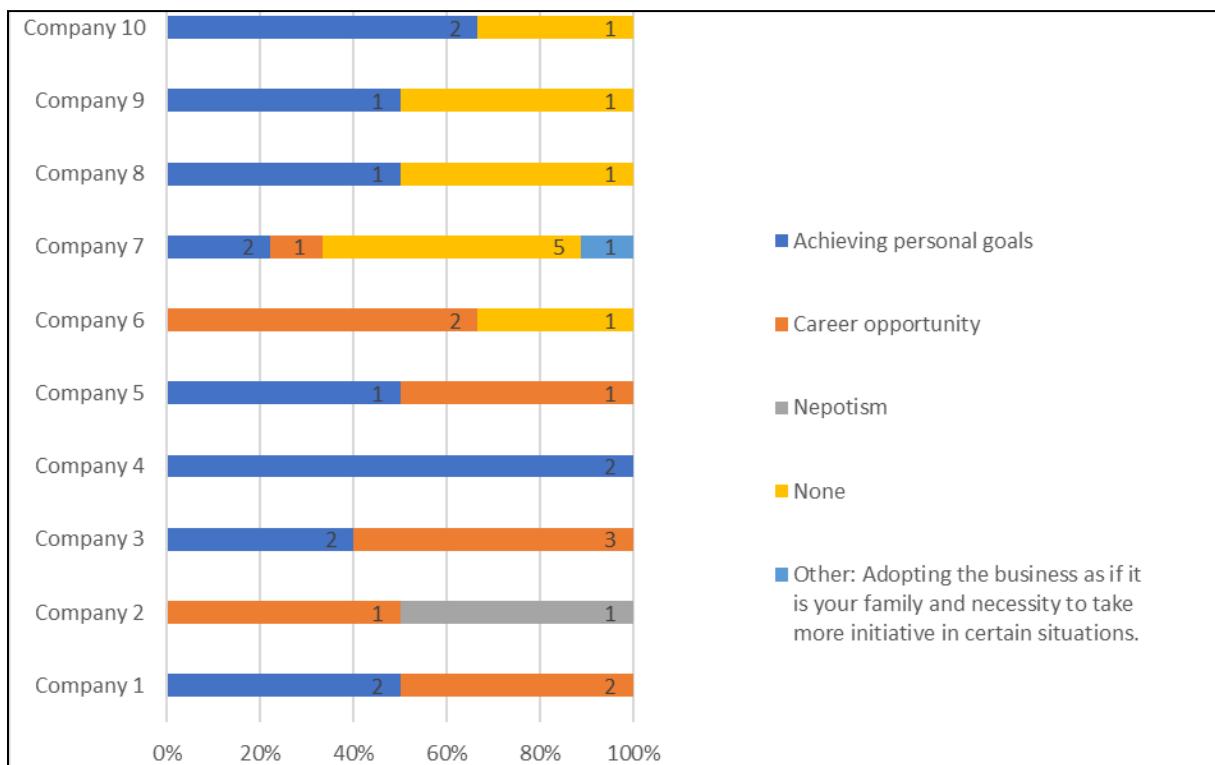
The most common answer given by the respondent is "Achieving personal goals." It is one of the common concerns which family-owned company employees have.

First generation family business employees, Company 2, 3 and 5, are mostly concerned about career opportunities in their company.

Second generation family business employees, Company 1, 4, 7, 9 and 10, are mostly concerned about achieving their own personal goals. Also, some respondents in Company 9. 10 and especially 7 do not have a concern about working in the family business.

74

Question 5

Your authority and responsibility are clearly defined by your employer.

Results:

Figure 24 – Clear definition of authority and responsibility
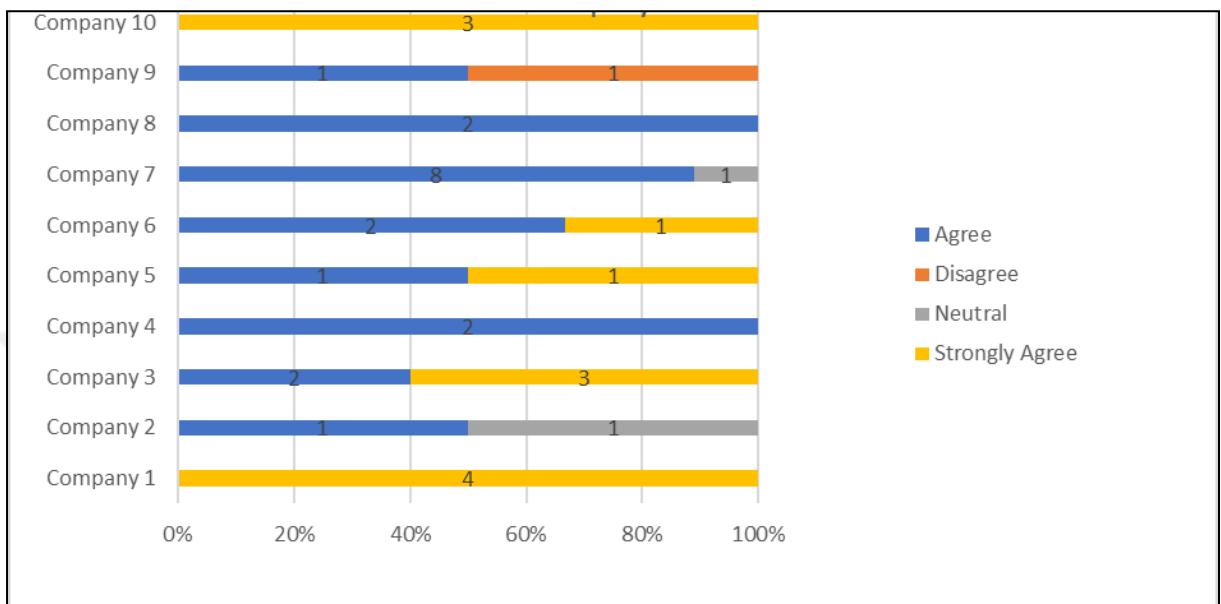
Source: Own work

Employees of Company 2, 3, and 5, which are run by first generation, mostly agree that their responsibilities were clearly defined by their employers. Only one respondent in Company 2 differs with a "Neutral" answer.

Employees of Company 1, 4, 7, 9 and 10, which are run by second generation, mostly agree that their responsibilities and authorities were clearly explained to them. A respondent from company 9 and 2 stand out in this question as they think that they are not given clear instructions as to their authority and responsibility.

Employees of Company 6 and 8, which are run by third generation, agree that they received clear instructions as to their authority and responsibility.

75

Question 6

You are justly treated among the family members.

Results:

Figure 25 – Treatment among the family members
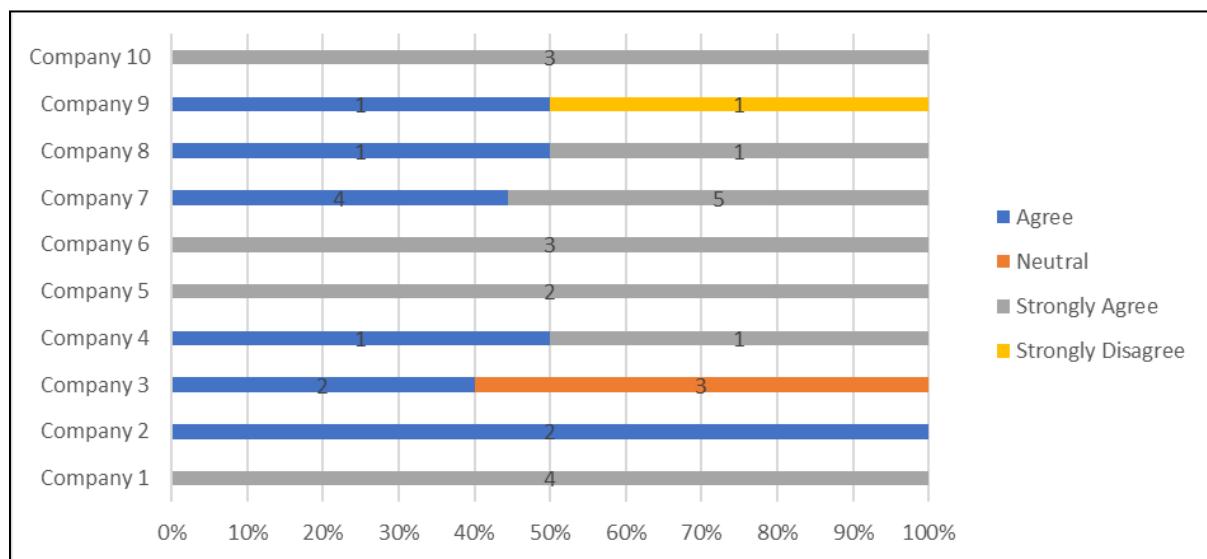
The majority of the respondents agree that they are justly treated among the other family members in the workplace.

