Conflicts in family firms:
state of the art and perspectives
for future research

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Abstract

Purpose – The aim of the paper is to provide a systematic overview of the literature dealing with business-related conflicts between family members in (their) family firms (FF). On the basis of this focus, the research questions are: Which delimitable topics with regard to contents can be identified in the literature on conflicts in FF? Which findings are available referring to this and how were they generated? Which options can be derived for future research?

Design/methodology/approach – The analysis is based on a systematic literature review including articles published in peer-reviewed academic journals from January 1990 to June 2010.

Findings – It was found that three distinguishable topical areas can be identified: causes for conflicts in FF; effects of conflicts in FF; and management of conflicts in FF.

Research limitations/implications – The small number of contributions calls for further studies with replication studies as a promising option. Due to the specific nature of the conflict dynamic and logic in FF, which can hardly be captured by quantitative studies alone (even with longitudinal designs), a promotion of qualitative studies is advisable, too. In this regard, a systems-theoretical perspective could utilize the capability of this theory and strengthen the theoretical foundation of research on conflicts in FF.

Originality/value – This review shows three rather clearly distinguishable research streams and offers options for future research, with a special focus of modern systems theory which conceptualizes conflicts as a special system within the family business system.

Keywords Family firms, Family business management, Family, Organizational conflict, Conflict management, Systems theory

1. Introduction

Conflicts are not specific to family firms (FF), but they are still a central problem for this type of company, as due to the familial relations, conflicts escalate much more easily and can rapidly shift to the personal level. From this, a specific conflict dynamics and logic can emerge, with the potential to destroy economic as well as meta-economic values and to endanger company and family (Davis and Har veston, 2001; Levinson, 1971). The focus of the following analysis is on company-related conflicts between family members in (their) FF. Hence, the focus is on conflicts that are the subject of company-related communication processes. Purely familial and psychological, as well as work-family, conflicts are not covered in this paper.
Looking at the literature, several differentiations regarding the conflicts of interest here can be made out. Frequently there is a distinction between task, process and relationship conflicts, with the first often called cognitive and the last emotional conflicts. In task conflicts, there are communicated disagreements when people struggle for the best solution regarding goals and strategies, which can result in an effect conducive to success. Process conflicts relate to communicated disagreements concerning how goals are to be achieved and can also further success. Relationship conflicts are conflicts connected with negative emotions that are commonly associated with a destructive effect (Jehn, 1997; Von Schlippe and Kellermanns, 2008).

Conflicts normally occur in connection with decisions. Especially in FF, they can turn into a threat (Beckhard and Dyer, 1983). Preventing and detecting conflicts and developing a conflict management system are thus a central task for FF, particularly as they can lead to an escalation process that is difficult to deal with (Glasl, 2002).

In the literature, a change of perspective of social conflict in organisations as a dysfunctional, stressful event towards a more positive view of conflict as possible functional can be observed (De Dreu and Weingart, 2003; Kellermanns and Eddleston, 2004). Prior research, however, mainly focused on the negative effects of conflict (e.g. Harvey and Evans, 1994; Levinson, 1971) and only few works emphasised the beneficial effect of conflict at a low level (e.g. Coser, 1956; Tjosvold, 1991). In the past 15 years, there has been the prevailing view in the conflict literature in general and in the family business conflict literature in particular to assume that task and process conflict can, under specific circumstances, be beneficial and improve performance (Amason and Schweiger, 1994; Jehn, 1995, 1997; Jehn and Mannix, 2001; Kellermanns and Eddleston, 2007).

Task conflict therefore occurs, when differences in viewpoints and opinions about the task are communicated (Jehn and Mannix, 2001). Process conflict relates to communicated disagreements concerning how goals and tasks are to be achieved (Jehn et al., 1999). Both may foster organisational learning and development processes through struggling for the best solution (De Dreu and Weingart, 2003) and a synthesis of diverse perspectives (Jehn and Mannix, 2001). The literature, therefore, concludes that both conflict types may be productive. Relationship conflict, in contrast, is detrimental for performance and satisfaction (Amason, 1996; Kellermanns and Eddleston, 2004; Van de Vliert and De Dreu, 1994), because it decreases goodwill and mutual understanding (Deutsch, 1969). Relationship conflict is connected with negative emotions and affective components like displeasure, frustration and irritation, which makes the completion of organisational tasks much more complicated (Jehn, 1997; Jehn and Mannix, 2001).

All these are reasons to ask what is already known about the conflicts that are of relevance in this paper. The research questions relating to the focus referred to above, are:

1. Which definable content areas can be identified in FF as regards conflicts?
2. What results have been presented and which methods were used in generating them? and
3. Which options do these results leave for future research?

The following literature review is based on journal articles that have undergone a peer-review process. Literature reviews are of relevance for a number of reasons: they provide an overview of a partial area of a subject and its developments, they form a
basis for research that aims to build on previous knowledge in order to expand and validate, they further reflect and support the further development of theoretical and methodological approaches and they are the foundation for evaluating research, which in turn is the basis for (evidence-based) recommendations for practical use (Tranfield et al., 2003).

