Qualitative Research Conference (QRC) 2016
24-26 May 2016, Penang, Malaysia

Predecessors' Attitude toward Conflict Predictor of Family Business Sustainability

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Abstract

Using qualitative interviews to understand the mindset of family business leaders in succession, this study proposes that attitude toward conflict is an important decision making element. Collective case studies uncover how attitude toward conflict predicts decision making during succession and influences optimism on the future of the firms. Findings of the study suggest that predecessors who welcome conflicts as part of family firms take a more relaxed attitude toward succession, with a wider next generation talent pool. This group is also more egalitarian in strategic decision making and optimistic toward the future of the firms. Predecessors who avoid conflict have smaller talent pool, making decisions to nominate select few for the position. They are cautious, making decisions for the successors, and are pessimistic about the future of the firms. Contributions from this study are threefold. First, we introduce the use of attitude toward conflict to measure predecessor's behavior during succession. Second, through identification of attitude toward conflict, we contribute to the literature by predicting predecessor's optimism toward the future of the firms in the hands of the next generation. Third, this study contributes another dimension to reciprocal nepotism through discovery that family business upholding reciprocal nepotism behave differently.

Keywords: family business, conflict, family business succession, attitude towards conflict, succession

1. INTRODUCTION

In her book on the history of family business, Colli (2003) pointed out that family business is arguably one of the oldest form of business institutions. This gives the impression that family firms have discovered the fountain of youth, unlocking the secret of corporate sustainability through intergenerational succession. Unfortunately, it is not the case. While Les Henokiens boasts memberships to 33 of the world's oldest family firms that have been in business for over 200 years, Hay Group (2012) published a report that life expectancy of family firms in 10 Asian countries has shrunken to 24 years, an equivalent of 1.5 generations, from 50-60 years, 2-3 generations, in 1990 (The Economist, 2004). Hay Group's (2012) finding is not one of its kind. A year before, Credit Suisse (2011) reported similar findings. These findings would not have been of any urgency, should family business be an isolated phenomenon, but the literature agrees that family firms make a vast majority of business institutions even in capitalist countries (Caspersz & Thomas, 2013; Nordqvist & Melin, 2010).

In the past, scholars have assumed that family business is a temporary form of business model that will grow into a full-fledged professional firm upon growth when it is too big for the family to handle (Fukuyama, 1995; Halls, 1988; Chandler, 1980). Les Henokiens, however, proved otherwise. Despite the fact that it does not say anything about size, Les Henokiens' global presence proves that their age-old members are more than small operations. In fact, giant companies such as Tata Group, LVMH, and Walmart are all family firms. Looking at how large companies managed to stay family-controlled and owned while statistics insist upon the failure of some 70%

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family firms going to generation two leaderships, it is important to investigate how family firms manage their succession process (Credit Suisse, 2011).

In general, this study answers the question of why some family firms go through succession processes seamlessly while some never manage to complete theirs. Specifically, the authors address the following research questions: (a) How does predecessor's attitude toward conflict influence their approach to succession? and (b) How does attitude toward conflict predict predecessor's optimism on the future of the firms under leadership of the successor? While there are many elements at play in family business succession, the literature maintains that succession does not happen until family business leaders, from this point on will be referred to, as predecessors, are willing to give the position of power to their successors (Michael-Tsabari & Weiss, 2013). In fact, Hatak and Roessl (2013) added that many family business leaders, driven by fears and uncertainty, linger past their tenure and refuse to leave. By no mean does this study aim to put the blame on predecessors when succession does not happen. Nevertheless, literature shows that until succession process is completed and successors rise to the position of power, family business leaders are key (Blumentritt, Matthews, & Marchisio, 2013).

Contributions of this study are threefold. First, we introduce the use of attitude toward conflict to measure predecessor's behavior during succession. Attitudes toward conflict are divided into two groups, predecessors who treat conflicts as a natural part of business and predecessors who prefer to avoid conflict. While conflict is a significant issue in family business, attitude toward conflict has never been measured.

