FAMILY FIRMS

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Firms are controlled by the family members with few professionals for long periods through history and it means the power to fix the price of products or services by arbitrary methods. These are exclusively reliable and experienced companies. However in the regular markets prices of products and services are affected by the competition between organization of the same type. The vast proportion of business enterprises, old and new, has its origin in the family: The skilled tradesman or the inspired innovator flowering into a sizable family firm and ending up as a public company is a familiar pattern. This progression may take centuries or it may be achieved in a short span of years. Whatever the pace the family firm today presents an unique set of management situation. A definition must be sought. Perhaps the most satisfactory would be, simply, to describe a family firm as one which is predominantly owned and managed by a family. Whether the firm is a private company or a public one, the founder, or the founder's descendants, still exercises control.

The immediately arises the question of size. It is clear that very different management considerations arise in the case of many developing countries companies employing thousands of people- A business keenly interested in family responsibilities – from those in a small engineering works employing a few hundred people and run by a father and son. If management's aim is to secure a high degree of work satisfaction for its employees, in addition to good trading results (in any case the two should go hand in hand), the size of the operation presents different problems. This matter of work satisfaction depends to quite an extent on size, and the larger the firm the more difficult it is to achieve that sense of sharing and belonging among employees which is today accepted both as a basic psychological need and vital to effective management. A large family -owned firm is in much the same position as a business of corporate ownership, its management has a plain duty to employees to ensure that the job is worth doing, and it usually has the resources to carry out what is requirements are measured and understood . Because of this size, it is forced to use a good deal of professional management. But there are less and less large family - owned businesses left in existence today. Taxations, death duties and rationalization have brought about the

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reorganization of many firms which, a generation back were distinguished by men of immense prestige and personality. We have in Turkey such distinguished firms. They have melancholy and they must be in modern conditions, to live long. It is however, in the galaxy of middle and small-sized business that there is still a great number of predominately family-owned firms which have been sustained by the prudent counsel of legal and taxation advisers, and which are, or should be protected from the worst depredation, of some revenue problems.

It would seem that the family owners have to make a serious decision. Will they accept the management responsibility, generation by generation, and see it through themselves, or do they see their role as being heads of the concern, showing themselves as occasion demands, supplying an often welcome form of benevolence and paternalism and leaving the management to experts?

In the first case - acceptance of management responsibility by the family owners - there is little question but that the quality of management tends to become diluted as generation succeeds generation. Except in rare cases the tine fervour which typified the founder's approach to the development of the firm, a fervour's approach to the developments of the firm. A fervour which was often compounded of inventive genius and idealism and which was underwritten by an ardent desire to make money, has evaporated. The graveyards of commerce and industry are full of the tombstones of businesses which have perished in this way or which have lost precious and valued identity through amalgamations and mergers. And yet there is often to be found a persistent belief in many families that, by some almost divine right, there is the obligation to go on leading, long after the urge or the incentive and the capacity to lead have gone. Sons feel they must show their fathers, even though their character and tastes are utterly dissimilar, that they can "pull it off" and that they can do every bit as well. There are in fact, deep complicated psychological forces at work here which are too seldom given proper consideration. An interesting and recurring example is of the succession to an autocratic family leader by two sons. There are occasions when such a succession works well because the two brothers complement each other: One has the father's though character; The other brings more humane standards to bear. As a combination it can be highly successful. The problem usually arises with the generation after that: cousins do not often get on together! But when a family firm is just holding its own, though signs of decay are not hard to see, there are different problems from the employees' point of view. It has so frequently been stated in some articles that, financial rewards apart, responsible participations is vital to a worker's satisfaction and there can be no question that access to boss who is easily identifiable who carries with him something of the history and the
"ethos" of the firm, is an important consideration. This is particularly true of women employees, who respond to paternalism however remote it may be. But if there is no efficiency, if the owner is simply there because he feels he ought to be, without having thought through whether or not he has the proper qualifications, it is pretty certain that the employees will soon become disenchanted. Management, it cannot be said too often, implies leadership; it is almost asking too much to expect that every generation in family will supply a leader. There are outstanding exceptions to this rules. In the brewery business in European country. To take but one from many possible examples, there are not able cases of generation succeeding generation and making an admirable job of it. There is one additional factor about which it is hard to write precisely but which must be touched upon and which will be better illustrated by a case history.

Many family firms are jealous of their reputation in what may be termed the fields of design, craftsmanship, and service. Against considerable odds such firms, expanding because the world's desire for better-designed, better-made things is expanding, have to hold on tenaciously to their high principles of quality and design and the craftsmen to maintain them. In these circumstances it is probable that the family-business atmosphere is the most conducive to the maintenance of these standards. Here the first principles of quality and design are maintained because, so to say, succeeding generations of these families are imbued with a sense of responsibility there is no question but that men and women working in such an atmosphere derive a special sort of satisfaction from the family tradition, in our co- untry, number, of these companies are gradually increasing. It may will be that a family firm which places quality and reputation above all else will not make the same profits as a competitor less concerned with the imponderables of design and craftsmanship, but this is an instance-let such instance be praised-when profit is not the whole story. It may also well be that such firms are particularly vulnerable to takeoverbids, but here again there are many instances of considerable family courage in the face of mounting temptation. In sum it may be said that there is plenty of room for family business so long as the family representatives can bring either management skill or benevolence-or both- adjusted in each ease to the charater and requirements of the situation, if these qualities are not forthcoming and the rest of management will have a hopeless task..