Employees of Company 2, 3 and 5, which are run by first generation, mostly think that they are justly treated, but in Company 3, three respondents are not sure if they are justly treated or not. This number is greater than the people who think they are justly treated in this company. When analyzed from an individual perspective, Company 2 and 5 employees agree they are justly treated, but from the perspective of second generation companies, one-third of the first generation company employees are not sure if they are justly treated or not.

Employees of Company 6 and 8, which are run by third generation, strongly agree that they are justly treated among the family members.

Question 7

Have you ever been discriminated by a family member/manager because you are a non-family employee?

Results:

Figure 26 – Discrimination due to family/non-family relations
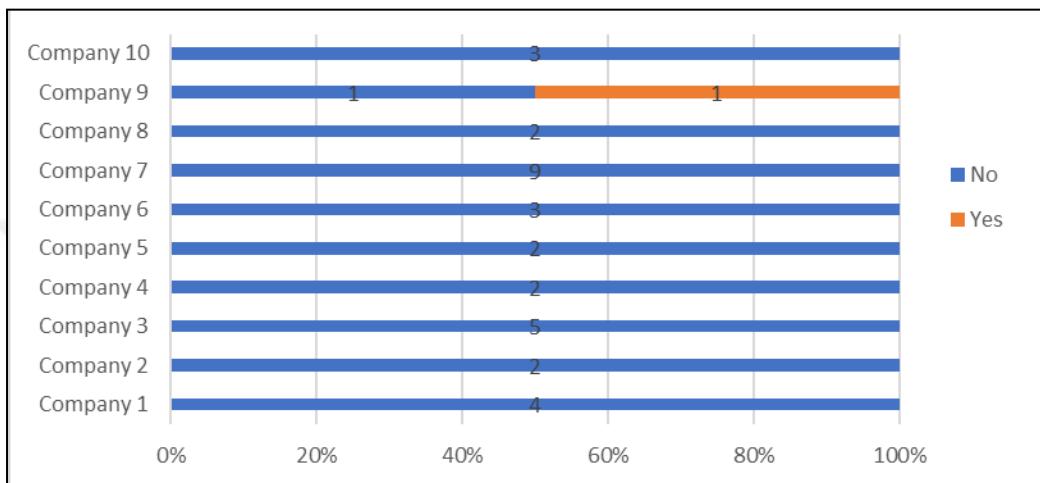
Almost every respondent from all companies answered that they had not been exposed to a discriminating behavior apart from one employee from Company 9, which is run by the second generation. This respondent is in middle management and a member of the family. Here, other complicated family relations might have involved, but it can be said that this should not happen to a family or non-family member in an institutionalized company.

Question 8

You are empowered within your authority so that you can make timely, important decisions.

Results:

Figure 27 – Empowerment of employees by the employer
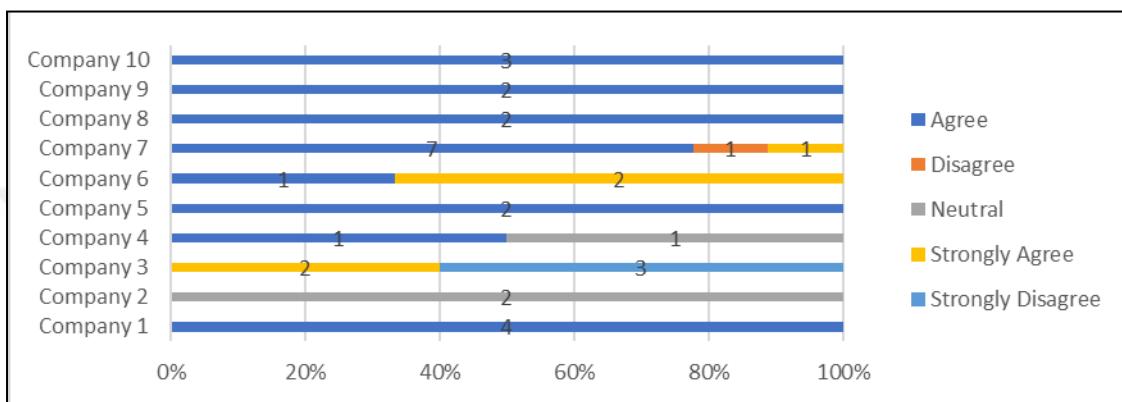
The majority of the respondents think that they are empowered to make decisions.

Employees of Company 3 and 5, which are run by the first generation, think that they are empowered to take important decisions. Company 2 employees, which is also run by first generation, are neutral about whether they can make an important decision or not.

Employees of Company 1, 4, 7, 9 and 10, which are run by second generation, mostly think that they can make important and timely decisions. There is only one respondent from Company 4, which is neutral about this statement, and this respondent is a lower-level employee. In Company 7, the only respondent who disagreed that he/she can make an important decision is in the management position in the company and this respondent is a non-family employee.

Employees of Company 6 and 8, which are run by third generation, agree that they can make important decisions.

Question 9

You have a career development opportunity in your current company.

Results:

Figure 28 – Career opportunity in the current company
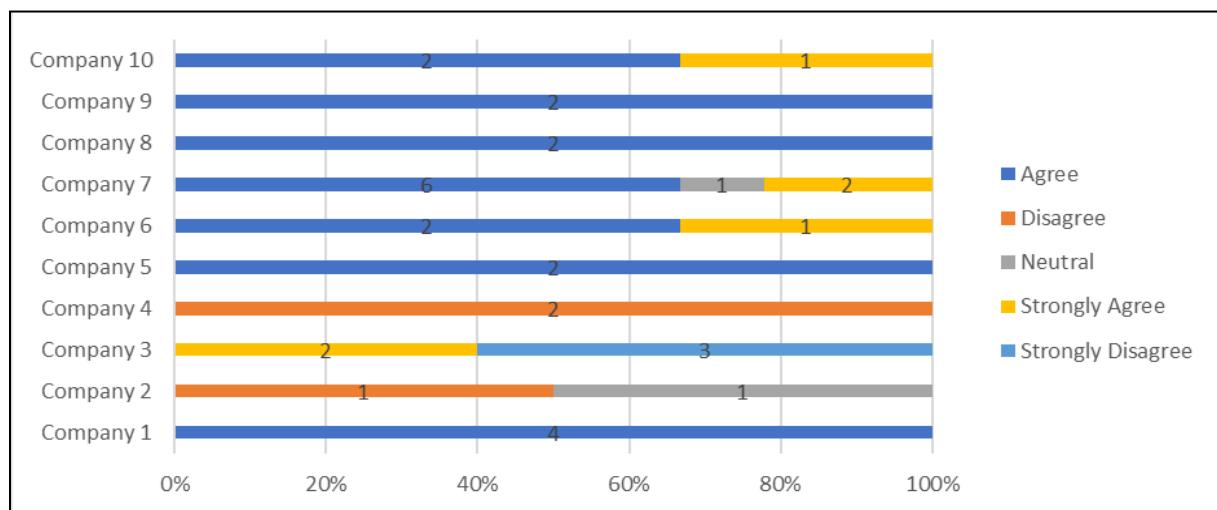
In the general look, respondents think that they have a career opportunity in their companies.

Employees of Company 2, 3 and 5, which are run by first generation, more than half of the respondents of these companies either neutral or they think that they do not have a career opportunity in their current companies. While the respondents of Company 5 think that they have career opportunities in their company, respondents of Company 2 and 3 mostly do not think that they have career options in their company, except for 2 respondents in Company 3.

Question 10

Your concerns regarding your career and personal goals are being addressed.