2. Method

The following literature analysis covers a research period from 1 January 1990 to 30 June 2010. It was conducted by means of the ABI Inform Global/ProQuest database. Abstracts were searched for the terms “conflict” and “FF” or “family business”. This narrow search strategy makes it possible to identify articles with an explicit relation to the topic. The search strategy at first resulted in 54 hits. A first check revealed the double listing of an article and a book review. One article was written in French and was eliminated due to lacking language skills. One paper was a comment on a journal article, with the article commented on not on the list of results generated; it was also removed. Therefore, the result of this first check was 50 articles.

In a next step, the articles were checked based on the “Jourqual 2” ranking of the German Academic Association for Business Research, as only articles in journals ranked at least C were to be included. A total of 16 articles had been published in journals ranked lower than C or not at all. Having also the international relevance of the journals and articles in mind, the list was cross-checked with the list of leading management journals publishing family business articles presented in the review of Debicki et al. (2009). This left 34 articles, whose abstracts and chapter headings were closely scrutinised in order to find out their thematic relevance. Within this process the main focus was on the prominence of the conflict subject as detailed above and on business-related conflicts of family members. This excluded agency-based conflicts, which deal with conflicts between owner family and non-family owners, as they do not cover conflicts in the family running the company. Similarly, so-called work-family conflicts, which deal with the effects of conflicts in companies on the family and vice versa, were not included, as this paper, as mentioned above, focuses on the emergence, effect and management of conflicts in FF.

This inspection resulted in a reduction in the number of relevant publications. As a result, ten articles published in six journals between 1999 and 2008 remained (see Table I). This can be seen as a surprise, as although the topic is given some prominence, it can hardly be called a main research focus of family business research.

Overall, this gives the impression that with a search and selection strategy based on journal ranking and the relevance regarding the postulated topical focus, a manageable number of journal articles remains, for which a quantitative meta-analysis does not seem suitable due to the diversity of the articles (Fink, 2009).

<table>
<thead>
<tr>
<th>Journal</th>
<th>Number of articles</th>
<th>Jourqual 2 ranking</th>
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</thead>
<tbody>
<tr>
<td>Family Business Review</td>
<td>3</td>
<td>C</td>
</tr>
<tr>
<td>Journal of Small Business Management</td>
<td>2</td>
<td>B</td>
</tr>
<tr>
<td>Journal of Business Research</td>
<td>2</td>
<td>B</td>
</tr>
<tr>
<td>Journal of Business Venturing</td>
<td>1</td>
<td>A</td>
</tr>
<tr>
<td>Entrepreneurship Theory and Practice</td>
<td>1</td>
<td>A</td>
</tr>
<tr>
<td>International Journal of Cross Cultural Management</td>
<td>1</td>
<td>C</td>
</tr>
</tbody>
</table>

Table I. Distribution of articles by journal
Table II lists the ten remaining papers in chronological order, by author, title, journal and year of publication.

In a final step, based on the analysis of the abstracts and chapter headings, we tried to categorise the articles into topical clusters according to the similarity or dissimilarity of their content. This step resulted in three clearly distinguishable topical areas: causes for conflicts in FF, effects of conflicts in FF and management of conflicts in FF. Some of the papers dealt with both causes and effects of conflicts: these were categorised based on their main focus.

Table III shows the categorisation of articles into clusters.

Both the selection process of the articles, which resulted in the reduction from 34 to ten articles, and the categorisation of the articles according to their main topic are subject to partially subjective evaluations. For this reason, a second person was asked to also select and categorise, without knowing the results of the first person. The agreement of the selection regarding both steps (checking the 34 article's relevance and categorisation of the articles) is, at 81.8 per cent (agreement value) ($\kappa = 0.859$) and therefore in a satisfactory range.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Title of the paper</th>
<th>Journal</th>
<th>Year of publication</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Davis and Harveston</td>
<td>In the founder’s shadow: conflict in the family firm</td>
<td><em>Family Business Review</em></td>
<td>1999</td>
<td>1</td>
</tr>
<tr>
<td>Sorenson</td>
<td>Conflict management strategies used by successful family businesses</td>
<td><em>Family Business Review</em></td>
<td>1999</td>
<td>2</td>
</tr>
<tr>
<td>Davis and Harveston</td>
<td>The phenomenon of substantive conflict in the family firm: a cross-generational study</td>
<td><em>Journal of Small Business Management</em></td>
<td>2001</td>
<td>3</td>
</tr>
<tr>
<td>Kellermanns and Eddleston</td>
<td>Feuding families: when conflict does a family firm good</td>
<td><em>Entrepreneurship: Theory and Practice</em></td>
<td>2004</td>
<td>4</td>
</tr>
<tr>
<td>Eddleston and Kellermanns</td>
<td>Destructive and productive family relationships: a stewardship theory perspective</td>
<td><em>Journal of Business Venturing</em></td>
<td>2007</td>
<td>7</td>
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<tr>
<td>Ensley, Pearson and Sardeshmukh</td>
<td>The negative consequences of pay dispersion in family and non-family top management teams: an exploratory analysis of new venture, high-growth firms</td>
<td><em>Journal of Business Research</em></td>
<td>2007</td>
<td>8</td>
</tr>
<tr>
<td>Kellermanns and Eddleston</td>
<td>A family perspective on when conflict benefits family firm performance</td>
<td><em>Journal of Business Research</em></td>
<td>2007</td>
<td>9</td>
</tr>
<tr>
<td>Eddleston, Otondo and Kellermanns</td>
<td>Conflict, participative decision-making, and generational ownership dispersion: a multilevel analysis</td>
<td><em>Journal of Small Business Management</em></td>
<td>2008</td>
<td>10</td>
</tr>
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</table>

Table II. Publications on conflicts in FF
Due to the necessary brevity of this paper, it is not possible to describe the individual articles in the clusters in detail. Therefore, the following section describes and analyses the articles in the three clusters in table form according to the major criteria for scientific research, while Section 4 summarises the clusters in a critical analysis.