Second, through identification of attitude toward conflict, we contribute to the literature by predicting predecessor's optimism for the future of the firms in the hands of the next generation, which is shown through the amount of successor's involvement in strategic decision making, as allowed by the predecessor.

Third, this article contributes another layer to the notion of reciprocal nepotism in family business. Jaskiewicz, Uhlenbruck, Balkin, and Reay (2013) proposed that family firms that have gone through multiple successions keep going because they practice reciprocal nepotism, in which successors reciprocate the trust given them with stewardship and responsibility of leading the family inheritance. This study added another layer through discovery that all participants practice reciprocal nepotism, and yet, some of them are more cautious about the future of the firms due to their attitude toward conflict. This study suggests that family businesses with prevailing reciprocal nepotism goes through tough times during succession when the predecessors prefer to avoid conflict.

This article is structured as followed, following the introduction, literature review of family business succession and related aspects such as conflict and communication is provided to synchronize the context of family business studied in this study. Research methodology is laid out in detail afterwards, followed by findings, as well as discussions and recommendations.

2. FAMILY BUSINESS

Putting family business into one category is misleading because of the variety of the business model. While it shares the quality of putting family members in the workplace and intention to be passed through generations, family business is very vibrant and diverse, including firms of many shapes and sizes, in every industry (Stewart & Hitt, 2012; Chrisman, Chua, Pearson, & Barnett, 2010).

2.1. Family business sustainability

In the beginning of family business studies, succession in family business has been the spotlight of the field. While succession issues have been overshadowed by many other topics in the field, it remains one of the main research interests because why some family businesses are sustainable and some are not remains a mystery. Similar to the difficulty of defining family business, succession is hard to unwrap because of definitional discrepancy. In family business, the leader may hold different functions in their firms (Stewart & Hitt, 2012; Chrisman, Chua, Pearson, & Barnett, 2010). However, most family business leaders are also patriarchs and matriarchs with strong influence in the family (Cicellin, Mussolino, Martinez, & Iacono, 2013). Therefore, in family business, it s important to understand the family before the business (James, Jennings, & Breitkreuz, 2012, Chrisman, Kellermanns, Chan, & Liano, 2010).

In the past, the dissolve of family businesses is often blamed on the management incompetence, which is an easy target, considering the fact that many startups became accidental family business through the exploitation of family capital when they could not afford to hire staff. In fact, as recently as 1995, world-renown economist Francis Fukuyama, in his book 'Trust', wrote that low trust cultures such as Asian and Latin American countries do business through references, resulting in economies dominated by family businesses developing in slower speed, in comparison to high trust, Western cultures. This, according to Fukuyama, is a drawback in the economy caused by the limited talent pool when hiring for family businesses. Stewart and Hitt (2012), however, countered the claim that hiring process in family firms are much simpler because the employers know the skills and qualifications of the family employees.

On the other hand, however, family firms' inability to structure a proper operational management was proven untrue when a study by Lam (2011) discovered that family members often disagree during succession process because of conflicting roles at home and at work. Lam (2011) added that skillful nonfamily employees can even step up to the plate and manage operational issues while the family is dealing with succession. Stewart and Hitt (2012) suggested the middle ground, where professionalization is done by leveraging the skills of family employees.

2.2. Reciprocal nepotism

Discussion on family business is incomplete without nepotism. A family business without nepotism is a business staffed with related employees, similar to an entrepreneurial startup utilizing family capital to staff the operation when it cannot afford to hire proper employees. Nevertheless, skepticisms surrounding family business as a viable business model often revolve around the narrow talent pool from which successors are nominated from, such that a search on Family Business Review resulted in exactly four articles with the word '*nepotism*' on the titles, showing that even in the family business field, the word is preferably avoided.