Results:

Figure 29 – Concerns regarding career and personal goals
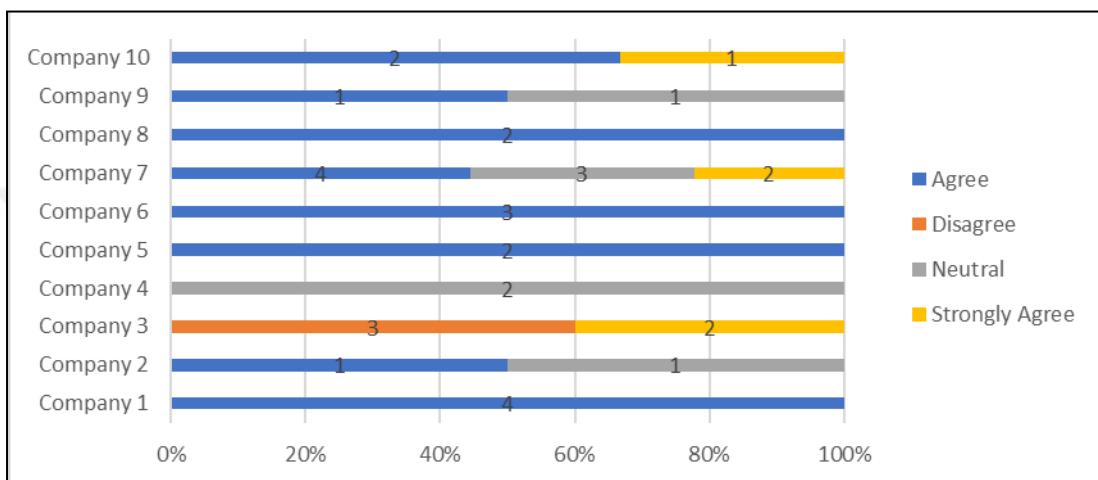
In a general sense, respondents think that their concerns regarding their personal goals and careers are being addressed by their company.

Most of the employees of Company 2, 3 and 5, which are run by first generation, agree that their concerns regarding their personal goals and careers are being addressed. Three of the employees of Company 3 think that their concerns are not addressed along with the other two respondents who think that their concerns are addressed for sure.

Employees of Company 1, 4, 7, 9 and 10, which are run by second generation, agree that their concerns are addressed by 14 respondents and 6 of the respondents are neutral about it. Company 4 stands out, with all respondents being neutral about their concerns being addressed by the company.

Employees of Company 6 and 8, which are run by third generation, think that their concerns are addressed by the employer.

Question 11

Working environment is professional.

Results:

Figure 30 – Professionality of working environment
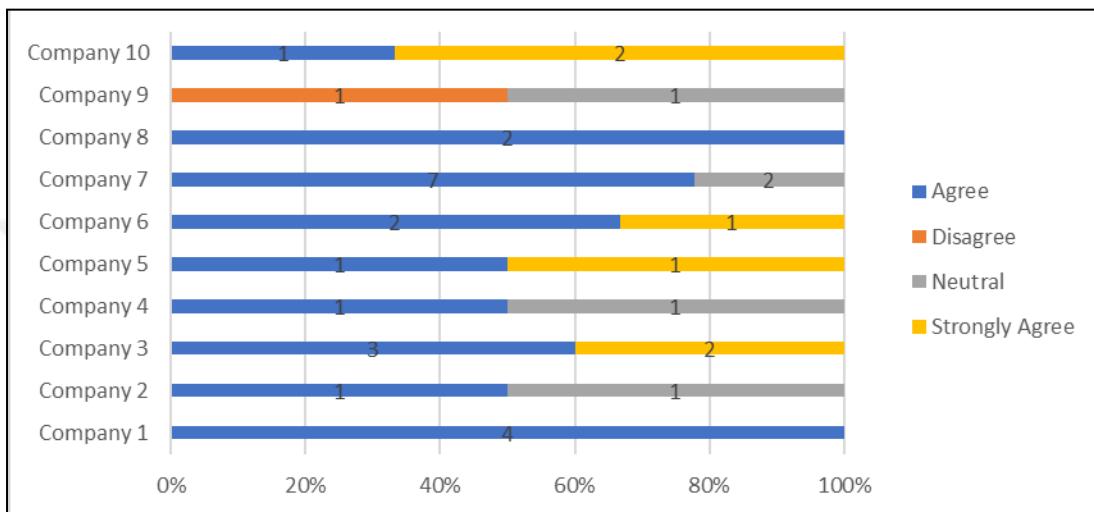
The majority of the respondents think that the working environment of the companies they work for is professional.

First generation company respondents, which are Company 2, 3 and 5, mostly think that the working environment in the workplace is professional, with only Company 2 is differing with one neutral and agreeing answer.

In second generation company employees, out of twenty respondents, thirteen agree and two strongly agree that the environment is professional. One respondent in company 4, two respondents in Company 7 and one respondent in Company 9 are neutral about professionalism in the workplace. The other respondent from middle management in Company 9 disagrees that the environment is professional.

Third generation company employees agree that the environment in the workplace is professional.

Question 12

Family members' familial problems affect the working environment.

Results:

Figure 31 – Familial problems' effect on the working environment
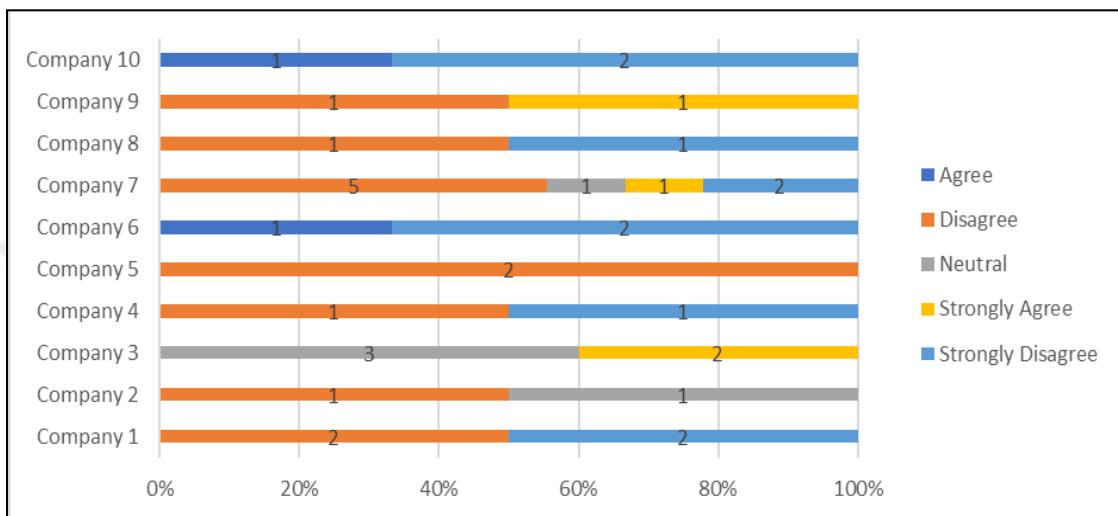
Most of the respondents disagree that familial problems of the owner family affect the business.

Respondents of Company 2, 3 and 5, which are run by first generation, mostly either neutral or think that the familial problems affect the work. Company 3 respondents are either neutral or think that the familial problem affects the work very much. Company 2 has one neutral respondent and one disagreeing respondent, while Company 5 respondents disagree that familial problems affect the workplace.

Respondents of Company 1, 4, 7, 9 and 10, which run by second generation, mostly disagree with the statement. In Company 7, there is only one neutral respondent and one agreeing respondent with the statement. In Company 9 one respondent disagrees, and the other strongly agree with the statement. In Company 10, one respondent agrees, and the other 2 strongly disagrees that the familial problems affect work.

Respondents of Company 6 and 8, which are run by third generation, mostly disagree with the statement except for one respondent agreeing with the statement in Company 6.

Question 13

You are recognized/appraised for your achievements.

