



## THE ROLE OF THE FAMILY CONSTITUTION IN SUSTAINABILITY OF FAMILY BUSINESSES AND AN EVALUATION IN LIGHT OF IMPLEMENTATION PROBLEMS<sup>\*</sup>

Cemal Yukselen<sup>1</sup>, Ebru Yildiz<sup>2</sup>

<sup>1</sup>Beykent University. [cemalyukselen@beykent.edu.tr](mailto:cemalyukselen@beykent.edu.tr)

<sup>2</sup>Sakarya University. [ebruyolsal@gmail.com](mailto:ebruyolsal@gmail.com)

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### ABSTRACT

The family constitution is a tool used to maintain the sustainability of family businesses. It contributes to the management of the business on a corporate principles basis while preserving the family unity. The current study examines problems observed during the process of adoption of a family constitution in four different organizations which operate in different sectors, evaluates the solutions to these problems and offers suggestions related to the implementation process.

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## 1. INTRODUCTION

Family businesses play a great role in their economic and social environments. Therefore their sustainability has a great importance and family constitution is one of the most important tool for this process. Studies show that the family businesses which have their unique family constitutions also success the intergenerational transition.

This study aims to present the experiences observed during the process of adoption of family constitution in four family businesses.

The following section covers the literature survey. The next section explains the methodology of the study followed in the process of adoption family constitution. The following section notes the observations and includes some commands and suggestions in the process.

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## **2. LITERATURE REVIEW**

### **2.1. THE ROLE OF FAMILY BUSINESSES**

Independent of the development level of a country, family businesses constitute 75% to 90% percent of all enterprises globally. In Europe, 70% to 80% of enterprises are family businesses (Duh, 2012). The final report of the EC Expert Group (2009) emphasizes the following points that manifest the significance of family businesses:

- the long-term stability they bring
- the specific commitment they show to local communities and organizations
- the responsibility felt by owners
- the values they stand for

Family businesses are enterprises where entrepreneurial potential can easily be tapped and they are sustained by the founding family for many years with contentment since the level of growth pressure is not very high. Therefore, they are regarded as the basis for national economies. Family members, who are the owners and managers of these enterprises, work at the local level with stronger commitment to diverse organizations. They play a more active role in their social environment as they feel a higher level of responsibility as "businesspeople." Since family members have a closer relationship and communication with their employees, they are more protective of them. Likewise, since family members are also closer to their customers, they feel specific responsibility towards all organizations and institutions around their business. This social responsibility is a useful tool that serves to preserve their established prestige.

### **2.2. CHALLENGES FAMILY BUSINESSES FACE**

Over time, family businesses face many specific challenges except for the routine flow of the business. The aforementioned Expert Group Report (2009) links these challenges into three categories:

- Challenges that arise from the environment
  - Unawareness of decision makers of the specifics of family businesses, and their economic and social contribution;
  - Financial issues
- Challenges that develop as a consequence of the enterprise's internal matters
  - Unawareness of the importance of planning business transfers early
  - Balance between the family, ownership and business aspects within the enterprise
  - Difficulties in attracting and retaining a skilled workforce
- Challenges related to educational aspects, which have an impact on both the business environment and on family firms' internal matters:
  - Lack of entrepreneurship education
  - Lack of family-business-specific management training
  - Lack of education on family-business relations and coordination in order to build system follow up skills

Organizational culture in a family firm is to a great extent shaped by the founding entrepreneur and family values. These values may sometimes differ from the decision making methods employed by the professional managers within the family firm. This may occasionally create conflicts between the professional executives and family members, which eventually make it difficult to manage the firm.

Financial structure of a family firm might pose both an advantage and a disadvantage. Since family members are often associated with cautious risk-taking behavior, family firms usually prefer equity financing over debt financing. However, debt financing for investments or working capital might cause severe problems in fast growing family firms which fail in the adoption of corporate governance methods.

In the case that the founding entrepreneurs in family firms lack proper education, this leads to other challenges such as difficulty in employing modern management tools and difficulties experienced by professional executives in accessing and employing such tools. This creates a negative image that makes family firms less attractive in the labor market.

Another challenge for family member is to maintain a healthy balance between the family, where emotional factors outweigh, and the business, where rational factors outweigh. Stewart (2013) defines family businesses as institutions under the influence of three factors: 1) family's emotional system, 2) ownership system, 3) business system. In this definition, he puts special emphasis on the family members' emotional commitment to keep the managerial control with the family.