A search of articles with the word 'nepotism' on the titles in Family Business Review results in a total of 4 articles since its first issue in 1988, one of which is a book review, leaving us with 3 articles mentioning nepotism in family business. The oldest article was not available during search, so we rely on the latter two for reference. This study adopts the notion of reciprocal nepotism, proposed by Jaskiewicz, Uhlenbruck, Balkin, and Reay (2013). While the notion was not empirically tested, the idea was proven in this study, that privileges such as primogeniture do not prevail in succession.

Reciprocal nepotism adheres to the stewardship theory, in which a nepot, the successor, is the guard of family inheritance, whose duty is to care for the family and the business and pass the business to the next generation. Comparing family firm CEO to their nonfamily counterparts, Salvato, Minichilli, and Piccarreta (2012) agreed with the notion of reciprocal nepotism, reporting that CEO of family firms, while they are family members, are appointed for their qualifications. They also take as much time rising up to the rank as nonfamily CEOs.

On the opposite side of nepotism is entitlement nepotism, in which successors begin their careers feeling entitled to the position, usually ignoring obligations to perform. Entitlement nepotism is usually rooted from parental asymmetrical altruism, resulting in the nepot exploiting resources for personal benefits, on the expense of the family firms' survival.

2.3. Decision making

Among others, there are 3 studies about family business decision making that are very important to this study. In the beginning, family firms need to decide on utilization of family capitals. Some firms prefer to leave family capitals, such as family human capitals out of the firms while others use family financial capital to fund the firm (Sorenson & Bierman, 2009).

Another important decision making associated with family business is which institutional logic to use. Jaskiewicz, Heinrichs, Rau, and Reay (2015) pointed out the two major logics at play, family and commercial logics. To be competitive, family firms use the two logics interchangeably. Using the wrong logic on the wrong issue may harm the firm. Thornton & Ocasion (1999) explain institutional logic as the mechanisms in which certain society works. In the modern western world, core institutions are government, commerce, family, democracy, and religion (Alford & Friedlan, 1985). Competing logics happen as a result of multiple institutional logics trying to dominate one another, such as the case of family and commercial logics in a family business.

The last part of decision making issues debated in family business is whether or not it is worth sacrificing family for work-related benefit. The literature was discussing about Chinese children of Chinese takeout places in the UK who face discrimination when helping parents at work (Jennings, Breitkreuz, & James, 2013).

2.4. Conflict

Conflict is not a new issue in family firms. Literature suggests family business succession is conflict-laden because it involves intense emotions (Lam, 2011). Search of Family Business Review articles with the word 'conflict' in their titles result in a total of 13 articles, none of which talk about attitude toward conflict.

Despite suggesting that lack of communication can jeopardize succession process in family firms, Blumentritt, Mathews, and Marchisio (2013) noted that conflict is the source of failure in family business.

3. METHODS

Family business is a complicated subject involving multiple actors in different settings, at home and at work, and thus, succession is best studied qualitatively (Dawson and Hjorth, 2012). Because of the research objective, this study is a collective case study, in which participants provide data through qualitative interviews that will then be processed through multiple layers of manual coding.

3.1. Research setting

Participants are taken from the second largest city in Indonesia, which is also the industrial hub for eastern Indonesia, Surabaya. The place is chosen because two of the researchers are natives to Surabaya, minimizing cultural gap and maximizing the understanding of the context in local culture. Conducting the research in Surabaya means interviews are done in the mix of languages most comfortable for the participants, which include Indonesian, Javanese, Mandarin, and Hokkien. Most people in Surabaya are either native to East Java or migrants from the outer islands such as Sumatera and Kalimantan who have successfully built communities of people from the same regions.

The two largest groups inhabiting Surabaya are Javanese and ethnic Chinese who have been born and bred locally. There are also sizable Arabs and Indians who have been in the city for generations. The latter groupsare assimilated to the locals.

