

PREFACE

Throughout my experience in the business world, I was able to get involved in the conflict processes that take place in family businesses. Conflict is an important topic that most of the family businesses ignore until it happens, a period where its prevention becomes difficult. This book covers conflict management in family businesses. It is divided into two main parts: The first part starts with a detailed description of conflict. It proceeds to discuss conflict management methods, and then moves to cover conflict management in family businesses. The second part of the book is a collection of conflict management cases in family businesses.

The first chapter of the book defines conflict according to important and recent literature. It discusses conflict starting from its development, then discusses the different types of conflict, the roles of conflict, positive and negative conflicts and the difference between them, the causes of organizational conflicts, the models and types of conflict, and the detailed process through which conflict goes through from its beginning till its resolution. The second chapter moves to conflict management, starting with the role of communication in the organization at the management level. It discusses the processes, strategies, and styles of conflict management. It mentions in detail the seven conflict management approaches, as methods for dealing with conflicts. It then mentions alternative conflict management approaches and discusses the extent to which conflict is bad, especially in family businesses. Chapter 3 goes deeper into the conflict topic, tailoring it to family businesses. It contributes in

illustrating a model of the causes of conflict in family businesses, their results, and their management methods. Chapters 4–10 constitute illustrations of conflict issues in family businesses through case studies. Some recent similar books have covered the topic of conflicts in family businesses from a different perspective; this book covers a collection of case studies of family businesses. These are “Managing conflict in the Family Business- Understanding Challenges at the Intersection of Family and Business”—by Rhodes and Lansky (2013), and “Deconstructing Conflict: Understanding Challenges at the Intersection of Family Business”—by Doug Baumoeel and Blair Trippe (2016).

Conflict is a set of repeated actions that reduce an individual’s performance and pose as a treat to the success of the business he/she handles (Levinson 1971). Research has shown that conflict is not always a negative thing. These studies actually found that when implemented in a moderate way, task conflict can actually be beneficial to the business through the discussion and exchange of the working functions of ideas (Jehn 1995, 1997). But on the other hand, relationship conflict that takes place when a relationship is affected by anger, resentment, frustration, and hostile behavior can be very harmful.

An excellent grasping of the difference between the above-mentioned task and relationship conflicts is required to fully understand the effects of conflict. But it fails to recognize the unique behavioral psychology of a family firm, because it considers family members who are involved in the business to fully understand these two types of conflict and how to solve them (Dyer Jr 1986, 1994; Schulze et al. 2001, 2003b; Schwenk 1990), while in reality though we have a clear understand of these two terms, we still lack knowledge on how to properly deal with them.

Family firms usually have a higher level of conflict due to the thin boundaries between the family’s personal relations and the business professional relations (Kellermanns and Eddleston 2004). This aspect is at its peak during the succession process and is best described by the popular three-cycle of family firm.

Family firms must manage conflicts that are in a way unique to it, for example sibling rivalry and marital discord (Dyer Jr 1986, 1994; Schulze et al. 2001, 2003b). Not to mention that it is harder to get out of a family business due to the fact of not being able to easily sell one’s owned shares, the fear of losing status and inheritance perks and rights and other perks that may come with the family business (Gersick et al. 1997; Schulze et al. 2003a, b). These in turn result in the lockdown of unwanted members in the business, thus increasing conflict (Lee and Rogoff 1996).

Family members might face reoccurring conflict due to the fact that there is frequent communication between working family members and non-working family members in the business (Gersick et al. 1997; Harvey and Evans 1994), and because of its nature, conflict might become more drastic because its magnitude might increase when work conflict is added to personal conflict. For example, if a family member is communicating a decision with another family member who is not really a fan of the idea, the issue might become greater if that second member already has personal resentment to the working relative.

Part of the learning in the family business field is that it relies heavily on comparative learning and on approaches applied in other family businesses. The purpose of this book is to highlight some of the problems in family businesses as related to the ownership, management, and the family aspects, and the solutions adopted in these businesses. Readers and owners of family businesses will have a wider look at different businesses and will be able to compare their systems to other family business systems.

This book while based on real-life experiences encountered in family businesses, it also highlights some of the practical solutions to these in the teaching notes. It is a good reference for students studying Family Business management and management in general. The cases concentrate on the area of family enterprise with suggested issues such as trans-generational entrepreneurship, succession planning, governance, non-family members as key employees, family crises, next-generation issues, sibling relations, and professionalization of a family enterprise.

The cases can serve as an exercise for students studying family business management. After each case, there is a set of questions on how to develop the best practices in family business management and the problems the businesses passed through to suggest a set of solutions and solve the many issues from the perspective of family business management.

Beirut, Lebanon

Josiane Fahed-Sreih

REFERENCES

- Dyer, W.G. 1994. Potential contributions of organizational behavior to the study of family-owned businesses. *Family Business Review* 7 (2): 109–131.
- Dyer, W.G. Jr. 1986. Cultural change in family firms: Understanding and managing business and family transition.

Gersick, K.E. 1997. *Generation to generation: Life cycles of the family business*. Harvard Business Press.

Harvey, M., and R.E. Evans. 1994. Family business and multiple levels of conflict. *Family Business Review* 7 (4): 331–348.

Jehn, K.A. 1995. A multimethod examination of the benefits and detriments of intragroup conflict. *Administrative Science Quarterly* 40 (2): 256–282.

Jehn, K.A. 1997. Affective and cognitive conflict in work groups: Increasing performance through value-based intragroup conflict. In *Using conflict in organizations*, 87–100.

Kellermanns, F.W., and K.A. Eddleston. 2004. Feuding families: When conflict does a family firm good. *Entrepreneurship Theory and Practice* 28 (3): 209–228.

Lee, M.S., and E.G. Rogoff. 1996. Research note: Comparison of small businesses with family participation versus small businesses without family participation: An investigation of differences in goals, attitudes, and family/business conflict. *Family Business Review* 9 (4): 423–437.

Levinson, H. 1971. Conflicts that plague family businesses. *Harvard Business Review* 49 (2): 90–98.

Schulze, W.S., M.H. Lubatkin, R.N. Dino, and A.K. Buchholtz. 2001. Agency relationships in family firms: Theory and evidence. *Organization science* 12 (2): 99–116.

Schulze, W.S., M.H. Lubatkin, and R.N. Dino. 2003a. Toward a theory of agency and altruism in family firms. *Journal of Business Venturing* 18 (4): 473–490.

Schulze, W. S., Lubatkin, M. H., & Dino, R. N. 2003b. Exploring the agency consequences of ownership dispersion among the directors of private family firms. *Academy of Management Journal*, 46(2), 179–194.

Schwenk, C.R. 1990. Conflict in organizational decision making: An exploratory study of its effects in for-profit and not-for-profit organizations. *Management Science* 36 (4): 436–448.



<http://www.springer.com/978-3-319-62851-6>

Conflict in Family Businesses

Conflict, Models, and Practices

Fahed-Sreih, J.

2018, XVII, 163 p. 16 illus., Hardcover

ISBN: 978-3-319-62851-6