

The culture of conflict in family business La cultura del conflicto en la empresa familiar

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ABSTRACT

Conflict is part of the human condition. Therefore, it is neither negative nor positive, but rather a natural phenomena. The negative connotations traditionally attributed to conflict are at odds with current theories that explain the use of the term as an engine of change and generator of competitive advantage. The fact that family business is defined by two different systems, the family and the business, can lead to the emergence of many conflicts, but it can also help a business be successful if it can correctly differentiate between the two. To this end, both parties, the family and the business, must keep their own interests at arm's length and focus on common interests and goals.

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RESUMEN

El conflicto forma parte de la condición humana. Por ello, no se trata de un fenómeno positivo ni tampoco negativo, sino natural. Las connotaciones negativas que tradicionalmente se le han atribuido al conflicto se encuentran en disonancia con las actuales teorías que explican el uso de dicho término como motor de cambio y generador de ventajas competitivas. El hecho de que la empresa familiar se articule por dos sistemas diferentes, el familiar y el empresarial, puede llevar a la aparición de multitud de conflictos, pero también pueden ayudar a que un negocio sea todo un éxito, si se sabe diferenciar de forma correcta entre uno y otro. Para ello, ambas partes, familia y empresa, deben mantener alejados sus intereses particulares y centrarse en los intereses comunes y objetivos.

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1. Introduction

Analysis of family-business culture already has a sufficiently large literature to have addressed most of its constituent aspects, as well as those factors and elements promoting potential conflict.

From this perspective, conflict in the family business becomes a relevant element of the complex concept of corporate culture as a result of the existence of practices or structural and cyclical elements harmful to the normal development of family and/or business processes, which interfere with the management criteria of the company and which overshadow precisely that which could be considered the bonus of family businesses: familiarity.

With this contribution, we intend to reconsider aspects of social conflict, those which confront the culture of the family business from the perspective of social capital and empowerment, as processes and defining features of said corporate culture.

2. Conflict in the culture of the family business

Conflict is part of the human condition. Therefore, it is neither negative nor positive, but rather a natural phenomena (Espinoza, 2011). The negative connotations traditionally attributed to conflict are at odds with current theories that explain the use of the term as an engine of change and generator of competitive advantage. Such consequences can only be achieved through effective management of conflict processes, however, the first step towards this is to understand its nature and realize that this is a process constructed by the parties involved and based on their beliefs, paradigms and experience. In short, conflict is not generated by "what happens", but by what human beings "attribute to what happens" (Fried and Schnitman, 2000).

In this sense, conflict can be understood as a clash that occurs between two interdependent parties as a result of their differing or opposing views on a single problem or situation (Martin, 2011). Analyzing this definition, we can thus treat it as a clash between two distinct positions towards the same goal, among individuals or entities that mutually depend upon one another. It is, therefore a phenomenon associated with the socialization needs of individuals. Taken thus, we can remark upon its positive aspects, since it is a force for change, serves to produce specific outcomes, stimulates interest and curiosity and often involves a challenge to one's own abilities (Gallo, 2011). On the other hand, there are

negative factors to conflict which make it detrimental to the parties concerned, linked to matters such as personal, social and group costs that lead to alteration of set objectives and resource distribution established by others. In this situation, communication is reduced and leads to more uncertainty, both parties try to exploit the power difference in their own favour, interpersonal relations are seriously damaged, thus creating hostility and misperceptions, both of the opponent and of oneself (Guillén et al., 2005). The fact that the family business is defined by two different systems, the family and the business, can lead to the emergence of many conflicts, but it can also help a business be successful if it can correctly differentiate between the two. To this end, both parties, the family and the business, must keep their own interests at arm's length and focus on common interests and goals (Ruiz, 2001).