Results:

Figure 32 – Recognition and appraisal for achievements
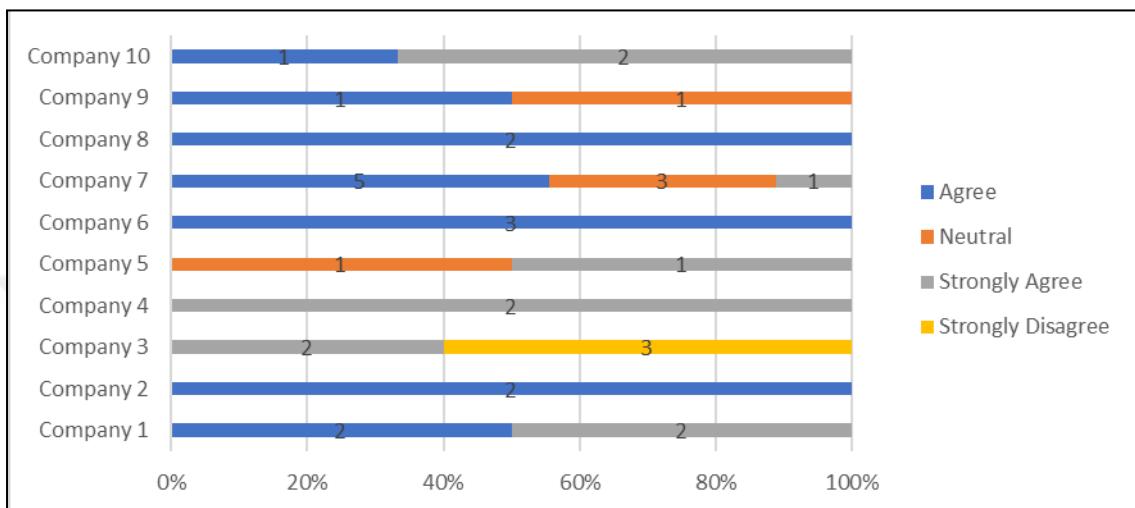
The majority of the respondents agree that they are recognized and appraised for their achievements.

In the companies run by first generation, Company 2 has two respondents agreeing with the statement, Company 3 has two respondents strongly agreeing and three respondents strongly disagreeing with the statement while in Company 5 there is one neutral and one strongly agreeing respondent.

In the companies run by second generation, which are Company 1, 4, 7, 9 and 10, the majority agrees with the statement. In Company 7, five agrees, 3 are neutral, and one strongly agrees. Company 9 has two respondents; one agrees and the other is neutral.

Company 6 and 8 respondents, which are run by third generation, agree with the statement.

Question 14

The hierarchy is respected in the workplace.

Results:

Figure 33 – Respect for hierarchy in the workplace
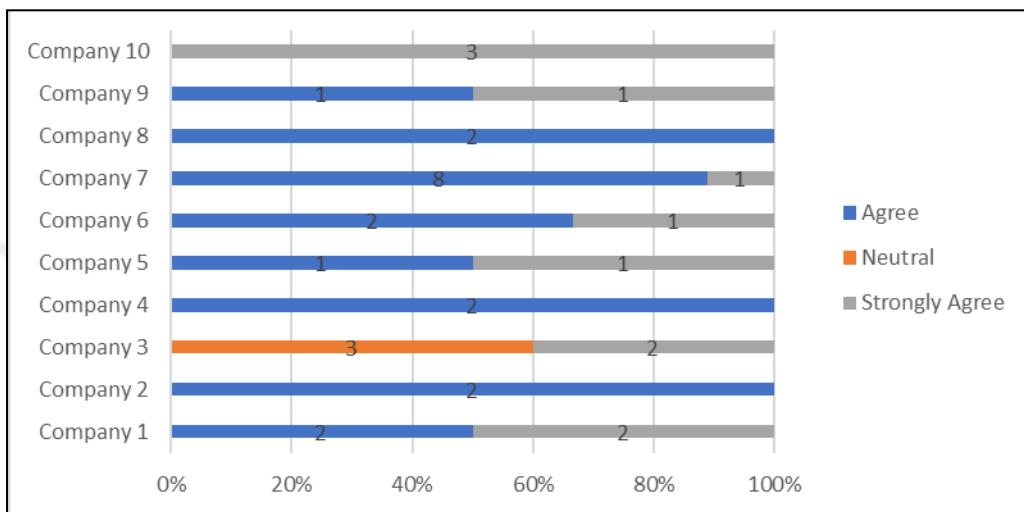
Most of the respondents agree that hierarchy is respected in the workplace.

Employees of Company 2 and 5, which are run by first generation, agree that the hierarchy is respected in the workplace. Three respondents from Company 3 are neutral, and the other two strongly agree with the statement.

Respondents of Company 1, 4, 7, 9 and 10, which are run by second generation, agree that the hierarchy is respected in the workplace.

Respondents of Company 6 and 8, which are run by third generation, agree that the hierarchy is also respected in their companies.

3.3 Discussion and further research

The research conducted aims to analyze the effect of institutionalization and professionalization in the family business and its relation to its success as a measure of number of generations family business is transferred to.

In the discussion and further research part of the thesis, key findings will be analyzed and interpreted in relation to the theory, and some suggestions will be provided with relevant data.

The meaning of the key findings, the importance of the results, limits of the findings and further studies which should follow will be discussed. Each suggestion will be analyzed individually in relation with the relevant data found via the survey.

With all the results that were received through this online interview, it can be stated that the family business owners define the family business by the definition of Davis and Tagiuri.

"A family company is one whose ownership is controlled by a single family and where two or more family members significantly influence the direction and policies of the business, through their management positions, ownership rights, or family roles."

This shows that the family owners' understanding of family business is best defined by Davis and Tagiuri. Family companies are aware that there are different groups of people with different motivations and positions. Hence, the great majority of the business owners also chose to manage their family and the business separately, knowing the complication the dynamics can create.

As to success criteria, respondents answered that the success of their companies is the ability to transfer the business to the next generations. This suggests that the motivation of the family business owners is to build a long-lasting business for the family members. As a parallel to this answer, their answer to the definition of institutionalization was in accordance with it. Karpuzoğlu's definition, "It is a process of obtaining an identity to continue its existence independent from individuals," was the definition chosen by the owners. It can be said all these answers are complementing each other in different ways. This answer supports that the family businesses try and manage the family and the business together. So that, they

define institutionalization as a process of earn their company an identity independent from individuals, also meaning keeping the family and the business affairs separate.

The origin of this struggle for longevity for the family business can also be seen in the answers regarding the strengths of the family business. The future-oriented approach of the family business is stated as the most important strength of the family business. It is also safe to say that the motivation of the family business partly comes from the desire to build something for future generations. Along with this strength, common goal and communication were shown as other important strengths of the family business.

Regarding the main suggestions of this thesis, they will be discussed under three main suggestions;

Measure of success for family business is the number of generations the business is transferred to.

Majority of the family business owners (nine out of eleven) who took part in this research identified that the measure of the success for a family company is the number of generations a family business is transferred to and only two other companies which are run by first and the second generation answered that high profitability is the success measure. Two companies which are run by the third generation stated that the number of generation is the success measure. Having these companies lasted in the business up until their 3rd generation. These results are valuable. This is achieved through a structure that can survive independently from individuals. Here we can refer to Karpuzoğlu's institutionalization definition "Institutionalization, for a company, is a process of obtaining an identity to continue its existence independent from individuals." This tells that the longevity is much more important than the profitability in the eyes of family business owners. Considering a family owner's relationship with the business is more than just profitability but also stability for the owner's family.

In question 5, in the interview for the family owners, the majority of the owners stated that the most important strength of the family business is its future-oriented business approach. Family owners start out on this journey, thinking about the future of business and what it may become for the next generations. Having a family applies pressure to the owner in

terms of creating a livelihood for the other generations. The future-oriented approach is one of the igniters of family business's struggle to survive into the next generations.

In order to support this suggestion further, in question 7, interviewees answered a question regarding the conflicts arising from the interaction of family and the business. The dominant answer by the owners to this question was "Decisions about the future strategy of the business," as stated in the report of Nasser A., Understanding Family Dynamics, and Family Conflicts. This can be identified as one of the most important challenges for the family business considering the business owners' target is to sustain the business for generations and, thus, achieving this can be denominated as a success.

Managing family and the business as two separate institutions is the most preferred and successful way of managing family business

Among the questions of the survey, interviewees were asked how they prefer to manage their business and family together. Among eleven respondents, only one respondent answered that "business dominance over family" model is adopted. The rest of the interviewees stated that they prefer to manage their family and business separately.