3. Description and analysis of the clusters

Cluster 1: causes of conflicts
This group of articles (see Table IV), which deals with the causes and the emergence of conflicts in FF, includes six publications (Davis and Harveston, 1999, 2001; Van der Heyden et al., 2005; Eddleston and Kellermanns, 2007; Ensley et al., 2007; Eddleston et al., 2008).

Cluster 2: effects of conflicts in FF
Two publications are part of this cluster (Kellermanns and Eddleston, 2004, 2007) (see Table V).

Cluster 3: conflict management in FF
This cluster (see Table VI) consists of two publications: Sorenson (1999) as well as Yan and Sorenson (2004).

4. Summarising critical analysis of the clusters
Taking an overall look at cluster 1 (causes of conflicts), it becomes clear that all six studies are empirical in nature, five of them empirical-quantitative and testing hypotheses. One study uses qualitative case studies, but these have an illustrative character and do not meet any explorative or type-creating requirements. Three empirical-quantitative studies are based on interviewing several persons in each company, which generally looks sensible in a conflict context. In all studies there is a connection to FF that are owned by several generations or where several generations have an influence on management. These multi-generation FF are, judging by the results, more in danger of conflicts. A potential benefit arising from the presence of the generation handing over is not discussed. None of the empirical-quantitative studies addresses the topic of justice, primarily procedural justice, although scales are available, and tests whether there is a reduction in conflicts, although this was suggested as early as in 2005 by Van der Heyden et al. This aspect indicates that the research into the causes of conflicts might also be conceived as research into prevention. On the other hand, the paper discussing the pay of TMT, could be interpreted as an approach towards the topic of justice. Summarising the independent and moderator variables used, the following list can be drawn up: generational shadow, composition of the family work group, influence of the family work group, interaction

<table>
<thead>
<tr>
<th>Cluster name</th>
<th>Article number (from Table II)</th>
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<tbody>
<tr>
<td>Causes of conflicts</td>
<td>1, 3, 6, 7, 8, 10</td>
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<tr>
<td>Effects of conflicts</td>
<td>4, 9</td>
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<tr>
<td>Management of conflicts</td>
<td>2, 5</td>
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Table III. Main focus of topic
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<thead>
<tr>
<th>Number</th>
<th>Authors, year</th>
<th>Title</th>
<th>Research question(s)</th>
<th>Orientation/sample/method(s) of analysis</th>
<th>Hypotheses/propositions</th>
<th>Results/conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Davis and Harveston (1999)</td>
<td>In the founder’s shadow: conflict in the family firm</td>
<td>What influence does the generation running the company and a potential &quot;generational shadow&quot; have on organisational conflicts?</td>
<td>Empirical-quantitative $n = 535, 150, 163$ ANOVA</td>
<td>$H1$: Conflict will be higher among FF headed by second-generation leaders than among those headed by the founder $H2a$: Conflict will be higher among FF headed by third- (or later) generation leaders than among those headed by the founder or by the second-generation of leaders $H2b$: The increase in conflict between FF headed by second-generation leaders and firms headed by the third-generation will be less than the increase in conflict occurring between firms headed by the founder and those headed by the second generation $H3a$: Conflict will be higher in the presence of the founder's generational shadow than in its absence $H3b$: The presence or absence of a generational shadow cast by succeeding generations will not affect the issue of conflict</td>
<td>Results support only $H2a$. Generally it can be stated, though, that conflicts increase with the number of the generation, and that the generational shadow also furthers conflicts From this, the authors recommend that the influence of the older generation is to be reduced, or measures are to be developed that result in a consensus between the generations regarding the company</td>
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Table IV. Description of cluster 1: causes of conflicts

(continued)
3. Davis and Harveston (2001)

**Title**: The phenomenon of substantive conflict in the family firm: a cross-generational study

**Research question(s)**: How can frequency and intensity of conflicts from the owner's perspective be explained by various aspects of family influence?

**Orientation/sample/method(s) of analysis**: Empirical-quantitative

- Subgroup hierarchical regression
- $n = 457, 134, 143$ and $457, 135, 144$

**Hypotheses/propositions**:

- **H1**: The more family members who work in the FB and the higher their levels of family affiliation and organisational roles, the lower conflict will be in the organisation.
- **H2**: The greater the number of family members with close family affiliation who do not work in day-to-day operations but who still exercise influence in the FB, the lower conflict will be in the organisation.
- **H3**: The more family members interact through family social interaction, the lower conflict will be in the organisation.
- **H4**: The relationship between family-level factors and organisational conflict will be moderated by the generation of the firm's leadership.