Companies create a large number of stressful situations linked with a series of factors that can be classified into three branches: those related to the external environment, such as the country's economic situation or periods of political change; those related to the company's own organization and emerging from business routines, such as production processes, commercial or strategic decisions, strikes....; and, finally, those related to individuals linked to personality, family situation, financial problems or social prejudice (Robbins, 2004). These latter factors are the most common in family businesses, they reveal dysfunctional characteristics and individuals tend to personalize the differences and they are not a source of generation of competitive advantage, mainly due to the clash of family and business interests within the organization. This hybrid, comprising systems of ownership, control and family, shows frictions arising from the interaction of the above factors and gives rise to problems (Astrachan et al., 2001; Gonzalez, 2005), as reflected in the expressions which are explained below:

Family succession or generational change. This is the conflict par excellence and refers to the process by which the founder passes the baton to the younger generation at the end of his/her cycle within the company. In this sense the European Commission warned that the lack of preparation to ensure the succession may result in the disappearance of a high percentage of companies and related jobs. In addition, pressure is felt by family members of the previous generation when they observe that the coming generation is developing more and more, demands more space

and wants to participate more in decision-making (Belausteguigoita, 2004).

The decrease in shareholders. This occurs when one member of the family wants to leave the business and decides to sell their shares. Such cases cause very complicated situations within the company and the family itself.

Inappropriate roles within the company. Usually generated when a family member behaves in their business role in the same way as within the family (Corona, 2005), in as much as they transfer the role they play in the family to their job and do not understand the difference between the two institutions; therefore those in the family who are more authoritarian carry this image with them into the company, as they do if their attitude is more submissive. Family members working in the organization will display similar behaviour, but as the company and the family have different objectives, the behaviour of each family member in the company should be different (Nemesio 2000; Belausteguigoita, 2004).

Inadequate organizational structures. In the vast majority of cases, these businesses do not have good organizational structures, in that respecting agreements of a family nature does not make for company efficiency (Martin, 2009).

Excess of family members in the company. The inclusion of family members should follow the logic of the business strategy, since in many such organizations the founder begins incorporating family members without knowing where to locate them or without the intention of developing the company, simply because of family obligations; this causes such saturation that if in addition these family members do not contribute anything of value to the company, the end result will be failure.

Remuneration of family members. Different remuneration for being part of the family is something all family businesses tend to do; this is not only unfair but may discourage more effective workers and their commitment to the organization (Martin, 2009).

Inappropriate behaviour. Not knowing how to separate the workplace and the family gives rise to arguments and talking about work and personal issues in inappropriate places (Gonzalez, 2005)

The organizational climate is not conducive to development. This refers to when the working environment is not good, this encourages the emergence of more intense and frequent conflicts; in contrast, if the work atmosphere is friendly, it will

encourage workers to be more effective and excel themselves (Monreal et al., 2009).

These are the principle conflicts affecting the family business. Most of the time, through not knowing how to resolve them correctly or not having foreseen them, they lead to the total failure of the company. In addition to the causes associated with the incorrect separation of both systems, family and business, there are other causes of possible conflict which are classified into distinct types:

The first typology of conflict is associated with the handling of emotions and the prevalence of informality in relationships. The management of emotional relationships leads to company affairs not being managed with logic and reason. Moreover, deterioration of the affective-emotional family relationships leads to inflexibility in the management of the company and intransigence and irrationality in decision-making (Gersick et al., 1997). To avoid this, the informality of the family group should not be transferred to the professional organization of a company and this is achieved by the definition of a well-established family protocol. It is clear that family businesses require "family protocols" as a measure to prevent potential conflict.

The second typology of conflict is related to communication. The fact that many family members spend a long time together does not imply that there is good communication between them. Good communication within the company depends on several factors (Churchill and Lewis, 1983), among which are, in first place, one called "active listening", in that to establish good communication one must first be a good listener. Secondly, the appropriate means of communication must be chosen. In family businesses, verbal communication is over used; although effective, this form of communication is sometimes vague. Written communication can clarify points and is durable; it also achieves compromise between family members. It is important to know when to use written communication and when to use other forms of communication. Finally, in third place, is the need to establish an open, honest communication with sensitivity. That is to say, one should always speak with clarity and honesty, but weighing words carefully, which is particularly important when it comes to family matters.