Apart from the owners' interview, employees were asked questions answers of which can support this suggestion. In question 8, employees were asked if they are empowered to be able to make important and timely decisions. Five of these respondents are family members of the owner family, and four of them agreed that they could make important and timely decisions. These individuals are from companies that are run by the second and third generation. One respondent who is in middle management in Company 2, which is run by the first generation, was neutral about this statement. From the perspective of the respondents, it can be said that family members are seen as professionals and authorized individuals in their areas. Family relations are not given any space to affect these decisions somehow. As it is also discussed in Davis's Professionalizing the Family Business, "Respecting the management hierarchy and empowering employees to make decisions" is an important part of being professional and ensure organizations to make important, timely decisions.

In question 11, results show that among the companies which manage family and the business separately, twenty-eight out of thirty-two employees have stated that the working environment is professional in the workplace. Professionalism in this context can also be identified as keeping business and family matter separate from each other.

The results of question 12 also contribute to this matter. Respondents were asked if the family problems affect the business environment. Ten respondents strongly disagreed that the familial problems affect the workplace while eleven only disagreed; six of them agreed and five were neutral about the matter. In a general sense, two-third of the respondents stated that familial problems do not affect the workplace. These results indicate that the separation of family and the business also eliminates the potential conflicts that might be caused by familial problems.

As a complementary addition, the results of question 14 can also be analyzed within the scope of this suggestion. Respondents were asked if the hierarchy in the workplace is respected or not. Apart from Company 9, who adopted the business dominance over the family model, other respondents of other companies stated that the hierarchy in the workplace is respected. Except for three respondents who stated that they were neutral about it, all the other 29 respondents agreed that hierarchy was respected. These results indicate that the distinction between the family and the business is visible, and the hierarchy in the family environment and the hierarchy in the business environment is not mixed.

Institutionalization and professionalization levels are directly related to the number of generation the company was transferred to.

Almost all companies, except for Company 9, stated that family and business should be managed separately. This understanding from the side of the family is very important because, as it was referred to before in Karpuzoğlu's institutionalization definition, the process of making the company independent from individuals is crucial. Therefore, owners who have adopted this approach were asked how this system affected their business in question 10. Most of the companies gave a very positive feedback but Company 4, 6 and 7 were very specific about their answers, respectively, run by the second, third and second generation. The common answer was that for the continuity of the institutionalized and professional business life, the separation of the two was essential. Institutionalization and professionalization is taken as an important factor to be protected here in this system of managing the family.

In question 11, owners were also asked how they manage the conflicts at work between the members. Sustaining a stable and standard environment in the company, the solution of the potential conflicts are important. Three first generation companies did not give an answer that states they have a proper method of solving problems among the staff.

Company 5 stated that each employee has specific tasks and authorities, and there are limitations to those. But it is not a system that can solve problems but more of a preventive system. Company 2 has authoritative rules, and Company 3 does not have a system. Second generation companies have stated that conflicts are resolved by taking authorities of employees as a base, having counsels, and implementing democracy.

Third generation companies were more specific about their answers, Company 6 has stated that they were consulting professional in their areas to solve problems between the members and they always approach with tolerance, while Company 8 stated that with institutionalization in the company, everybody is treated equally and the same. The results of this question show a better and more structured approach as we analyze the answers from lower to higher generation companies.

In question 13, companies were asked which institutionalization steps they have taken. First generation companies, 2, 3 and 5, have taken steps only to formalize their workforces mostly, but Company 5 also stated that they had a family law. Considering Company 5 has stood out among the first generation companies with its employee responses, it is not surprising. Employees of these companies also stated that their responsibilities and authorities were identified by the employer.

Second generation companies, 1, 4, 7, 9 and 10, have taken single step towards institutionalization wihich individual and organization harmony with the exception of Company 7 with three steps as follows formalization, professionalization, and individual and organizational goal harmony. In the second generation companies, we can see the importance of professionalization and goal harmony between the organization and individuals.

From the third generation companies, Company 6 and 8 are different from each other. As expected Company 6 have taken three steps to institutionalize, but Company 8 has stated that they have only taken one step, which is formalization. Company 6 has taken steps to formalize, professionalize and harmonize the goals of employees and the organization. Here, even though we cannot see a pattern individually between steps taken by the company owners and the responds of the employees, there is a pattern from the perspective of generations of the companies. If we analyze these data by the generation of the companies, we see some sort of a pattern as to the ratio of institutionalization of the companies. Closer to 5, the higher level of institutionalization level of the company is.

Table 17 – Ratio of steps taken by generation

Generation	Ratio
1.	1,3
2.	1,4
3.	2

Source: Own work

If we look at the numbers, here we can see a pattern which we can interpret as the higher the generation, the more institutionalization steps taken by the company. Unfortunately, none of the interviewed companies were observed to have succession planning as a part of institutionalization. Mostly, companies wanted to educate and train their own family members like their children to succeed them. Even though they want to professionalize, the first step is to find this institutionalization within the company and the family.

Employees were asked if they could make timely, important decisions freely. Most of the first generation companies' employees disagreed with the statement saying that they cannot make timely and big decisions. These nine employees consist of three management, three middle management, and three lower-level employees. Three managers totally disagreed that they can make big timely decisions. Middle management agreed with two that they could make timely decisions, and one was neutral. Lastly, the lower level also agreed that they could make decisions.

Here it can be said that top management does not feel like they can make big timely decisions in the company. In Davis's six pillars of professionalization, empowering the employees and enabling them to make big, timely decisions are very important two points. Hiring key people for the decision-making process is very important, but if they cannot make decisions for the company. As Davis mentioned, trust is a very valuable connector here between a manager and owner. Unless the owner does not trust a non-family manager, managers cannot make decisions. Here, this impasse for managers is clearly seen in the first generation companies.

The majority of second generation company employees agreed that they are empowered and make important, timely decisions. There are twenty respondents from second generation companies - eleven are middle management, three are management, and six are lower-level employees - and eighteen of them agreed. One manager in Company 7 disagreed and one lower-level employee from Company 4 disagreed as well. As we go higher in ranks, we see consistency in the decision-making process in second generation companies. Managers are freer and empowered to make decisions.

In the third generation companies, Company 6 and 8, all employees strongly agree that they are empowered within their authorities. There is one employee from the middle management of Company 6, and the remaining four are lower-level employees. Here in the level of professionalization from the perspective of employees, a pattern can be observed as the companies' generation increases.

In question 13, company owners were asked which steps they have taken towards professionalization, Company 6 and 7 are the ones that have taken the most steps toward becoming professional, respectively run by the third and second generation. Among the first generation companies, Company 5 is the only one taking more actions to professionalize. Among the second generation companies, Company 7 looks like the most professionalized company with four steps taken toward professionalization, along with other companies with only one step taken. Company 6 and 8 differ from each other. While Company 6 has taken several steps to professionalize, Company 8 has only taken one step. Individually, the company responses do not match with the employee responses completely, but if it is analyzed from the perspective of generation, we can say that there is a certain pattern here again.

Table 18 – Ratio of professionalization steps taken by generation

Generation	Ratio
1.	1,3
2.	1,6
3.	2

Source: Own work

When company owners were asked if they communicated the responsibilities and authorities of their employees to them clearly, they all answered yes. And the responses we received from the employees are confirming this. But, as to the steps taken by the companies to professionalize and institutionalize the company, I cannot say that these steps and their

91

effects can also be seen in the employee responses. Even though the companies did not take all necessary steps for institutionalization and professionalization, their employees' answers say the contrary.

Regarding questions 6, 8, 9, 10, 12 and 13, there is a pattern in the answer of the employees.

Question 6: You are justly treated among the family members

Question 8: You are empowered within your authority so that you can make timely, important decisions.

Question 9: You have a career development opportunity in your current company.

Question 10: Your concerns regarding your career and personal goals are being addressed.

Question 12: Family members' familial problems affect the working environment.

Question 13: You are recognized/appraised for your achievements.

It can be observed that even though companies did not take all the actions, we can see the effect of those steps in the employees' answers. It can be seen that as the number of generations increases, the answers of the employees are more in line with an institutionalized and professionalized company. In the answers of the employees, we can see the relation between the institutionalization and the generation. Employees are giving positive feedback to questions that are related to steps that are not taken by the owners. Thus, these results raise another question. What is it those managers are doing to make these employees think the way they think?