Another challenge families may face is lack of awareness related to the importance of sustainability (Duh, 2012). Focus on daily business activities and the inability of the founder entrepreneur to have thorough planning related to sustainability and transfer of management to successive generations might negatively impact the enterprise's life cycle. Founding entrepreneurs may often lack awareness in this respect. Due to their occupation with daily operational problems, founding entrepreneurs often work without any awareness of possible health problems or retirement planning and can neglect the crucial importance of continuity of their business.

Founding entrepreneurs who have the awareness of the challenges that hamper the continuity of their enterprises' life cycle often either do not know how to tackle these challenges or give due importance to the management of them. Moreover, most of the founding entrepreneurs do not regard the issue of business succession as a factor which will hamper the continuity of their businesses. They think that succession will take place somehow when the time is right, and they do not believe that succession problems will affect the profitability or be a significant threat for the continuity of sustainability. For example, in a research carried out by Duh (2012), a founding entrepreneur in Slovenia commented on the succession process as follows:

- "Not planning to retire in the next five years."
- "Succession planning is not necessary."

In the research where he examined 508 family enterprises between 1994 and 2000, Amit observed that the value of the businesses decreases after the business is transferred within the family to the second generation and stated that poor management of family

businesses is the reason for this (Ates, 2009:117). According to Ward, only one third or one fourth of the intergenerational transitions results in a good choice for the business (Ates, 2009:117).

KPMG Europe LLP (2012) surveyed 700 companies in 21 countries and discovered that family enterprises revolve around three main issues:

- Preserving cash
- Growth
- Transition to corporate governance

While family businesses opt for equity financing and refrain from debt financing due to its high cost, they at the same time have ambitions to grow. At this point, family businesses that cannot effectively manage the transition process to corporate governance often face many challenges.

### **2.3. SUSTAINABILITY OF FAMILY BUSINESSES**

Although intergenerational transition is a great challenge for family enterprises, sustainability of them is the most significant problem (Gumustekin, 2013). Family enterprises which are founded and grown by an entrepreneur through great sacrifices could not be properly transferred to the later generations for several reasons, and eventually either closed down or sold. When employment generated by these enterprises and when the fact that they are also social entities is taken into account, it is a fact that sustainability of these enterprises is not only an economical but also a social phenomenon. Although figures may vary in different countries, the ratio of the businesses which are transferred to the second generation is 30%, to the third generation 10% and to the fourth generation is 2-4 % (Ates, 2009).

There are several factors determining the sustainability of family businesses. The following factors have been underlined in the literature:

- Family and management system
- Conflicts
  - Role conflict
  - Conflict of rights
  - Intergenerational conflict
  - Impact of women on family businesses
- Planning
- Transfer of authority
- Management with professional executives
- Transition planning
- Corporate governance

#### *Family and Management System*

The family has a great impact on the business. Family members who are the owner of the business sustain their business life as an effort to sustain the life cycle of the business yet at the same time to meet the needs of the family (Danes, *et al.*, 2005:116). Family structure and interaction between the family members, business assets, age of the

business, personnel management, owner's weekly hours in the business, family employees are closely associated with increased achievements for both the business and the family (Olson, *et al.*, 2003). Such factors have a significant impact on building balance between the business and the family.

### **Conflicts**

Since family and business issues are intertwined in family businesses, this can pose potential for conflicts. For example, role conflict among family members could create conflicts. Although family and business are two different environments, family members might adopt a certain way of treating each other and sustain communication in that certain way regardless of the environment they are in. Conflicts arise when roles assumed in the family system intrude on roles in the business, when communication patterns used in family system are used in business or when there are conflicts of interest between the two systems (Bowman-Upton, 1991: 5).

A conflict of rights may arise due to three reasons: Family members who work for the business but are not shareholders may have a feeling that they are not treated fairly. Family members' expectations regarding their salaries and rewards are often high and not based on their abilities, efforts, performance, accomplishments or even tenure. This is the second reason behind a conflict of rights. The third reason is the expectation of family members to be paid more than the non-family employees although they have the same skill sets.

Another type of conflict is the intergenerational conflict. If there are family members from more than one generation working together in a family business, factors such as vague job descriptions, confusion regarding roles and responsibilities, different levels of self-sacrifice and loyalty, and diverse world-views might lead to conflicts.