**Results/conclusions**: The variables used show significant influence, but the hypotheses are not fully confirmed. The results depend on the generation running the company. Conflicts in FF run by the first generation are less pronounced both in frequency and intensity than conflicts in FF run by the third. The authors recommend that particularly in FF not run by the first generation anymore, the influence of family members not active in the firm is to be strengthened in the sense of “peace making” and that in FF run by the second generation, the founder has an important role reducing conflicts.

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<th>Results/conclusions</th>
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<tr>
<td>6</td>
<td>Van der Heyden et al. (2005)</td>
<td>Fair process: striving for justice in family business</td>
<td>What importance does procedural justice have in FF as a conflict-reducing or conflict-preventing instrument?</td>
<td>Conceptual; empirical-qualitative illustration in five case studies</td>
<td>Procedural justice increases interpersonal trust and commitment, as well as the performance of FF. Ongoing breaches of procedural justice are a massive source of conflicts in FF. Distributional justice cannot be realised in FF, due to the differing expectations and functions held by family, company and ownership. This problem can be solved by procedural justice, i.e. in the design of fair processes to handle diverging demands and expectations regarding decisions. In decision making in FF, thus, it is important to include all relevant actors and describe the problem comprehensively. In the next step, decision options are developed and evaluated, and less useful ones are eliminated. This is followed by selecting, explaining and justifying the chosen alternative.</td>
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</table>
| 8      | Ensley et al. (2007) | The negative consequences of pay dispersion in family and non-family top management teams: an exploratory analysis of new venture, high-growth firms | What effects do differences in the remuneration of top management teams (TMT) in FF and non-FF have on task and relationship conflicts and what effect on the company’s growth (measured by sales) as a measure of business performance? | Empirical-quantitative $n = ca. 550$ top managers from about 200 companies $t$-test, stacked models and chi-squared comparisons (LISREL) | $H1$: Less pay dispersion will exist in the TMTs of FF than in non-FF  
$H2$: Pay dispersion in TMTs will be positively related to affective conflict among team members. This relationship will be stronger in TMTs of FF than in non-FF  
$H3$: Pay dispersion in TMTs will be negatively related to cognitive conflict among team members. This relationship will be stronger in TMTs of FF than in non-FF  
$H4$: Pay dispersion in TMTs will be negatively related to cohesion among team members. This relationship will be stronger in TMTs of FF than in non-FF | All hypotheses were confirmed, with task conflicts having a positive and relationship conflicts having a negative effect on performance. The higher pay dispersion is in respect of short-term remuneration, the more relationship and the less task conflicts occur. This holds true for FF and non-FF. In FF, however, also increasing dispersion of long-term remuneration furthers relationship conflicts, in contrast to non-FF, where task conflicts are furthered. This implies that in FF too much pay dispersion increases conflicts and also has negative effects on the company’s performance |
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<td>7</td>
<td>Eddleston and Kellermanns (2007)</td>
<td>Destructive and productive family relationships: a stewardship theory perspective</td>
<td>What effects do altruism, participatory strategy development and concentration of management responsibilities (regarding generations) have on relationship conflicts and eventually the firm’s performance?</td>
<td>Empirical-quantitative ( n = 107 ) family members from 60 FF</td>
<td>( H1 ): Altruism is negatively related to relationship conflict in FF ( H2 ): Altruism is positively related to a participative strategy process in FF ( H3 ): Control concentration is negatively related to a participative strategy process in FF ( H4 ): Control concentration is positively related to relationship conflict in FF ( H5 ): A participative strategy process is positively related to FF performance ( H6 ): A participative strategy process is negatively related to relationship conflict in FF ( H7 ): Relationship conflict is negatively related to FF performance</td>
<td>( H1, H2, H5 ) and ( H7 ) are supported by results, ( H3, H4 ) and ( H6 ) are not supported. The model’s explained variance is at 42 per cent. Altruism can reduce relationship conflicts and is thus also relevant for the firm’s performance. Altruism implies strong, positive emotional relationships, loyalty and responsibility vis-à-vis family and company. FF in which strong altruism exists in the family running the company so have a resource that generates competitive advantages</td>
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| 10     | Eddleston et al. (2008) | Conflict, participative decision making, and generational ownership dispersion: a multilevel analysis | What causes are there for task and relationship conflicts in FF?                    | Empirical-quantitative n = 86 family members from 37 FF ANOVA, OLS regression, hierarchical linear regression | \( H1 \): Participative decision making is positively related to cognitive conflict  
\( H2 \): Participative decision making is negatively related to relationship conflict  
\( H3.1 \): Generational ownership dispersion (firm level) will exhibit a direct cross-level relationship with cognitive conflict (individual level)  
\( H3.2 \): The relationship between participative decision making and cognitive conflict will be moderated by generational ownership dispersion (firm level)  
\( H4.1 \): Generational ownership dispersion (firm level) will exhibit a direct cross-level relationship with relationship conflict (individual level)  
\( H4.2 \): The relationship between participative decision making and relationship conflict (individual level) will be moderated by generational ownership dispersion (firm level) | Participatory decision making reduces task conflicts, and the same goes for relationship conflicts. The cross-level effect between the generation-related concentration of ownership and task/relationship conflicts, however, could not be confirmed. Still, the results show a moderating effect of inter-generational concentration of ownership on the relation between participatory decision making and the two conflict types. It is recommended that in case of a high degree of participatory decision making the danger of group-thinking is to be kept in mind, which might undermine potential positive effects of task conflicts. If ownership is spread over several generations, though, a high degree of participatory decision making increases the danger of furthering relationship conflicts. |