Here we can assume that, from the nature of the family business, the working environment is much different. The owners are tempted to see the family business as an emotional object and approach it as one and treat people like family. And this might create a different and unique approach to managing the company for each owner. The limitation of these interviews might be the inability to analyze and understand the unique way of managing which family owners create at the workplace. Even though there is a pattern between the institutionalization and professionalization level of the company and the number of generations, there are more factors in effect that motivate and satisfy employees as it should be in an institutionalized company. Further study can be conducted on how do family business

owners shape the company and establish a unique system of their own to make the company run in an institutionalized and professional medium.

CONCLUSIONS

On a global scale, family companies are the most important institutions of our economy as families are of our social structure. Considering that family companies constitute the majority of companies all around the world, their importance in our economy is indisputable. The family business is especially of great importance in Turkey, as mentioned in the research. As the backbone of the economy, it is very crucial for family companies to have a structure which will enable the company to survive into the next generations.

This research aimed to analyze the relationship between the institutionalization and professionalization and the number of generations a company is transferred to and tries to prove that as the companies are transferred into next generation, a higher level of institutionalization is structured in the company in time. The interaction between the family and the business institutions were analysed and discussed in relation to institutionalization and professionalization and the best way to manage both family and business has been identified as managing them as two separate institutions.

In this thesis, an answer was sought to the question, "How do institutionalization and professionalization affect the success of the family business in terms of the number of generations the family business is transferred to?" As a research method, face to face interview methods could not be conducted due to the novel coronavirus pandemic, and instead, another approach is adopted as close as it gets to face to face interviews. The interview questions were arranged in a way that will make it appealing to the respondent as much as possible and with CAWI (Computer Assisted Web Interview) method sent to the respondents via a web link. The necessity of choosing this method, unfortunately, brought some limitations to the interview since the interviewer cannot be there to direct the interview and push interviewees into giving more precise answers.

With the key findings of this research, it can be stated that there is a relation between institutionalization and professionalization of the companies and the number of the generation which is running the company. It is shown that the companies which have been run by more generations have paid more attention to institutionalization and professionalization. Even though they are not completely institutionalized, their employees, based on the generation of the company, are satisfied and motivated. We see more complications from the perspective of the employees in the lower generation companies, but as the number increases, better results and feedbacks are received from the employees of these companies. Even though the

94

companies which are run by the third generation are not fully institutionalized, employee answers do not reflect that. Further study can be conducted about how company owners create their unique way of managing within the company. Even though in some companies in which certain steps of institutionalization and professionalization are not taken, employees are satisfied when the answers are reviewed. Family owners might not take official steps to institutionalize, but their style might be making up for what is missing. I recommend that family company owners should be interviewed as to their managing style and manner to provide more insight into the subject at hand.

This research is very important to understand the effect of institutionalization and professionalization on the companies. It is shown that companies that have a long history are and successfully executed successions have a better level of institutionalization. This research provides as to how to make family companies survive in the business for generations. Considering the place and the importance of the family companies in Turkey, this research provides valuable information to understand the dynamics to sustain a business for as long as possible.

To sum it up, there is a relationship between the institutionalization and professionalization level of a company and the companies generation. As the company survives and gains more experience, the steps taken by the companies to sustain the business are taken more seriously. In this case of family businesses, it can be said that there are other elements at work which are stemming from the very nature of the family business. The unique structure of managing by the owner and the official steps taken are harmonized, and a special kind of business management is implemented by the owner. As this matter is a subject for another research, it can help us understand what lies behind the officiality of the family business, and this thesis helped bring this out for others to investigate and contribute to the literature.

BIBLIOGRAPHY

Abdioğlu, H. (2007). İşletmelerde Kurumsal Yönetim Anlayışı Kapsamında İç Denetim Rolü ve İMKB-100 Örneği. Marmara Üniversitesi Sosyal Bilimler Enstitüsü

Ateş, Ö., (2005). Aile şirketleri Değişim ve Süreklilik, Ankara Sanayi Odası

Bernard, B. (1975). The development of organization structure in the family firm. Journal of General Management. Autumn, 42-60.

Bilgin, N. (2007). Aile Şirketleri Kurumsallaşma Eğilimleri: Ankara Kobi Örneği.

Carsrud. A. L. (1994). Meanderings of a resurrected psychologist or lessons learned in creating a program. Entrepreneurship Theory & Practice. 19(1), 39-48

Caruso, E., (2000). L'ECCELLENZA NELLE IMPRESE, Una condizione per la sopravvivenza tra nuove tecnologie, globalizzazione e ipercompetizione

Castanias, R. P., & Helfat, C. E. (2001). The managerial rents model: Theory and empirical analysis. Journal of Management, 27(6), p. 661-678

Chua, J. H., Chrisman, J. J., & Sharma, P. (1999). Defining the Family Business by Behavior. Entrepreneurship Theory and Practice, 23(4), p. 19–39.

Corbetta, G. (2010). Le aziende familiari. Strategie per il lungo periodo (Italiano)

DANES, S. M., LOY, J. T. and STAFFORD, K. (2008). Business Planning Practices of Family-Owned Firms within a Quality Framework, Journal of Small Business Management, 46(3), p. 395-421

Davis, J. A. and Tagiuri, R. (1989) The influence of life-stage on father-son work relationships in family companies, in Family Business Review, 2 (1)

Davis, P. (1983). Realizing the potential of the family business. Organizational Dynamics, 12(1). 47-56.

Develi, N. (2008). AILE ISLETMELERI, AILE ISLETMELERINDE KARSILASILAN YÖNETIM ve ORGANIZASYON SORUNLARI: MERSIN ÖRNEGI, p. 24

Donnelly, R.G. (1964) The Family Business. Harvard Business Review, 42, p. 93-105

Erdoğmuş N., 2007 Aile İşletmeleri: Yönetim Devri ve İkinci Kuşağın Yetiştirilmesi 2. Basım İstanbul, İgiad Yayınları, p. 69- 114

Eren, E. (2001). Örgütsel Davranış ve Yönetim Psikolojisi. İstanbul: Beta yayınları.

EY. (2016). External managers in family business, Recruiting and retaining top managers from outside the family.

FINDIKÇI, İ. (2005). Aile Şirketleri, 4. Edition, İstanbul: Alfa Basım Yayım Dağıtım

Fındıkçı, İ. (2008). Aile Şirketleri. İstanbul: Alfa Yayınları.

Friedman, S. D., (1991). Family Business Review, Sibling Relationships and Intergenerational Succession in Family Firms, Volume 4, Issue 1

Gersick, K.E., Davis, J.A., Hampton, M.M. and Lansberg, I. (1997) Generation to Generation: Life Cycle of the Family Business. Harvard Business School Press, Boston

Greif, A. (2005). Institutions and the Path to the Modern Economy: Lessons from Medieval Trade. Forthcoming, Cambridge University Press.

Güleş, H. K., et al. (2013). Ali Akkanat ile Aile İşletmeleri Üzerine Söyleşi, Issue 1, Gazi Kıtabevi, Ankara

GÜLEŞ, Hasan K., ARICIOĞLU, Mustafa A. and ERDİRENÇELEBİ Meral (2013), Aile İşletmeleri: Kurumsallaşma, Sürdürülebilirlik, Uyum, Ankara: Gazi Kitabevi

Günver; B. (2002). Aile İşletmelerinin Yapısı ve Geleceği. T.C. İstanbul Kültür Sitesi Univer Yayınları, 18: 17

HABBERSHON, Timothy G., WILLIAMS, Mary L., MACMILLAN, Ian C. (2003), "A Unified Systems Perspective of Family Firm Performance", Journal of Business Venturing, 18(4), p. 451-465

Holland. P. G., & Oliver, J. E. (1992). An empirical examination of stages of development of family business. Journal of Business & Entrepreneurship, 4(3), 27-3.

Iosio, C. (2013) Capitalismo familiare 2.0 (Italian Edition), Ipsoa

İyiişleroğlu S. C., (2006). Aile Şirketleri: Adana ve Çevresinde Faaliyet Gösteren Aile Şirketlerinde Nepotizm Uygulamasının Tespitine Yönelik Bir Araştırma, Sosyal Bilimler Enstitüsü, İşletme Anabilim Dalı

Jaffe, D. T. (1990). Working With The Ones You Love: Conflict Resolution and Problem Solving Strategies for a Successful Family Business. Conari Press, Berkeley, CA

Karpuzoğlu, E. (2003). Büyüyen ve Gelişen Aile Şirketlerinde Kurumsallaşma. İstanbul: Hayat Yayınları.