Difference between female family members' familial and business roles might also often result in conflict. Brothers, sons or husbands might feel uneasy when a female member of the family starts working at the family business, when in the family life she normally serves her husband, carries out motherhood responsibilities, acting as the mediator within the family. Another factor for conflict is that women often demand rights based on their marital tie and economic relations in the family business. It is observed that women usually have an impact on the decisions taken in the family business. Women's support for, and behavior in the family business, directly influence their husband's performance, hence the success of the business.

### **Planning**

It is of significance to carry out the following steps for the sustainability of family businesses:

- Strategic Contingency Planning; attempts to lessen the effects of less than favorable circumstances and keep a business afloat during difficult periods such as illness, accident and death.
- Strategic Long Term Plans; are employed in order to develop strategies for how the business will flourish under changing external conditions.

- Legacy Planning Plans; serve to specify the distribution principles of internal and external business income and assets.
- Family Constitution; is an articulation of the principles and policies that regulate the relations in both the family and the business, and build the harmony within the family members and ensure that career plans of the following generations are built according to defined principles.
- Succession Planning; is the planning of principles and rules of the transfer of the business to following generations.

### ***Transfer of Authority***

Which principles should be adopted for the transfer of authority by the founding entrepreneur to the children is greatly significant. It cannot be expected that a founding entrepreneur, who loves their children equally, will delegate equal rights and responsibility to the children that are employed in the family business.

### ***Management with Professional Executives***

Factors such as increased business volume, market expansion, increased competition and constant changes in the ways of doing business may render the knowledge level and skill sets of the founding entrepreneur invalid. This may result in conflict in the management of the business, because, as the business continues growing, professionals are being brought into the family business and practices of these executives which are dictated by professionalism may lead to conflicts with management style of the founding entrepreneur.

### ***Transition Planning***

According to the Report by the EC Expert Group (2009), the factors that affect the intergenerational transfers:

- The size of the company
- The size of the family
- The age of the company

If the family enterprise is a micro or a small size, the problem of transition emerges at a relatively less complex level. Research shows that family enterprises cease to exist if there are no heirs to undertake operations after the withdrawal of the founding entrepreneur from the management. In cases where there are heirs, the consequences change according to their number. If there are few heirs, the management is transferred without any major problems whereas several numbers of heirs may lead to major problems. If these problems are solved, the business continues to exist, and when they are not the business is shut down. Although size of the business may seem appealing to some heirs in small and medium sized enterprises, they may experience problems regarding some issues such as sharing of rights and responsibilities and management.

Research shows that transfer process becomes more problematic as the number of the family members increases (Neubauer, 2003). The age of the firm is another significant parameter for the transfer of the business. For example, in relatively older companies, the transfer process might lead to financial and social problems. These in return make things more complicated to such an extent that professional consulting is required. Enterprises

which fail to benefit from professional consulting cease to exist because of the failure in the transfer process.

Transition in family businesses is a significant matter that requires planning. It is of significance to evaluate transition not as an immediate event but as a long term process (Duh, 2012). Transfer process is not only the transfer of ownership but also includes the transfer of knowledge and experience. Therefore, the existing and next generations should cooperate and work together for longer terms so that knowledge and experience is transferred properly. EC Expert Group Report (2009) emphasizes the need for a comprehensive approach for the proper management of the emotional factors behind the transfer process.

### **Corporate Governance**

Institutionalization is the most significant building block in family enterprises. Research into family businesses around the world shows that there are significant similarities with Turkish family businesses. Considering their enormous contribution to the economy, their sustainability is of utmost significance, which can be, as previous practice and experience show, maintained only through corporate governance. Institutionalization is very important for all social organizations; however, it is often indispensable for the long-term success of family businesses.

There are multiple definitions of corporate governance. Although it is in practice defined as the transfer of management to professionals, corporate governance is essentially management of the businesses according to clearly defined rules and principles. Corporate governance measures include management of recruiting processes starting from the selection of workforce according to duties and qualifications, monitoring and control of each job and /or process according to clear performance descriptions, management of the business with plans and budgets and monitoring the results, identification and management of business objectives together with the professional executives within a participative culture.

New regulations, dictated by the Turkish Commercial Code no 6102, bring various principles that are conceptualized as transparency, justice, accountability, and responsibility based on corporate governance. Most of the companies in Turkey are composed of family businesses and reorganization of them, transition to corporate governance and implementation corporate governance measures are often indispensable for a healthy transfer of the businesses to later generations.