All these types of conflict must be managed with great tact through conflict resolution processes which do not erode the harmony of proactive family relations (Nemesio, 2000; Martin, 2009). The different conflict management processes are

negotiation, mediation and arbitration. The first is the most desirable in that it gives a better understanding of the problem, negotiation being the management strategy of conflict management par excellence. However, in order to use it, it is necessary to separate people from problems, focus on interests not positions and find a mutually beneficial solution. All the previous proposals are basic tools of "internal negotiation" which generate a high level of reassurance for families and huge benefits to businesses (Martin, 2009). With regard to mediation, it should only be implemented if negotiation does not work, because even though entered into on a voluntary basis, it requires third party intervention to resolve the conflict. This person has authority but no power to impose the solution, since mediation does not result in a solution imposed by the mediator, but in an agreement negotiated by the parties at their discretion and with the help of the mediator (Acland, 1990; Astrachan and Jaskiewicz, 2008). Lastly, arbitration is the final method, used in the event that the above two do not produce a positive outcome.

Family businesses are organizations with highly-charged emotional issues. The mutual invasion that family and business produce in the field of family business becomes a strong source of conflict, which, whether manifest or not, remains in each of the two systems (Perez et al., 2007). For this reason, the family dimension has a major influence and must be properly channelled into the company, with the intention of making its impact positive, since in a well-organized business there is less room for conflict (Ruiz, 2001; Gallo, 2011). When it is structured to give priority to the family system (with the aim of meeting the needs of its members), but leaves business demands unresolved, it will be vulnerable and furthermore, foster conflict. Also, a clear division of functions is an essential tool, not only to achieve specialization in the workplace, but also to avoid confusion. To summarize, we can say that it is advisable to establish a dispute resolution procedure which should become part of the "corporate culture", and one which all family members should clearly understand. It is also advisable to take into account the tools provided by the Alternative Resolution of Disputes through which it is possible to learn to understand that conflict is an opportunity for positive change through cooperation and dialogue.

3. Family capital and social capital in the family business culture from the perspective of conflict

One of the hallmarks of family businesses is that their objectives go beyond the purely economic (Olson et al., 2003; Chrisman et al., 2003; Sharma, 2004; Hienerth and Kessler, 2006; Allison et al., 2008; Cibrian, T., 2010). Concern for future generations and maintaining the emotional balance of the family, alongside good management of resources in the company are important factors in these businesses. There are several theoretical frameworks from which to address this relationship: the theory of systems (Lansberg, 1983), the theory of resources and capabilities (Habbershon et al., 2003) or social capital (Coleman, 1988).

This latter perspective is particularly suggestive in the analysis of the family business, helping to identify family capital as a resource. The concept of familiness (Olson et al., 2003) refers to the impact of family influence on the strategic processes and performance of the company (Sciascia and Mazzola, 2008; Miller et al., 2008) from the deployment of various resources, one of these being family capital.

According to Hoffman et al. (2006), family capital is a special form of social capital; it is the moral infrastructure that guides relationships between family members. It is a resource for the particular community that makes up the family, in which the values, norms and morally acceptable beliefs are defined and by which members of the family unit are socialized. Therefore, we can treat family and social capital as the capability through which the family business learns to plot out the kind of business it wants to be. Development of this capital may to a large degree determine whether the family influence on the business is positive or negative. Functioning family capital, that is one that prompts factors of commitment, communication and teamwork, will be useful for development of the business. In contrast, dysfunctional family capital has the capacity to "contaminate" the development of the business (Cibrian, 2010; Le Breton-Miller and Miller, 2009).

There is no doubt that family capital, whether functional or dysfunctional, is an important type of social capital that frames the present and the future of family businesses and makes them different from those companies that are non-family (Cibrian, 2010).

The concept of social capital has an active presence, albeit one that is not yet very developed, in analysis of family businesses through studies such as Arregle, Hitt, Sirmon and Very (2007), and of

Pearson, Carr and Shaw (2008) who present different theoretical and methodological perspectives to point out both the importance of shared cognitive and relational factors, as well as the importance of family stability, interdependence, closeness, involvement and self-sufficiency of families in the business environment¹.

Similarly, the concept of social capital remains closely connected to the contributions of Bourdieu (1985), Coleman (1988), Putnam (1993) and others now considered classics.