**Notes:**  
\(^a\) As it is a hypothesis that postulates the effect of TMT cohesion on the firm’s performance, the article is categorised with the causes cluster.  
\(^b\) As this article also contains a hypothesis that concerns the effect of conflicts on the firm’s performance, it could also be categorised with cluster 2.
<table>
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<tr>
<td>4</td>
<td>Kellermanns and Eddleston (2004)</td>
<td>Feuding families: when conflict does a family firm good</td>
<td>How do task, process and relationship conflicts affect the performance of FF?</td>
<td>Conceptual</td>
<td>As too much focus on goals and strategies endangers performance in the same way as too little, a curvilinear relation between task and process conflicts and performance is assumed. Different is the relation between relationship conflicts and performance: the stronger they are, the more negative it is on performance. Relationship conflicts have a particular “quality” – they imbue processes in the company with negative emotions and reduce the potentially positive effects of task and process conflicts (moderating variables). In FF the existence of altruism can be assumed that can create a high cohesion and mutual trust. Reciprocal altruism can reduce relationship conflicts. Other FF-specific factors are the concentration of management competences on family members and family members of various generations contributing towards decision making. Regarding the three conflict types, FF-typical propositions are: the more concentrated management is, the lower the level of task and process conflicts, but the higher the level of relationship conflicts as family members feel excluded from decision making. During handover processes and generally in FF’s managed by several generations, task and process conflicts can be seen as functional for performance, as by discussing diverging positions, knowledge and experience is passed on to the younger generation and the struggle for the best solution can be expected to have positive effects on performance.</td>
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$H2$: Process conflict is positively related to FF performance  
$H3$: The relationship between cognitive conflict and process conflict, and FF performance is moderated by family-member exchange. Higher levels of family-member exchange will enhance the positive relationship between conflict and performance  
$H4$: The relationship between cognitive conflict and process conflict, and FF performance is moderated by generational ownership dispersion. Specifically, higher levels of cognitive and process conflict are beneficial in FF with low ownership dispersion, while lower levels of cognitive and process conflict are beneficial in FF with higher levels of generational ownership dispersion | In one (of three) models, a significantly negative relation between the strength of task conflicts and performance has been detected; process conflicts have no significant effect. $H1$ and $H2$ have to be rejected  
Both moderating variables have a significant effect on performance: communication a positive one, distribution of ownership across several generations a negative one. If interactions are included in the model, it can be seen that all four have a significant influence on performance. $H3$ is supported by results; $H4$ only partially  
Therefore FF owned by several generations are advised to reduce inter-generational communication if task conflicts arise |
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<tr>
<td>2</td>
<td>Sorenson (1999)</td>
<td>Conflict management strategies used by successful family businesses</td>
<td>What connection is there between various conflict resolution strategies (collaboration, competition, compromise, avoidance, accommodation) and the FF's performance (business outcomes/family outcomes)?</td>
<td>Empirical-quantitative $n = 59$ FF; ANOVA, MANOVA</td>
<td>$H1$: FF that achieve relatively positive business and family outcomes will rely more on collaboration and compromise than will businesses that achieve relatively negative business and family outcomes $H2$: FF that achieve relatively positive family outcomes will rely more on accommodation than will businesses that obtain relatively negative family outcomes $H3$: FF that achieve relatively negative business and family outcomes will use more competition and avoidance to manage conflicts than will businesses that achieve relatively positive business and family outcomes</td>
<td>$H1$ and $H2$ were partly confirmed; $H3$ not confirmed; FF with positive business and family outcomes follow more collaborative strategies compared to companies with negative values in both areas. In general, collaboration, compromise and accommodation show positive effects on business and family, while competition inhibits performance. The author recommends that accommodation and compromise is preferred to competition and avoidance</td>
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Table VI. Description of cluster 3: conflict management in family firms
<table>
<thead>
<tr>
<th>Number</th>
<th>Authors (year)</th>
<th>Title</th>
<th>Research question(s)</th>
<th>Orientation/sample/method(s) of analysis</th>
<th>Hypotheses/propositions</th>
<th>Results/conclusions</th>
</tr>
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</table>
| 5      | Yan and Sorenson (2004) | The influence of Confucian ideology on conflict in Chinese family business | How can the selection of the conflict management strategy in FF be explained on the basis of Confucian ideology? | Conceptual                              |                        | The dual-concern model (own interest vs interest of others) is to be surpassed, as the selection of the conflict management strategy depends on other influences. The dependent variable is the five conflict management styles (collaboration, competition, compromise, avoidance, accommodation). Additional influences affecting the selection of the conflict management strategy include trans-individual values such as good relations and shared interests, norms and values.  
  P1: Concern about good relations correlates positively with an avoidance, accommodation and compromise strategy and negatively with a competition strategy.  
P2a: Concern about adhering to inter-personal norms correlates positively with a competition strategy, i.e. if social norms are breached, one tries to defend them.  
P2b: Concern about adhering to inter-personal norms and family values correlates positively with an avoidance, compromise and accommodation strategy regarding goal conflicts.  
P2c: Persons involved in conflicts with a low status, young age and/or female persons reduce, regarding norm conflicts, the tendency towards competition strategies, while persons with a high status rather follow these. On the other hand, collective interests such as those of the family rank higher than individual interests.  
P3a: Concern about following collective interests correlates positively with an avoidance strategy in relationship conflicts, i.e. relationship conflicts are rather avoided as not to endanger following collective interests.  
P3b: Concern about following collective interests correlates positively with a collaboration strategy; in order to master task conflicts, i.e. to achieve collective aims, a way of collaboration is aimed for despite diverging preferences. |
of the family work group, procedural justice, pay dispersion of TMT, type of decision making, generation-related concentration of ownership and altruism.