Corporate governance measures face a great deal of resistance in family businesses since they are established by an owner and developed under an owner management style. Such resistance is quite often the result of the approaches and daily practices of the founder family/families. As members of second generations become active in the enterprises, and also especially in enterprises which are managed by more than one family (siblings, cousins, etc), diverse issues such as decision making processes and assignment of decision makers, and life styles may lead to conflicts both within the family and between the families. One useful tool for the maintenance of sustainability in family businesses is a family constitution.

Constructing a family constitution in order to eliminate possible interpersonal conflicts, to define procedure for the management of conflicts, and for career planning of successive generations is the most significant step towards corporate governance in family businesses. The family constitution documents the values and principles that will underpin the integrity of the family business and defines strategies with which the family will make decisions about the possible conflicts based on compromise. Family constitution ensures a sustainable healthy life cycle for family businesses and possible ways for the top management to handle possible conflicts without direct influences on their businesses. As the family constitution becomes operative, it is of indispensable importance to develop in parallel and start gradual implementation of a succession plan.

There is no other organization where values are supported and preserved such rigorously. The owner executive establishes the family business and the life cycle of the family business dictates duties and responsibilities not only for the successive generations but also for all the organizations and institutions that are somehow related to it (McClain, 2006:835).

Since values differ from one family to the other, business systems are also different (Favre, 2012). Therefore, family constitutions are peculiar to families. Life and business values of a family shape the construction of family constitution. Thus, family constitutions prepared for each family are separate case.

### **3. AIM AND METHODS**

#### **3.1. AIM OF THE STUDY**

As can be seen from the discussion above, the process for developing a family constitution is often a multidimensional and dispensable tool for the sustainability of the family businesses. Although, it is a process related to the management of a commercial entity, it has an emotional dimension to it as well. The emotional dimension is usually extremely important for the founding entrepreneur, for the successive generation and for the other family members.

There are not many publications related to family constitution in both foreign languages and Turkish. Thus this study aims at making contributions to both the literature and the practice by sharing the findings and problems regarding the family constitution development process, which usually takes 6-8 months, and also its implementation.

#### **3.2. SCOPE AND METHODOLOGY OF THE STUDY**

The study analyzes family constitution construction process of four different firms that operate in different sectors. Three of the firms are active in manufacturing industry whereas one of them is active in service sector. Two of them are macro-sized firms and the other two are small and medium sized firms. Fields of activity of the firms operating in the manufacturing sector are automotive supply and stone and soil industries. The firm that operates in the service sector is a distributor.



The authors, as the preparers of the aforementioned four family constitutions, provide valuable insights and evaluations that will shed some light on family businesses and provide contribution to the existing literature through their observations on the situations and approaches related to the preparation process of such constitutions. Thus, this study might be regarded as a qualitative research.

## **4. FINDINGS**

It is observed that the findings of the current study bear similarities with the findings of the limited number of publications in the existing literature. These findings can be grouped into three categories:

- Behavior of the founding entrepreneur
- Matters regarding the successive generation
- Issues related to mode of doing business of different family members

### **4.1. BEHAVIOR OF THE FOUNDING ENTREPRENEUR**

During the process of the family constitution construction, two types of founding entrepreneur behavior are observed:

- Willing for developing a family constitution and transition to corporate governance, believing in the process, is not afraid to lose authority, economic and social power
- Willing for developing a family constitution and transition to corporate governance, believing in the process, but is afraid to lose authority, economic and social power

During the initial phases of the process, it is significant to organize meetings regarding the steps to be taken, where spouses and children can attend. Sustainability depends, not only on the shareholders', but also other family members' beliefs in and attitudes towards owning the process. To serve this purpose, meetings were organized in the mentioned firms with the family members and they were informed about the objectives and phases of the process and also the significance their participation. Founding entrepreneurs took active roles in these meetings. Family members were given detailed information about the contributions of a family constitution, and why family businesses needed a constitution.

It is also observed that founding entrepreneurs shared the significance and contributions of a family constitution construction using a positive language and this constitutes the second type of behavior.

Thirdly, it is observed that founding entrepreneurs acted as leaders among the family members during the family constitution process. One of the firms is managed by more than one family and it is observed that founding entrepreneur supported other family members during the process.