This term is best summed up by Bourdieu's definition, "the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (1985:248).

But perhaps the most inclusive definition is that of Putnam which considers that social capital consists of those elements of social organizations such as networks, norms, trust ... that facilitate action and cooperation for the mutual benefit of members of a community or social group.

However, the use of the concept of social capital as a theoretical paradigm for social organizations, even in the field of business, has mostly implied highlighting the positive potential that its existence and channelling would have for social groups and communities, being considered simultaneously cause and effect.

Certainly all groups and communities have some kind of social capital, deriving from their history, acquired habits, the institutionalization of social relations and individual interactions, etc., shared to some degree by their members.

Although it is clear that its existence per se is not necessarily a positive socio-cultural substrate on which to build and encourage participation, involvement, mutual trust, reciprocity, identity, proactivity, etc., between members of communal social groups, the general literature has highlighted with greater prodigality this potential as opposed to the possible limitations that this capital may have in the opposite direction. That is to say, conflictive in nature or simply negative or perverse².

The general literature and research concerning this concept has not reported any negative components. In fact, it is difficult to find a more systematic and profound exploration that also deals with the dark side of this concept. This is precisely the contribution of writers such as Marco Lorenzelli (2003) and Alejandro Portes (1996, 1998) who have systematized the treatment of the so-called "dark side" of the concept, noting obstructive aspects as:

- Blocking of access to other members, that is, exclusion of other members not thought of as primary family members.
- The pressure of the immediate environment, i.e. the obligation to include untrained members or those with demands not strictly part of the group.
- The demand for conformity, that is, subjection of individual initiatives to the rules of the group.
- Levelling down, i.e. the pre-emption of group interests over those of an individual leading to strangulation of the most capable individuals' initiatives.

Despite not being directly focused upon the world of business organizations, we believe that aspects of it are perfectly applicable to the area of social capital of family businesses.

In the context of theoretical analysis of conflict in family businesses, of especial interest are the contributions of Jim Grote (2003). On one hand, he proposes that rather than reading the potential for conflict within the family business in terms of the dyad of family/company, to make the reading in terms of triads (triangles). These triads are made up of business/family/ individuals or, better, organization/family relations/initiatives-wishes of the members. In these triads there will always be present, in latent form, the seeds of conflicts of interests and interpersonal rivalries, whether due to the barrier of inherited business behaviour that subsequent successive generations have due to respect for the initial business, or equally, at the individual and group emotional level which slow innovation processes, as well as complete realisation of desires beyond strictly organizational needs from any member of said organization.

On the other hand, Grote offers the interesting proposal of stimulus to family businesses and the use of mediation, tutoring or external mentoring to

¹ For a treatment of this issue from different perspectives, we refer the reader to several articles from the Family Business Review September 2009, 22 (3).

² It is not set out in terms of positive, equals strong social capital, dense and intense, versus weak, diluted social capital, but in terms of the existence of negative references, distrust, reservations, attitudes of

non-involvement etc., between members and subgroups of organizations and communities.

act as a control mechanism for recurrent conflict. This presumes resorting to external business socialization for successive generations and a way to better understand the inner through external viewpoints and from other experiences.

Apart from the significance of the concepts described above, it can be said that the control of conflict does not derive per se from the existence of forms of positive or negative social capital, either in business or family aspects, not even from the group or individuals within it, but from the existence of the conscious exercise (known, evaluated, expressed, involved, ...) of management control of positive and negative social capital which all social groups possess to some degree.

Thus, conflict in the family business finds a common reference point in the formal-business non-channelling of seemingly pre-initial benefits of casual family involvement in aspects such as:

- Identity of the family and business project, but based on formal demarcation of business and family roles and spheres.

- Lack of contemplation of the professionalization of certain aspects of management due to existing corporate management structures and family ownership.

- Non-demarcation between business management, participation in the control of the family business and ownership.

- Along side other issues such as the definition of the role of related and collateral family members (inclusion-exclusion), personal gain as opposed to the group, the subjugation of individual initiative to implicit or explicit global rules for the simple reason of their being part of historically inherited habits, or the downgrading of skills of the members, as noted, albeit in general, by Portes (1998).