The issue of understanding participants colloquially is very important considering the fact that, while welcoming to newcomers, the people of Surabaya are more comfortable talking to locals with similar backgrounds, in the mix of language that is unique to the region and their ethnic backgrounds.

In Surabaya, it is common for middle and upper class families to run businesses intended to be passed through generations. Taking over parents' businesses is so common in the city that it is a disgrace to the family when a child applies for a job. The participants are parents to grownup children between the ages of 18 and 53.

Table 1: Participants' details

		Next Generation		
Participant	**Generation**	**Total**	**In the firm**	**Industry**
A	3	6	5	Office supplies
B	1	2	1	Food
C	1	3	1	Mechanical & Electrical supplies
D	1	6	4	Building supplies
E	1	5	2	Money changer
F	8	1	2 (one son in law)	Funeral services
G	2	5	4	Agriculture & machinery

3.2. Research method

A collective case study is the method of choice for this study to allow more robust cross-case analysis based on theme identification (Creswell, 2011). The two research questions are interconnected to one another. Conflict is a sensitive issue in Asia where the collective culture upholds agreement and age hierarchy. To obtain the sought after data, qualitative interviews were conducted where participants are asked to tell their stories on succession and changes that occurred when the children enters the firms.

3.3. Data collection

Participants selected based on the qualifications, family business leaders in the midst of succession, with next generation talent pools limited to their children. In a few cases, potential successors include nieces and nephews from participants' shareholding siblings.

Participants are chosen purposively from the first author's professional network. Careful considerations were taken into account to make sure personal opinions and biasses are not interfering with data collection. Several qualified participants were omitted from the list due to the authors' presumptions of them. Prevailing sampling methods are purposive and partial snowballing. Snowballed participants also undergo vetting to maximize demographic variety.

Data collection activity produced 7 robust interviews from 7 participants ranging from the age of 53 to 71. Participants' children range from 18 to 53. The broad range of age is meant to eliminate bias related to generational characteristics as commonly used in marketing, such as generations X, Y, Z, or millenials. Participants are owners of family firms in various industries, each with annual revenue of RM15,150. The threshold is set because of Undang-Undang Nomor 20 Tahun 2008 tentang UMKM, which is Indonesian government regulation regarding the size of SME. Businesses with annual revenue under RM15,150 are considered micro, small or medium enterprise, which would skew the result because owners of small and medium businesses prefer to provide financial and human capital for their children to form startups of similar industries. In practice, participants' firms' annual revenues are RM 600,000 upwards.

3.4. Data analysis

Recordings from the interviews were mind-mapped to reveal keywords and connections among keywords. The same protocol was done with the transcripts to increase validity, which was then compiled into one list of keywords. The final list of keywords was run against field notes containing observation notes of facial expressions, body languages, signs of discomfort and unease of the direction taken in the conversation, and changes in the tone of voice to increase reliability of the data. The list was later reduced until they revealed the main themes.

Transcripts from the interviews were then run through the Attitude Toward Conflict Scale to develop patterns of decision making (Bresnahan, Donohue, Shearman, and Guan, 2009). While the word 'conflict' is included in the research protocol, qualitative analysis is needed to test validity of the claim.

4. FINDINGS

Focusing on how predecessors' attitude toward conflict influences their approach to succession and optimism on the future of the firms, we divide the attitude toward conflict consistent to Bresnahan, Donohue, Shearman, and Guan's (2009). One one end, we found predecessors who perceive conflicts as a natural part of family firms, and on the other, we collected data from those who prefer to avoid sibling and parental conflicts.