Although the researchers experienced positive approaches during the process, in-depth interviews proved the necessity of the following suggestions for the success of the family constitution process:

- It should be emphasized that the family constitution is not the goal itself, but a tool in the way to corporate governance. What is more significant is the implementation process of the constitution.
- After the signing of the family constitution, committee meetings should be steered and it should be ensured that a meeting culture is formed within the company.

The following attitudes are observed in two firms which were managed by founding entrepreneurs who were willing to develop a family constitution and transition to corporate governance, believed in the process, but were afraid to lose their authority, economic and social power:

- Founding entrepreneurs tried to evaluate and re-write some of the constitution articles according to their own beliefs and make them accepted by other family members.
- They tried to dominate the processes where other family members were asked about their opinion regarding the draft family constitution,
- They made a specific effort to convey the message "I currently manage the company and will continue to do so."

Founding entrepreneurs think that they have rights over everyone as being the founders of the business, who have worked rigorously for the growth of the company and believe that every member of the family should accept this as a sign of respect. Therefore, during the preparation of the constitution they would like to dictate the articles.

Drafts were developed as the result of in-depth interviews with each family member and copies were sent to the family members. As the next step, a meeting was organized to share the results. Founding entrepreneurs think that they have the right, due to their status, to learn beforehand what the family members want, and what they accepted or rejected.

As formal decision making processes are implemented and a participative management style is adopted as part of the corporate governance measures, founding entrepreneurs start to think that their authoritarian leadership style has been damaged greatly and therefore emphasize that they continue to exist in the business at every occasion.

The following suggestions may be valid for such attitude and behavior:

- It should be emphasized that corporate governance is the management of the business based on defined rules and principles and it is an obligation as the company grows and more and more family members are involved in business processes.
- It should be noted that knowledge and experience of the founding entrepreneur serves as a guideline for the future generations and thus for the future of the company, it is of significance that they should still lead the business as the "wise person".
- Members of the next generation should be guided to continue the communication with the founding entrepreneur, and to combine their knowledge and skill sets with the founding entrepreneur's knowledge and experience.

- Despite different opinions and views, both parties should be informed that decision making processes should be based on a culture of comprise and implementation of such a process should be supported.

## **4.2. MATTERS REGARDING THE SUCCESSIVE GENERATION**

During the process of family constitution construction in the four enterprises that participated in the current study, it is emphasized that the following issues are related to the successive generations and should be clarified:

- Education and training of the members of the successive generation
- Employment principles at the firm
- Opinions of the members of the successive generation about their own career planning

In families which aim at eventually transferring management responsibility of the family business to the next generation, the training of the young in relation to the business is accomplished either by giving them certain responsibilities at several levels or by simply exposing them to the business environment of the enterprise without assigning them any particular responsibility. Such an approach gives the younger members opportunity to develop an interest in the work and the business and gives them some orientation to train themselves in line with that particular sector's needs. This way, the parents manage to shape the educational and professional life of the children that are not interested in the business.

With regard to their education, founding entrepreneurs and other senior members of the family wish the children to definitely have college education. Members of all four firms were very determined about this point. Learning more than one foreign language and education in a foreign country to this end is the common attitude to language learning among almost all family members.

Another matter that should be included in developing the family constitution is the employment principles for the successive generations in the family business after their education. Taking part in the management with the father immediately after education may lead to problems in management and communication with the professionals. Members of the successive generation who spend the process of gaining experience as a manager could face several problems.

Working in another company for a while, then after a certain period being recruited to the family business in a lower position suitable for their education and training, and being provided with promotion opportunities would be a proper approach for career planning for the members of the next generation in all the four companies observed.

On the other hand, members of the next generation may have different views about their own career planning which could be considered as posing a threat to the family business. For example, the eldest son may think that he is automatically eligible for transfer to the management due to his seniority, and not prepare himself for the duty with the false belief that his position is already secured within the family business, or may believe that he is the candidate for the ownership of significant amount of wealth without any hard

work. These are just few examples of many negative judgments regarding next generation's perception of the family business. Moreover, parents want their children to work for the family business and to participate in the management regardless of their education, which also poses a negative approach.

Providing orientation for the members of next generation through personality tests, road mapping for their career planning within the enterprise based on the principles of constitution, defining the boundaries for their promotion to top management positions in accordance with their knowledge and skills may eliminate the impact of mentioned threats.