Karpuzoğlu, E. (2004). Aile Şirketlerinin Sürekliliğinde Kurumsallaşma. 1. Aile İşletmeleri Kongresi Kongre Kitabı, p. 42-53

Kets de Vries, F. R. M. (1996). Family Business: Human Dilemmas in the Family Firm, London and Boston: International Thomson Business Press

Kramer, M. (2000). Making it last forever: The institutionalization of the service-learning. Washington, DC: Corporation for National and Community Service.

Kuriloff, A. H., Hemphill, J. M., Cloud, D. (1993). Starting and Managing the Small Business.

Kuşat, N. (2012). Sürdürülebilir İşletmeler İçin Kurumsal Sürdürülebilirlik ve İçsel Unsurları. Afyon Kocatepe Üniversitesi, İİBF Dergisi

Lansberg, I. (1983), 'Managing human resources in family firms: the problem of institutional overlap', Organizational Dynamics, 12(1), p. 39-46.

Leach, P., Kenway-Smith. W.. Hart, A., Morris, T.. Ainsworth, J.. Beterlsen, E.. Iraqi, S., & Pasari, V. (1990). Managing the family business in the U.K.: A Stoy Hayward survey in conjunction with the London Business School, London: Stoy Hayward.

Lutz, E., Schraml, S., and Achleitner, A. (2010). Loss of Control vs. Risk Reduction – Decision Factors for Hiring Non-Family CFOs in Family Firms, p. 4

Müftüoğlu, T. (2013). Türkiye'de Küçük ve Orta Ölçekli İletmeler, Turhan Kitabevi.

Nasser A. (2014). Understanding family dynamics and family conflicts, p. 2

OLSON, P. D., ZUIKER, V. S., DANES, S. M., STAFFORD, K., HECK, R. K. Z., and DUNCAN, K. A. (2003), The Impact of the Family and the Business on Family Business Sustainability, Journal of Business Venturing, 18, p. 639-666

ORGANİZASYON VE YÖNETİM BİLİMLERİ DERGİSİ, (2010). Volume 2, Issue 1, ISSN: 1309 -8039

Özsemerci, K., (2005). Türk Kamu Yönetiminde Yolsuzluklar, Nedenleri, Zararları ve Çözüm Önerileri, TODAİE, Ankara

PIEPER, T. M. and Rau, S. B. (2007), The Bulleye: A Systems Approach to Modeling Family Firms, Family Business Review, 20(4), p. 301-319

Potobsky, G. V. (1992). Small and Medium Sized Enterprises and Labour Law. International Labour Rewiew, p. 131 (6).

Rosenblatt. P. C. deMik. L.. Anderson, R. M., & Johnson, P. A. (1985). The family in business: Understanding ami dealing with the challenges entrepreneurial families face. San Francisco: Jossey-Bass.

Sharma,P. (1997).Determinants of the satisfaction of the primary stakeholders with the succession process in family firms.

Stafford, K., Duncan, K. A., Dane, S., Winter, W. (1999). A Research Model of Sustainable Family Businesses, Volume 12, Issue 3, p. 197-208

Staggenborg, S. (1988). The consequences of professionalization and formalization in the pro-choice movement. American Sociological Review, p. 585-606

Tagiuri, R., & Davis, J. A. (1992). On the Goals of Successful Family Companies. Family Business Review, 5(1), p. 43–62.

TOSUN, K., (1990) İşletme Yönetimi, İşletme Fakültesi Yayın No:226, İstanbul

VENTER, E., C.BOSHOFF and G. MAAS; (2005), The Influence of Successor-Related Factors on the Succession Process in Small and Medium-Sized Family Business, Family Business Review, Vol.XVIII, No.4, December, p. 285-289.

Walker, O. C. (1997). The adaptability of network organizations: some unexplored questions. Journal of the Academy of Marketing Science, p. 75-82

Welsch, J, H. M. (1993). The impact of family ownership and involvement on the process of management succession. Family Business Review 6(1). 31-54.

YALÇIN A., GÜNEL R. (2004). Aile İşletmelerinde Yönetimin Bir Sonraki Kuşağa Devrinde Karşılaşılan Sorunlar ve Çözüm Önerileri, 1. Aile İşletmeleri Kongresi Kongre Kitabı, İstanbul.

Yalçin, A. (1993). Türkiye'deki Aile İşletmelerinin Karşılaştıkları Yönetim ve Organizasyon Sorunlarının Analizi. Yüksek Lisans Tezi; Çukurova Universitesi, Sosyal Bilimler Enstitüsü, İşletme Anabilim Dalı

Yalçin, A., & Günel, R. (2006). Aile iş letmelerinde yönetimin bir sonraki kuşağa devrinde karşılaşılan sorunlar üzerine adana ilinde yapılan bir çalışma. 2. Aile İşletmeleri Kongresi'nde sunulan bildiri. İstanbul: İstanbul Kültür Üniversitesi.

Yaşa, E. (2006). Aile şirketlerinde kurumsallaşma, mersin ili aile şirketlerinin kurumsallaşma konusundaki tutumları ve düşüncelerini belirlemeye yönelik bir araştırma

Yazıcıoğlu, İ., & Koç , H. (2009). Aile işletmelerinin kurumsallaşma düzeylerinin belirlenmesine yönelik karşılaştırmalı bir araştırma. Selçuk Universitesi Sosyal Bilimler Enstitüsü Dergisi, p. 497-507

SITOLOGY

CNN (2017), Türkiye'deki işletmelerin yüzde 95'I aile şirketi, available at: https://www.cnnturk.com/ekonomi/turkiyedeki-isletmelerin-yuzde-95i-aile-sirketi (Last accessed: May 30th 2020)

Davis J., Professionalizing the Family Business: It is not what you think it is, p. 2-3, available at: https://cfeg.com/insights_research/professionalizing-the-family-business-its-not-what-you-think-it-is/ (Last accessed: May 31st 2020)

Davis, J. Three Circle Model. Available at: https://johndavis.com/how-three-circles-changed-the-way-we-understand-family-business/ (Last accessed: May 30th 2020)

European Family Business Barometer 7th edition (2018), available at: http://www.europeanfamilybusinesses.eu/publications/94/29/European-Family-Business-Barometer-7th-edition (Last accessed: May 30th 2020)

European Family Business Statistics (2012), available at: http://www.europeanfamilybusinesses.eu/publications/5/29/Family-Business-Statistics (Last accessed: May 30th 2020)

EY (2019), How the world's largest family businesses are responding to the Transformative Age, Insights from the 2019 EY and University of St. Gallen Global Family Business Index. Available at: https://www.ey.com/Publication/vwLUAssets/ey-etude-2019-sur-les-entreprises-familiales/$File/ey-etude-2019-sur-les-entreprises-familiales.pdf (Last accessed: May 30th 2020)

Forbes (2019), The World's 100 Most Powerful Women, available at: https://www.forbes.com/power-women/list/#tab:overall (Last accessed: May 30th 2020)

Forbes, (2015). 2015 Billionaires Net Worth, available at: https://www.forbes.com/profile/mustafa-vehbi-koc/#762066f8238d (Last accessed: May 31st 2020)

Mariani M. (2020). Metodologie d'indagine: indagine CATI, available at: https://www.idsurvey.com/it/metodologie-indagine-cati/ (Last accessed: May 31st 2020)

Mariani M. (2020). Tecniche d'indagine: Metodologia CAWI, available at: https://www.idsurvey.com/it/tecniche-indagine-metodologia-cawi/ (Last accessed: May 31st 2020)

McLeod, S. A. (2008). Likert scale, available at: from https://www.simplypsychology.org/likert-scale.html (Last accessed: May 31st 2020)

Pwc (2018), Aile şirketleri Raporu, available at: https://www.pwc.com.tr/avrupa-aile-sirketleri-raporu-2018 (Last accessed: May 30th 2020)

Türkiye Kurumsal Yönetim Derneği Anketi, TKYD, (2017), p. 2, available at: http://www.tkyd.org/files/downloads/basin_odasi/basin_bultenleri/TKYD_Aile_Sirketleri_Anketi_Basin%20Bulteni.pdf (Last accessed: May 31st 2020)