Table 2: Predecessors' attitude toward conflict

	Conflict as a Natural Part of Business	**Conflict Avoidance**
Intention for succession	Plan A	Sole plan
Talent pool	Unlimited, all next generation	Select few, others kept away from operation
Decision making	Egalitarian or consultative	Pre-drafted, predecessor-controlled
Attitude toward the family firms' future	Relaxed, successor is well-equipped	Nervous, hoping for the best
Anticipation for retirement	Equally nervous of the word 'retirement', because of culture	
Reciprocal nepotism	Applies in both groups	

4.1. Predecessors who perceive conflicts as natural part of business

Participants who perceive conflicts as part of business are more open toward conflict, which is one of their valuable family capital. They believe that family remains whether or not the business survives. The attitude toward conflicts also influences their talent pool. Not only do they welcome all children to join the companies, many also hire family employees in strategic positions, although they usually are not nominated as successors.

> *I always welcome family who needs a job. Some misused my trust. Years ago, my son in law, married to my second daughter, was cheated by his friend in Singapore. I had to absorb the loss, but what can I do? This is my business and they are my family. Now my son in law has passed away of heart attack, so I am glad we did not end on a bad note.*
>
> *Then, two years ago, my grandson in law did the same thing. I forgave him, but I did remind him not to do that again. I had to pay for the loss. At the end of the day, I am debt free, so I think this is the right thing to do* (Participant E, generation 1).
>
> *I was not wanted in the business, my mother was the third wife. Surprisingly, when my father passed away, my father's first wife asked me to buy out my stepbrother and stepsister so I can run the company.*
>
> *I did what she asked as a grant (hibah) to my stepsiblings. By law, they were still co-owners. My legal advisor warned me against future problems but I trust my family* (Participant G, generation 2)

On top of putting family first, this group does not believe in conflict that starts at home. Instead, good communication and solving disagreements early are key to harmonious workplace.

> *We all grew up together, so we adhere to the same culture. I do not believe conflict start at home.*
>
> *We have to keep things honest, even with my siblings who are not operationally involved. If they do not understand my decisions, especially regarding money, they will get suspicious. If it goes on for a long time, that will blow up into a divisive conflict.*
>
> *That was how my uncle and father split up. My uncle was very good at saving money. He did not like that my father kept using the corporate fund and my father was not happy because he made significant contribution. I do not want that to happen to us, so I always keep everything communicated. When I talk to my nephews* (Participant A, generation 3).

Participants do not simply say that problems need to be extinguished early, they take it seriously that one participant make it his business that disagreements are verbally settled and all parties agree that case is closed. Many of them learn from past experience that no conflict is worth splitting up the family. This is apparent in Participant G who started in the family firm as the underdog.

> *I have never seen a large conflict, but when my sons have problems with each other or their cousins, I help them solve the problems openly. Last time, my son did something wrong that offended my brother. I told him to apologize and admit he was wron*g (Participant G, generation 2).

Similar claim was made by Participant F who hired his brother as director of operation. He added that the key to a successful, conflict-free operation is not to be too tight on money, both to family and employees.

> *I give all commissions from vendors to my employees. They all get a share. Because of the stigma associated with funerals and the dead, many services, employees have been with me for generations.*
>
> *I never have argument with my brother. He has been my managing director for the past 20 years, we get along fine. His being with the company allows me to do social works related to my business. Most importantly, do not hold your money too tightly, everything should be fine* (Participant F, generation 7).

While the ultimate goal of both groups are the same, which is to retain control of the company within the family, predecessors in this group are well-aware that succession is a collective process where they have no complete control of.

> *My children are informed that they are expected to support the company as I and my uncle did, but in the back of my head, I know that I will appoint one of my managers to replace me if no one is capable or interested* (Participant A, generation 3).

Because of the agreement on the importance of family supports and participations, this group tends to involve family members in strategic decision making. The behavior is most obvious in mapping out strategic decisions and next generation involvement.

> *My daughter likes fashion. When she was in high school, I tried to influence her decisions. I told her that fashion is a tough industry. She has to start from scratch with no guarantee of survival. Competition is fierce. Funeral services industry is much less competitive, and we already have the most marketshare in the business. There is a buffer, she will start at a safe position. Life will be comfortable* (Participant F, generation 7).