Anchoring these variables in one (or more) theories, reflecting on the results regarding theories used or using these results for developing theories are all only attempted sparingly. The articles hardly refer to each other, only Eddleston et al. (2008) cite the two papers by Davis and Harveston (1999, 2001), and Eddleston and Kellermanns (2007) refer to Davis and Harveston (2001). What can be detected is a broadening of topics in the research into the causes of conflicts, which due to the small number of publications should not come as a surprise.

The articles from cluster 2 (effects of conflicts) harmonise with each other, which is not surprising considering they were both written by the same authors. One paper is empirical-quantitative, the other one conceptual. In contrast to the negative effect on performance of relationship conflicts, the positive effect of task and process conflicts has not quite been confirmed yet. Only taking moderator variables into account provides more clarity regarding positive effects on performance. In the empirical study, the following independent variables are used: task conflicts, process conflicts, communication (relating to family members) and generation-related income distribution.

The two papers of cluster 3 supplement each other nicely, as on the one hand the effects of conflict management strategies and on the other hand decisions on the use of conflict management strategies are analysed, with the latter, so the argument goes, particularly in FF influenced not just by individual, but by collective interests and values. Both questions are of central importance for practical purposes, as analysing causes and effects of conflicts in FF alone does not provide sufficient competence for solutions. Seen from this point of view, this is definitely an under-researched area. As independent and moderating variables the five conflict management styles or strategies are used; in the second paper it is common norms and values, as well as interests and various types of conflicts, status and gender.

Concerning the first two research questions, it can be said that the literature analysed does show topic areas that can be easily kept apart and have been referred to as causes of conflicts, effects of conflicts and conflict management. On the one hand, an appreciation of the results is easy if one lists the results presented in a research-technical sense and can thus see that relationship conflicts are a sensitive area, that influence exerted by the handover-generation increases conflicts and that the effect of task and process conflicts is to be seen in specific contexts rather than isolated. On the other hand, there is no satisfactory picture regarding the possibility to derive evidence-based recommendations for use in practice. Although the topic of conflicts in FF has been discussed for several decades (Levinson, 1971), the impression is borne out that FF-related conflict research is still in an early stage of development. If consultants were only able to draw on knowledge contained in the articles analysed, many problems would have to be left unsolved. By implication this means that practice requires a more extensive knowledge base.

In order to answer research question (3), what options there are for future research, it might be worth looking at the articles analysed again. Many of the papers presented (see Table II) make suggestions, both topical and occasionally methodological, for future research projects. These are listed below, grouped by cluster.

Cluster 1:

1. Taking into account planning behaviour: common planning could reduce conflict, as the proposition goes.
(2) Taking into account further external and family-internal stakeholders (e.g. banks, persons or firms potentially taking over the company in future, influential persons associated with the family running the firm). These can start or reduce conflicts.

(3) Taking into account justice: procedural justice is said to have a conflict-reducing effect. It has to be kept in mind here that justice in the family follows other premises than in a company (Simon et al., 2005).

(4) Taking into account the hierarchy in the family and in the company: here the assumption is a clear hierarchical ranking makes decisions solve conflicts. This holds true as long as the hierarchy is not questioned.

(5) Taking into account the influence of a family constitution (or an advisory body). This can have a preventative effect; often such an institution also includes rules for solving conflicts.

(6) Taking into account the (quality of the) relationships in the family: resilient relationships can reduce the negative effects of conflicts.

Cluster 2:

(1) Emphasis on studying the effect of the various conflict types in the handover and succession process and their effects on performance.

(2) Emphasis on studying FF that are successful in spite of relationship conflicts. This indicates that FF that do not lose track of the company's and/or family's well-being despite numerous conflicts can limit the negative effects of relationship conflicts.

(3) Emphasis on the search for moderator variables that influence the relation between conflict and performance. The example above regarding the limited damaging effect of relationship conflicts shows the relevance of this claim.

Cluster 3: as regards the publications categorised in this cluster, no specific recommendations for future research projects were identified.

From the methodological point of view, there is frequently a call for panel studies and data collection strategies that interview several people per company in order to ensure the quality of the data.

These suggestions for future research projects result from the respective research design and the results thus derived at. Overall, a fairly erratic picture emerges that does not provide any satisfactory indication of general perspectives for future research projects. The following section tries to outline an answer to this problem and hence to research question (3).

5. Options for future conflict research in FF

Against this background, three perspectives for future conflict research will be outlined that are deemed to be particularly important, with reasons provided in the respective descriptions:

(1) measures to increase reliability and validity of conflict studies (replications);

(2) researching conflicts in FF by means of qualitative methodology; and

(3) emphasising the theoretical anchoring of conflict research.
5.1 Measures to increase reliability and validity of quantitative data

In empirical-quantitative research, conflict studies face particular challenges. While in studies that analyse e.g. the link between strategy and performance a single person as a source of data can already be criticised by means of dependent and independent variables (common method bias), conflict studies naturally involve diverging or contrasting points of view, which have higher demands on reliability and validity. Therefore, methods will be discussed that can result in an increased reliability and validity.