Yalçınkaya, H., (2017) Küresel ekonomide aile şirketlerinin önemi, available at: https://www.gzt.com/jurnalist/kuresel-ekonomide-aile-sirketlerinin-onemi-2911716 (Last accessed: May 30th 2020)

OYBD, (2010). Organizasyon ve Yönetim Bilimleri Dergisi, Volume 2, Issue 1, available at: http://www.sobiad.org/eJOURNALS/dergi_YBD/arsiv_2010.html (Last accessed: May 31st 2020)

Davis, J. (2018). How Three Circles Changed the Way We Understand Family Business, available at: https://johndavis.com/latest-insights/page/2/ (Last accessed: June 6th 2020)

LIST OF TABLES

- Table n.1: Definitions of family business, created by Mert Topçuoğlu

- Table n.2: Will the market recover?, created by Mert Topçuoğlu

- Table n.3: Revenue Distribution of Countries, created by Mert Topçuoğlu

- Table n.4: Brexit Effect, created by Mert Topçuoğlu

- Table n.5: The Aspects that encourage family businesses in the matter of institutional sustainability, created by Mert Topçuoğlu

- Table n.7: Companies and their generations individually, Appendix I, created by Mert Topçuoğlu

- Table n.8: Authority and responsibility communication, Appendix I, created by Mert Topçuoğlu

- Table n.9: Employee performance assessment, Appendix I, created by Mert Topçuoğlu

- Table n.10: Recruitment criteria, Appendix I, created by Mert Topçuoğlu

- Table n.11: Professionalization steps by company, Appendix I, created by Mert Topçuoğlu

- Table n.12: Opinions about external managers, Appendix I, created by Mert Topçuoğlu

- Table n.13: Requirement for external managers, Appendix I, created by Mert Topçuoğlu

- Table n.14: Succession plan and successor candidate by company, Appendix I, created by Mert Topçuoğlu

- Table n.15: Criteria for choosing a successor, Appendix I, created by Mert Topçuoğlu

- Table n.16: Education of the successor, Appendix I, created by Mert Topçuoğlu

- Table n.17: Ratio of institutionalization steps taken by generation, created by Mert Topçuoğlu

- Table n.18: Ratio of professionalization steps taken by generation, created by Mert Topçuoğlu

LIST OF FIGURES

- Figure n.33: Respect for hierarchy in the workplace, Appendix II, created by Mert Topçuoğlu

Which generation of the family is running the family business now?

How would you define a family business?

- A family company is one whose ownership is controlled by a single family and where two or more family members significantly influence the direction and policies of the business, through their management positions, ownership rights, or family roles.

- An enterprise which, in practice, is controlled by the members of a single family

- Any business in which decisions and plans for leadership succession are influenced by family members serving in management or on the board

- One in which ownership is concentrated and owners or relatives of owners are involved in the management process

How would you define success for a family business?

- Transferring the business into generations

- High profitability

- Other…

How would you define institutionalization?

- Creating a standard implementation, behaviour or tradition in a human system.

- Having rules, standards and procedures rather than individuals

- System of rules, beliefs, norms and organizations which establishes a behavioural orderliness in a social structure

What are the most important strengths of family business? (You can select 3)

- Family culture

- Future-oriented approach

- Loyalty to the business and family

- Working with people who has shared past and identity

- Communication

- Common goal

- Motivation of working for the name of the company

Which of the below would you define as weaknesses of family business? (You can select 3)

- Nepotism

- Bringing family issues into business

- Sibling rivalry

- Shortage of qualified employees

- Informal relationships between the members at work

- Work-life balance

- Overlapping family and business lives

- Informality

- Unprofessional environment

What are the most important conflicts arising from the interaction of family and business?

- Decisions about the future strategy of the business

- Performance of family members actively involved in the business

- The setting of the remuneration levels for family members actively involved in the business.

- Decisions about who can and cannot work in the business

- Family members actively involved in the business not consulting the wiser family members on key issues

- Deciding between the reinvestment of profits and the payment of dividends

- The role 'in-laws' should or should not play in the business

- Agreeing on the basis valuation of shares in the business for those exiting the business

- Choosing the future leaders of the family and business succession

- Other…

How do you manage family and the business?

- Business and the family as a single system

- Family dominance over business

- Business dominance over family

- Family and business as two separate institutions

According to your answer to above question, how did that affect your business and family life balance?

How do you manage the conflicts in the business between family members, non-family members and owners? Do you have a solution mechanism? If yes, please explain.

How do you address different concerns of family and non-family employees?

Which of the below steps did you take to institutionalize your company?

- Formalization: determining duties, authorities and responsibilities of the employees

- Professionalization: gathering all necessary information in the field of activity and apply it in the best way

- Succession planning: Searching or educating the person who will take over the business in the future

- Family constitution law: A document that regulates such as the members' business relation with others, business process, asset management and succession.

- Individual and organization goal harmony: individuals' and the company's shared goals

According to your answer to the above question, how did it affect your company?

Have you ever treated an employee differently because she/he is a family member? If yes, can you please provide an example?

Are the authority and responsibility of employees in the company clearly identified and communicated? If yes, how?

Did you implement a system which assesses the performance of your employees? If yes, please explain.

Are new employees for company positions chosen by their skillset and experiences? (family or non-family)

As a part of professionalization, which of the following have you implemented?

- Attract, develop and retain great family and- non-family talent

- Ensure that the organization can always make timely big decision

- Strengthen family discipline and commitment toward business

- Respect the management hierarchy and empower employees to make decisions

- Create systems to ensure consistently high performance and fairness

- Protecting your core values effectively

What is your opinion about hiring an external manager?

Did you have the need for a professional non-family external executive employee? If yes, how did you diagnose this need? What was its effect on the business?

Do you have a succession plan and a successor candidate? (family or non-family member)

Do you think that criteria for sucession should be based on merits of a person or family relations? Please explain why?

How did you choose your successor and how did you educate him/her? (family or non-family)

APPENDIX II

Are you a family member?

• Yes

• No

Do you own shares in the company?

• Yes

• No

Which position are you working in?

• Management

• Middle management

• Lower rank position

What are your main concerns about working in a family-owned business?

• Nepotism

• Career opportunity

• Achieving personal goals

• Other…

Your authority and responsibility are clearly defined by your employer.

• Strongly disagree

• Disagree

• Neutral

• Agree

• Strongly agree

You are justly treated among the family members.

• Strongly disagree

• Disagree

• Neutral

• Agree

• Strongly agree

Have you ever been discriminated by a family member/manager because you are a non-family employee?

• Yes

• No

You are empowered within your authority so that you can make timely important decisions.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

You have a career development opportunity in your current company.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Your concerns regarding your career and personal goals are being addressed?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Working environment is professional.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Family members' familial problems affect the working environment.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

You are recognized/appraised for your achievements.

- Strongly disagree

- Disagree

- Neutral

- Agree

- Strongly Agree

The hierarchy is respected in the workplace.

- Strongly disagree

- Disagree

- Neutral

- Agree

- Strongly agree

DECLARATION OF THE AUTHOR
CONCERNING INDEPENDENT AND SOLE AUTHORSHIP OF THE THESIS

I hereby declare that this thesis has been written solely by myself and no content included therein was obtained in contravention of the applicable regulations. All data, concepts, crucial ideas and formulation derived from literature (quoted verbatim or paraphrased in the thesis) are appropriately referenced. The thesis, in its entirety or any part containing significant fragments presented as original (results of empirical research, calculations, observations, assessment, conclusions, proposals, etc.), has not been submitted by anyone to any prior assessment or published elsewhere.

I declare that the copy of the thesis in the APD system does not contain any hidden special characters, microspaces or other manipulations in the text.

WROCŁAW 16.06.2020 ....

(Place and Date)   (Author's Legible Signature)

DECLARATION OF THE AUTHOR
CONCERNING ACCESS TO THE THESIS

I hereby agree / disagree* to grant access to my thesis by interested parties. This access agreement is not equivalent to granting permission to copy the thesis in its entirety or any of its parts.

My disagreement to grant access to the thesis does not preclude its JSA anti-plagiarism check.

WROCŁAW 16.06.2020 ....

(Place and Date)   (Author's Legible Signature)

*delete where not applicable

116