When asked if his strategy was successful:

> *She did not come to work for me for another 16 years after graduation. But, really, I had it comfortable since the beginning, so I genuinely wanted to give her something for her future, even if she never works for me. Funeral management is a pretty undesirable field. Once she graduated, she would find a job easily. The industry is pretty unwanted, so anywhere she goes, it is relatively easy competition* (Participant F, generation 7).

Overall, observation on this group suggests that they have more flexibility toward how the business operates, including the shape of corporate goals. The ambition of keeping management control remains but realistically, these participants agree that they cannot force their offsprings to have the same aspirations.

4.2. Predecessor who prefer to avoid conflicts

Participants who prefer to avoid conflicts are also passionately keeping family unity. It is upon this priority that they choose to separate one offspring from the other, to keep siblings from competition that may lead to the dissolve of the firms. The difference between this group and the previous one is the level of trust they put in their offsprings' ability to maintain family unity.

> *My oldest and youngest are pretty similar, they can understand each other, and are equally skillful. If I put them together in the firm, they will have frequent conflicts, it is undesirable for the children to have disagreements, especially once we pass away* (Participant C, generation 1).

The preference to avoid conflict is clearly shown upon questions on what they would do, should family members other than children intend to join the firms, such as children in law or nieces and nephews. One participant very sternly explain that his firm has enough leadership with his youngest son in place. He welcomes family members and relatives as resellers but the company is reserved for his son (Participant B, generation 1).

Participants who show preference to keep conflicts at bay noted that their children's involvement in the business was their own initiatives. However, this group is less flexible in strategic planning and goal setting, believing it is best for successors to continue the existing plans.

> *I usually do the initial approach. Once the deal is agreed upon, I delegate it to my son. Once he manages to achieve the goals, he can plan the future, but as long as I remain, I give him the track to follow* (Participant C, generation 1).

When asked about the future of the firms, however, participants on this group are not as sure as their attitude on goal setting. Participant B kept repeating his doubt when he questioned whether or not he gave the right answer. Furthermore, there has been uncertainty when it comes to the other siblings. Participant C who has one son in the family firm and two daughters working elsewhere asked the interviewer what to do with the daughters:

> *We have not think about shares for our daughters. Do other families give shares to daughters? Uhh...we honestly have not thought about it. We do not know what to do* (Participant C, generation 1).

As a whole, while this group is firm in their goal setting and less tolerant to changes, they tend to be nervous about the future of the family businesses and are doubtful of their own decisions. At the same time, it is worth noting that reciprocal nepotism prevails here. Children chosen to succeed the parents are handpicked for their perceived ability, and they enter into generalized social exchange relationships with their parents, consistent to reciprocal nepotism (Jaskiewicz, Uhlenbruck, Balkin, & Reay, 2013).

4.3. Anticipation for retirement

In the interview protocol, mentioning of the word 'retirement' is a must, just like it was the word 'conflict'. The authors anticipated participants to feel uneasy about the question, understanding the social stigma associated with it in the local culture. It is intentionally done to catch their reaction on both the question of their retirement itself and their feelings about the thought of leaving the firms in the hands of successors.
Data, however, suggests that attitude toward conflict has less to do with anticipation for retirement. Instead, participants' lifestyle is more relevant to the issue. For example, Participant A who is a self-admitting supporter of conflict in the workplace informed the interviewer that he joined his friends in a shrimping startup to prepare for the time when the children are able to handle the business on their own. Participant C from the conflict avoidance group shared his dream of operating a phinisi boat for hire, leading groups of tourists on their fishing and diving trips.

4.4. Reciprocal nepotism

Jaskiewicz, Uhlenbruck, Balkin, and Reay (2013) suggested that nepotism is good when it is reciprocal, that the reason nepotism leaves a bad taste in the mouth is because of the assumptions that all nepotism is obtained without necessary qualifications. Data from this study showed, however, even in a developing culture such as Indonesia, entitlement nepotism is not preferable. Participants who have named their successors suggests that successors are put in place because of their competence. The same is expressed by participants who have yet to appoint their successors, that potential successors have to prove themselves capable before replacing their parents.