Reliability describes the degree of exactness with which a particular aspect is measured. Thus the reliability of a measurement is high if the test values of a person are identical when measured under identical circumstances (Kubinger, 2006). A method to increase measuring accuracy is retest reliability, which involves interviewing the same person again at a later date. This method does increase the reliability of the measuring instrument, but also presupposes the stability of the feature measured. From conflict research, however, it can be seen that conflict processes can be subject to change (Regnet, 2001) and so make measuring retest reliability more difficult. As, however, in FF research the main focus is not on developing procedures in line with the test theory, which aims at a continuous improvement of reliability, but on developing and testing hypotheses by means of measuring instruments that should have a satisfactory reliability, more attention should be paid to validity.

Validity refers to the validness of the data collected within the conflict construct. One specific form is external validity, which describes to what extent results can be generalised. Empirical studies show a high degree of external validity if the results for the population specific to the study can be generalised and the design of the study is valid at another time or in another situation. Each successful replication of the research design (with or without extensions) increases external validity (e.g. Frank et al., 2010), as by varying sample or setting the restrictions on generalising results become fewer (e.g. Schnell et al., 2008). Replication is essential for the validity of results, but also for generating knowledge, as it increases the transferability of results to other contexts and furthers theory development (Tsang and Kwan, 1999). According to Tsang and Kwan (1999) the added value of replications is not perceived properly, although in the FF research field the dearth of replication studies significantly restricts the development of a scientifically grounded knowledge base for conflict research. Here it seems obvious to replicate particularly those studies that show a high quality and were therefore generally published in highly ranked journals; these mainly include Eddleston and Kellermanns (2007), Kellermanns and Eddleston (2007) and Eddleston et al. (2008).

Regarding external validity and in a broader sense replication (as a method to increase the validity of results), another method could be mentioned, which on the one hand lowers the common method bias (Podsakoff et al., 2003) mentioned above and, on the other hand, increases validity. In this sense, interviewing several persons is one way to reduce bias and increase validity. Several studies on conflict research in FF, however, were based on interviewing just one person (generally the owner) (e.g. Davis and Harveston, 2001; Sorenson, 1999), while only few studies included several family members active in the company (e.g. Kellermanns and Eddleston, 2007; Eddleston and Kellermanns, 2007; Eddleston et al., 2008). An optimum form of analysing data of several family members in a FF is aggregating the values (Kellermanns and Eddleston, 2007; Eddleston and Kellermanns, 2007; Ensley et al., 2007). Based on the consensus model by Chan (1998), consensus within the group is a prerequisite for aggregating
values on a group level and so allows the calculation of a value for the company level (e.g. James et al., 1984). To determine the degree of consensus, the $r_{wg}$ according to James et al. (1984) is calculated for FF, where more than one family member answered. If $r_{wg}$ is higher than 0.50, the answers show no high dispersion and calculating an aggregated value is acceptable (James et al., 1984).

5.2 Qualitative research strategy

The impression arises that the articles analysed provide interesting explanations. The contexts and the specific processuality of conflicts, however, do not come to life in this manner. It is hardly possible to understand the overall picture and the content references of conflicts. A static image of conflicts emerges, where neither escalation and de-escalation processes, conflict interruptions, conflict termination, nor the shift from latent to manifest conflicts and vice versa can be made out. But first and foremost, the papers analysed cannot shed light on the quality of conflicts. The idea is that conflicts develop new qualities over time that are marked by “turning points”, as is expressed in phase models. In the beginning, for instance, a win-win might still be possible, while towards the end of the escalation spiral everybody follows the path to the abyss together (Glasl, 2002). Also the number of parties to the conflict, their stability, the so-called migration of conflicts in the company, changing coalitions, inclusion and exclusion of persons in the course of a conflict, attempts at mediation and the like remain in the dark. Granted, all these aspects might already exist in various popular descriptions, but there is no methodologically sound treatment that generates an understanding of conflicts in FF appropriate to the potential complexity of the subject as well as knowledge suitable for interventions (see the case study by Fock, 1998).

If the intention is to capture the respective uniqueness of conflicts in FF, and not just to meet information requirements defined in advance and filtered by means of hypotheses, the practicability of proceeding openly, relying on the communication process between researcher and research object becomes apparent, which at the same time makes it possible to thematise the nature of conflicts as a process. This is by no means to be seen as the allocation of the conflict topic to an explorative qualitative research strategy and thus a preparatory step for empirical-quantitative research, but rather an independent, empirically grounded claim to establishing types, which makes it possible to combine the respective case-specific features (Lamnek, 2005) and to conflate them into conflict configurations. The idea is to understand those rules that delimit the room for action and define further options, and by which persons act in specific situations. In this sense, such an analysis deals with the conditions for the internal dynamics of conflicts in a social context (Froschauer and Lueger, 2009).