- Or by the mutual interference between the emotional and the business as pointed out by Astrachan et al. (2008).

- In the same way that the delegation of functions may be based not on strict criteria of business fitness, but simply on family membership, or in terms of inclusion or exclusion based on gender or different degrees of family relationship.

- Nor can organizational questions be considered outside members' expectations, whether they belong to the family or are simply employed by them.

After reviewing the concepts-mediums chosen for the analysis of family conflict and a review of some relevant literature arising, then certain questions relating to the purpose of our analysis are posed.

4. Research questions

The research questions we posed in relation to family conflict seek to relate certain substantive variables in the formation of the company with internal conflicts in the organization of the family business, such as gender, training and professional experience. The expression of these relationships is contained in the following three questions:

Q1.1. To what extent does the gender of the manager of the family business influence conflicts that may arise between the business family and the company?

In the literature, few studies have addressed the issue of gender in the process of family business management and its influence on conflicts that may arise in it, and even fewer studies have performed empirical studies on this topic. To sum up, the lack of empirical evidence gives rise to the previous question.

Q1.2. To what extent does the level of training of the manager of the family business influence conflicts that may arise between the business family and the company?

With regard to the training of the manager, the studies conducted by Ezell et al. (1981) and Marlowe et al. (1996) on managers and business administrators reveal that the academic level of management influences the way in which conflict resolution is conducted. The results show that the higher the level of education of the manager, the greater the degree of fairness in their decisions. Furthermore, it has been shown that the manager's level of experience can also be of influence when resolving such conflicts (Ezell et al., 1981; Heilman and Martell, 1986; Marlowe et al., 1996). Moreover, research on the academic level of management in the field of family businesses is scarce, and has been unable to clearly establish a relationship between the level of training and ability to prevent or resolve conflicts that arise.

Q1.3. To what extent does the experience of the manager of the family business influence conflicts that may arise between the business family and the company?

Equally, it is worth examining to what extent the

manager's professional experience helps resolve family conflicts in the company. There is no doubt the manager's accumulated experience in the life of the company also facilitates their being a mediator and resolver of family conflicts which interfere or may interfere in the day-to-day running of the business.

Finally, in the literature on family businesses there are constant theoretical observations re how the Family Council, the Board of Directors and Family Protocol help manage the family business and avoid conflicts between the family business and family members of the company, but there are few empirical studies which have been able to measure the degree of this influence. This justifies why we take into account this situation- relationship in the data analysis.

Below we describe the empirical study that will test the research questions posed. To do this, we will analyze some topics of interest, based on the results of our research on the application of the *scale of familiness*.

5. Methodology. The measurement and analysis of corporate culture according to the f-pec scale

The study was conducted in a total of 500 SMEs in Spain, by telephone interview with the principal officers of the company (Director General, Manager, Human Resources Director and related positions). Fieldwork took place from 28 February to 1 March 2011.

To carry out this study, we used a sampling frame consisting of a total of 5,113 companies throughout Spain where the number of workers was between 25 and 249 employees. The sample was divided according to company size, so that 200 surveys were conducted among companies with between 25 and 49 workers, and 300 surveys among enterprises with 50 to 249 workers. Finally, due to the specific aims of this study, the sample concentrated on 282 family businesses.

The sampling error was $\pm 4.25\%$, taking UUS (universe under study) as the number of companies provided in the sampling frame used (5,113) and assuming simple random sampling criteria for the case of maximum uncertainty [P (probability of the phenomenon) = q (complementary probability) = 50%] and a confidence level of 95.5% ($k = 2$). The sampling unit selection was made following a systematic random process via telephone calls.

The structured questionnaire consisted of 18

questions relating to the status of fiscal policies, human resources and innovation. The clearance of the data matrix was performed using the programs BARWIN, CODI, MINITAB, EXCEL, SPSS.

As for the model used to measure the influence of the family on the business and its impact on the formation of family social capital, we used the F scale - PEC (Power, Experience, Culture) of Astrachan, Klien and Smyrnios (2002). Specifically, the culture subscale measuring instrument used assessed the extent to which family values are connected with the values of the company and, secondly, the degree of commitment of the family to the company.