As such, this study contributed another dimension to the notion of reciprocal nepotism. While Jaskiewicz, Uhlenbruck, Balkin, and Reay (2013) stopped at the appointment of capable successor, this study adds that a reciprocal nepotism can yield different results depending on parental attitude toward conflict.

5. DISCUSSIONS AND RECOMMENDATIONS

On paper, it is easy to conclude that family businesses that view conflicts as part of the business has higher chance of survival in the long run, family business leaders who prefer to avoid conflicts have their own merits. From the business standpoint, leaders who welcome conflict creates a competitive environment where each idea is challenged for the best to prevail. Nevertheless, this can backfire if discussions take too long to conclude, resulting in too many cooks in the kitchen. This model is also dangerous should the predecessor perish before the leadership is handed over to the successor. Without their parent as a referee, the leadership can head south if all potential successors think of themselves as more capable than their siblings.

Conflict avoidance group encounters negative emotional issues when other offsprings feel left out of the talent pool, but this is a lesser problem compared to what may happen if the successor feel so indebted for the parents for putting him/her in the position of power and too afraid to voice personal opinion. In addition, the successor, while being the most capable, may not aspire to the same goals as the predecessor.

On the other hand, successor's awareness of parental expectation creates a strong stewardship that will ensure successor's effort in keeping the survival of the firm. Another strength of conflict avoidance group, due to its less flexible goal setting strategy, the firm can focus on the agenda, taking less time to adjust to new goals.

Contributions of this study are threefold. First, the use of attitude toward conflict as a predictor of predecessors' behaviors regarding succession assist with the diagnosis of what have gone wrong in the process. Conflict resolution is an important part of management. In family business, it is often dismissed as the less professional part of the business model. While it can be true that adding family into the business adds complication, not understanding family member's attitude toward conflict can make or break the family firm.

Second, identifying family business leaders' attitude toward conflict allows for prediction of predecessors' optimisms toward the future of the firms in the hands of the next generations. Level of optimism will be able to reveal how much freedom is given to the potential successors in strategic decision making. Practice in strategic decision making will increase successors' readiness to lead the family firm out of the shadow of their parents.

Third, this article adds another dimension to the notion of reciprocal nepotism in family business. Jaskiewicz, Uhlenbruck, Balkin, and Reay (2013) proposed that family firms that have successfully survive through generations practice reciprocal nepotism. This study stacks another dimension to reciprocal nepotism by measuring the amount of freedom given to successor in keeping the firm in operation. In other words, successors lacking the amount of freedom to do their best will not be able to act upon their competence.

6. CONCLUSION

This study is important in understanding the missing link that determines family business survival . Succession is the period where conflict is rampant, and inability to deal with the intensity of the conflicts and transition may lead to larger issues risking the survival of the family business. Succession is more emotional than strategic that many decisions are driven by fear of uncertainty (Lam, 2011). Ability to understand attitude toward conflict, in and of itself, can predict a lot of behaviors and open doors for future researches in helping predecessors keep looking ahead and successors to focus on firm survival.

Family business field is driven by an understanding that studying the business without understanding of the family leads to the wrong conclusion (James, Jennings, & Breitkreuz, 2012), this study can benefit from larger samples, especially from other cultures, to see how variations would change the patterns. It will also be interesting if future research is conducted longitudinally to see if there are temporal variations. Family business issues deal with maturity and past experience, which may change the attitude of both predecessors and successors as they both get older. Being a qualitative study, this study lacks the ability to measure the intervals in between the two ends of being open to conflicts and avoiding conflicts. Future studies should also focus on measuring the conflict avoidance group's sensitivity toward conflict as this study has not yet gotten into what this group would do when they bare forced to face conflict.

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