For establishing types, a heuristic framework can be useful that provides guidance during data collection and analysis as well as for the formation of types, but without erecting all too strong content barriers. It is based on a differentiation between object (What is the object of the conflicts?), logic (How does the conflict proceed?) and dynamics (Why is the conflict changing?) (see also Frank and Lueger, 1997). The basic idea is that conflicts are a (specific) form of organisational order (Luhmann, 1984) and this order can be reconstructed as a system of rules regarding its genesis, reproduction and transformation:

1. Object(s) of conflicts: the main focus is on the content references of conflicts. This means opening up towards a multi-dimensional reconstruction of the
conflict object, which includes not just a content dimension, which in task and process conflicts may be in the foreground, but also a political dimension, which focuses on the interests and relationships between persons or groups of persons and shows references to relationship conflicts, as well as a cultural dimension, which rests on basic assumptions regarding the conflict object and has a specific, describable conflict identity. The differing perceptions of these dimensions, their partly latent character (e.g. concerning the basic assumptions) and their variable “weighting” by the parties to the conflict provide valuable hints for a diagnosis that also help for understanding the logic.

(2) Logic(s) of conflicts: for analysing the development of conflicts not only describing changes in objects is important, but also reconstructing those rules that combine specific behaviour into structured patterns and so, on the one hand, provide stable reproduction patterns of conflict orders or, on the other hand, establish the room for changing the rules of behaviour, so that development processes become possible that change the logic of a conflict. Within this process, decisions are made or they emerge from the conflict dynamics, which stabilise or transform the existing rules. The rules of behaviour inherent to these decisions are thus an important area of reconstructing the conflict logic.

(3) Dynamics of conflicts: while the rule system that constitutes the conflict logic steers types of behaviour and allocations of meaning, it only becomes effective once it is combined with forces. These are conflict-immanent “energetic potentials”, which result from contradiction (the negation of negation; Simon, 2010) and, via the rule system, either contribute to the reproduction of an existing conflict logic, or if there is a change in the rule system due to the conflict-immanent energetic potentials, lead to its transformation. In analysing the conflict dynamics, therefore, those forces are focused upon that keep the conflict alive or change it.

The claim of this analytical framework is to be able to generate results that cannot be achieved through empirical-quantitative methods. What is more, the effect of conflicts can also be thematised from the point of view of its organisational reach and its importance for the “host” FF: not every task conflict regarding a small investment decision in which two family members also act out their relationship conflict is hence relevant for success.

5.3 Theoretical anchoring of conflict research
In general, it is noticeable that an explicit use of theories, especially conflict theories, can rarely be found in the publications analysed. So it does not come as a surprise that there is hardly any discussion or definition of the term conflict. Rather, quickly reference is made to types of conflicts, their causes and effects are discussed and existing measuring instruments are made use of.

An obvious option for theoretical anchoring is systems theory (Luhmann, 1984, 1995): if conflicts are seen as a social phenomenon, systems theory is of particular interest, because as a universal theory it claims to explain all things social, which includes social conflicts that are based on communication and represent a “system within the system”, with communication also including non-verbal contradictions.
In this respect systems theory is an extremely useful theory for family business research and especially research into conflicts in FF: not only does it make a contribution to explaining the relationship between family and company in the meaning of a structural coupling, but it also can be applied to analysing conflicts in FF for the explanation of “harmony”. Luhmann defines the term conflict as a communicated contradiction: a conflict only occurs if expectations are communicated and the non-acceptance of this communication is communicated back (Luhmann, 1984, p. 530). On the basis of this definition of conflict it is understandable that conflicts can easily constitute themselves as autonomous autopoietic systems in FF, as company-related communication of family members can be rejected particularly easily and permanently. In this manner, a conflict quickly attains structure and permanence. Conflicts based on this systems theory are not automatically grounded in the social (Lehnert, 2006), but require negating communication in order to become conflicts. This makes sense particularly in the case of FF, as there are many FF that – despite the conflict potential resulting from the structural coupling of family and company and its susceptibility to paradox conflicts (Von Schlippe and Kellermanns, 2008) – have a high degree of consensus in their company, to which particularly communication forums (e.g. in the form of a family council) can contribute, in which not conflict but consensus comes out on top (Van der Merwe and Ellis, 2007).

6. Conclusion

FF are seen as particularly prone to conflicts. In particular relationship conflicts are said to have a negative effect that reduces performance, while the effect of task and process conflicts has not been clarified sufficiently.

Existing research results cover both the causes and effects of conflicts, as well as conflict management; the number of publications on all three topics, however, is small. Deriving evidence-based recommendations for FF from them thus seems impudent, at least at this stage.

One option for future research on conflicts in FF would therefore be an increased emphasis on replication studies. Still, due to the specific nature of the research object also qualitative studies should be increasingly utilised, which focus content, conflict logic and dynamics that empirical-quantitative studies, even in the case of panel studies could capture only with difficulty. In this context, a systems-theoretical perspective could make use of the achievement potential of this theory and strengthen the theoretical anchoring of conflict research.

In how far FF really face more and/or more intense conflicts, though, also requires empirical evidence by means of an increased use of comparative studies with non-FF. Beehr et al. (1997), for example, report partly surprising results. The frequently heard expectation that FF are particularly conflict-laden organisations, was not supported by this study. Hence the assumption could be made that in many (conceptual) discussions it is the higher conflict potential of FF that receives attention rather than actual conflicts.

References


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