Validation of the measurement scale

The validation process of the proposed scale for measuring the dependent variable of the research model has followed the following phases:

Firstly, the development of the measuring range of the variable "*conflict in the family business*" has taken into account a review of the related literature (Table 1). Thanks to this literature review, it was possible to make the first scale proposal. However, the scale had to be adapted to the context of the study.

Table 1

Content-Validity.

| Variable | Adapted from |
|---------------------------------|---|
| Conflict in the family business | Astrachan et al. (2001) Smyrnios et al. (2003) |

Source: Questionnaire. Monreal and Sánchez (2012)

The validation process included an exploratory analysis of the reliability and dimensionality of the measuring instrument. Firstly, Cronbach's alpha method has been used to assess the reliability of the scale, taking a minimum value of 0.7 (Nunnally, 1978). The variable considered comfortably exceeded this threshold. It was also found that the item-total correlation, which measures the correlation of each item with the sum of the remaining items of the scale, was higher than the minimum of 0.3 (Nurosis, 1993).

Secondly, we proceeded to assess the degree of one-dimensionality of the scale covered by means of factor analysis. Extraction of factors was based on the existence of eigenvalues greater than one, while requiring from each item loads higher than 0.5 and that the variance explained by each extracted factor was significant. Thus, a single factor is extracted for each of the proposed scales.

6. Analysis of results

282 valid responses were received from the questionnaires completed by family businesses (Table 2). The results shown in this table show that men predominate (92.9%), with a university education (63.8%) and with more than five years of experience in the business (81.6%).

Table 2
Sample Characteristics.

| Sample | Description | % | N=282 |
|------------|--------------------|--------|-------|
| Gender | Female | 7.1 % | 20 |
| | Male | 92.9 % | 262 |
| Education | Non university | 36.2 % | 102 |
| | University | 63.8 % | 180 |
| Experience | Fewer than 5 years | 18.4 % | 52 |
| | More than 5 years | 81.6 % | 230 |

Source: Questionnaire. Monreal and Sánchez (2012)

In relation to the characteristics of family firms in terms of their governing bodies (Table 3), the results show that family businesses with a Board of Directors predominate (69.19%), but they do not have a Family Council (63.5%) or Family Protocol (53.2%).

Table 3
Sample Characteristics.

| Sample | Description | % | N=282 |
|--------------------|-------------|--------|-------|
| Board of Directors | No | 30.1 % | 85 |
| | Yes | 69.1 % | 195 |
| | NK/NR* | 0.7 % | 2 |
| Family Council | No | 63.5 % | 179 |
| | Yes | 21.3 % | 60 |
| | NK/NR | 15.2 % | 43 |
| Family Protocol | No | 53.2 % | 150 |
| | Yes | 29.8 % | 84 |
| | NK/NR | 17.0 % | 48 |

*NK/NR = not known/no reply

Source: Questionnaire. Monreal and Sánchez (2012)

Table 4

Anova dependent variable: Conflict.

| Source of Variation | Degrees of freedom | F | Significance |
|---------------------------------|--------------------|-------|--------------|
| Gender | 1 | 1.190 | n.s |
| Education Level | 1 | 4.347 | 0.038** |
| Experience | 1 | 5.834 | 0.016** |
| Gender - Education Level | 1 | 0.476 | n.s |
| Gender - Experience | 1 | 0.313 | n.s |
| Education Level - Experience | 1 | 0.557 | n.s |
| Gender - Education Level - Exp. | 1 | 0.266 | n.s |

| Average values of the variable: | Nº | Average | Desv. tip |
|---------------------------------|-----|---------|-----------|
| Male | 262 | 4.04 | 0.879 |
| Female | 20 | 4.29 | 0.904 |
| No university studies | 102 | 4.13 | 0.918 |
| With university studies | 180 | 4.83 | 0.355 |
| Less than 5 years experience | 52 | 3.98 | 0.999 |
| More than 5 years experience | 230 | 4.25 | 0.872 |

Source: Questionnaire. Monreal and Sánchez (2012)

The results in Table 4 show that the interaction of the factor of the *gender of the manager* is not significant since both women (4.29) and men (4.04) are virtually identical in the prevention of conflicts in the family business. Also, in relation to the independent variable *level of education* (with or without university education), it can be seen that managers who have had university education (4.83) prevent conflicts better than their peers without college education (4.13), this difference being significant at 95%. Similarly, re the independent variable *management experience* (Table 4), this shows that there are significant differences ($p < 0.05$) between novices and experts. Thus, the novices (fewer than five years in office) attain a value of 3.98, while the experts (more than five years in office) have a value of 4.25. Finally, regarding the interactions between the three factors (gender, education and experience) there are no significant mean differences.

Table 5

Anova dependent variable: Conflict.

| Source of variation | Degrees of freedom | F | Significance |
|---|--------------------|---------|--------------|
| Board of Directors | 1 | 10.242 | 0.002** |
| Family Council | 1 | 0.327 | n.s |
| Family Protocol | 1 | 2.966 | 0.086* |
| B.Directors- F.Council | 1 | 3.649 | 0.057* |
| B.Directors- Protocol | 1 | 0.577 | n.s |
| F.Council – Protocol | 1 | 0.023 | n.s |
| B.Directors- F.Council - Protocol | 1 | 3.133 | 0.078* |
| Average values of the variable: | Nº | Average | Desv. tip |
| Without Board of Directors | 85 | 3.90 | 0.974 |
| With Board of Directors | 195 | 4.32 | 0.840 |
| Without Family Council | 179 | 4.11 | 0.920 |
| With Family Council | 60 | 4.29 | 0.874 |
| Without Family Protocol | 150 | 4.04 | 0.935 |
| With Family Protocol | 84 | 4.51 | 0.707 |

Source: Questionnaire. Monreal and Sánchez (2012)

Below, Table 5 shows the results of the influence that the *governing bodies* of family businesses have on the generation of conflict, in helping to separate family issues from business ones and creating a good working atmosphere in the company and harmony in the family. This table shows that there is an influence on the dependent variable as to whether the company has a management board, as it shows that there are significant differences ($p < 0.05$) among those who do have (4, 32) and those that do not (3.92), in favour of the former. The same is true in relation to those companies that have Family Protocols (4.51) over those that do not (4.04), although this difference has 90% significance. However, no significant differences were found among the companies that have a Family Council and those without. Finally, regarding the interactions between the three factors, a significant difference of 95% was found in those cases of family businesses which have a Family Council and Family Protocol, and of those that do not. It has also found an

interaction effect of the three factors significant at 90%, that is, those companies with a Board of Directors, Family Council and Family Protocol avoid and better manage conflicts between the family business and the company than those who do not.

7. Conclusions

The fact that the family business is articulated by the family and the company produces a variety of situations and forms, both in its governance and its management. Certain forms of corporate culture can have negative or obstructive aspects, resulting from conflicting values present in the family and business vision generated by the following situations:

-Lack of formalization of the management and decision-making structure in order to channel informal relations towards the interests of the business and the family.

-Conflicts of personal/professional interests among members of the family and the business and beyond other types of individual expectations.

-Processes of delegation of responsibilities based more on family closeness than on criteria of professional qualification of family members.

From the results obtained by the application of the F-PEC scale on the family businesses investigated and, specifically, the items relating to the possible factors of conflict in family businesses, we should note the following:

Regarding the characteristics of the manager:

1. The manager's gender does not influence avoidance or prevention of conflict in the family business.
2. The fact that a manager has had university level education or more than 5 years' professional experience in the position of manager does have influence when avoiding or preventing conflict in the family business.
3. *Regarding the existence of governing bodies in the family business:*
4. The fact that the organization has a Board of Directors and/or Family Protocol has a positive influence when avoiding or preventing conflict in the family business.
5. The data does not reveal any influence solely attributable to the existence of a Family Council.

6. Family businesses with Board of Directors, Family Councils and Family Protocols manage conflicts better than those without these three organs of management, because they know how better to separate family issues from business issues and create a better climate in the business and in the family.

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