### **4.3. PRINCIPLES REGARDING ATTITUDES AND BEHAVIORS OF THE FAMILY MEMBERS ON MISCELLANEOUS ISSUES**

Certain issues that need to be taken into consideration in general are also topics that are worth paying attention to for the enterprises we worked on within the preparation process for the constitution:

- The basis for engagement in other business activities in enterprises managed by family members or by more than one family
- Principles for transfer of shares
- Covering expenses and the principles for income/profit
- The principles for the employment of daughter-in-law and son-in-laws

In two of the enterprises in our study, there was a partnership between different families and the principles for investing the incomes into business activities other than those of the original enterprise. We have seen that some of the partners did not approve this and wanted to establish a principle requiring the partners who would like to make a new investment to part ways with the original enterprise. This is a factor that impacts the sustainability and is among the issues of compromise.

Another issue that requires attention is the principles of transfer of shares to family or non-family members due to situations other than inheritance. Such situations may also lead to conflicts that need compromise.

It is a known fact that family members use company's cash assets for their personal expenses. It is of utmost significance that shareholder and/or employee family members should make a clear distinction between their personal and the business expenses and it should be ensured that they don't have access to company's cash assets.

Furthermore, it is a required and usual principle that family members who work for the family business should receive salaries and that shareholders should receive dividends.

Another issue that requires agreement among the family members is whether in-laws should be employed at the family business or not. Our study shows that only in one of the four firms, family members are positive about the employment of in-laws in the family business. The right approach in this respect would be the dominance of employment based on skill sets and meritocracy. However, it should be noted that employment of in-laws must be included in the family constitution.

## **5. CONCLUSION**

Family enterprises constitute the 95% of all businesses in Turkey. Most of the family businesses cease to exist during the second generation. The ratio of the businesses which are transferred to the third generation is 10% and the ratio drops significantly when it comes to the fourth generation. Grave competition and increasing economic pressure on the one hand and multiplying number of family members and their employment in the family business, prevention and elimination of possible conflicts among the family members on the other hand are among the challenges founders of a family business and professional executives may face. Family businesses' contributions to the national economies are great. However, they cease to exist due to several reasons such as failure in management transfer, having negative impacts both on the families and the national economies.

Corporate governance is indispensable for the sustainability of family businesses which often face severe rational and emotional dilemmas, and conflicts between familial and business problems. Identifying in written the rules and principles that manage the relations within the managing family/families and between the managing family/families and the business is the first dimension of the corporate governance perspective and practices. Family constitution is a significant tool that serves to this end. Family constitution plays a major role in intergenerational survival of the family and the business and generation of a substantial legacy for the family's children. Implementation of corporate governance principles which family members will accept, adopt and implement within the business is the second dimension of such a perspective. Harmony between the family members and the professional executives during the implementation of the corporate governance principles, as well as mutual evaluation and adoption of them is of great significance for the success of the process.

This study sheds some light on situations and approaches related to the preparation process of family constitutions in four different family enterprises. The study concludes that founding entrepreneurs have an important role in the family constitution construction process. Founding entrepreneurs who believe in the merit of the family constitution and are not afraid of losing their authority often make great contributions to the fast and healthy flow of the adoption process. However, founding entrepreneurs who believe in the merit of the family constitution yet are afraid of losing their authority try to intervene in and shape the adoption process according to their own wishes and expectations. Although such concerns may be valid, suggestions such as emphasis on the knowledge and experience of the founding entrepreneur which serves as a guideline for the future generations, and also on the significance of their existence and place in the family and the business can be useful to eliminate such concerns.

Family members who work within and outside the family business all agree that members of the successive generation should be well educated, have experience abroad and learn more than one language. It is of crucial significance that each successive generation in the family should be given equal opportunities regarding their education and career within the family business. The eldest son may think that he is automatically eligible for transfer of management due to his seniority and the founding entrepreneur may approve such an

approach. However, this may lead to significant conflicts within the family. If the eldest son is mature and experienced enough and well educated, conflicts may not arise; however, if the otherwise is the case, familial disputes and conflicts between siblings would arise and negatively impact all employees, hence the whole business and its surroundings.

Transfer of the knowledge and experience to the successive generations is crucial. Knowledge blended with experience would be leading for the formation of different perspectives among the members of the successive generations. The most important of all is to tell the story of the family and the business to the successive generations. Awareness should be created among the members of the successive generation about the struggles of the family in the faces of challenges and the pathways to the current condition of the family business and feelings such as trust, loyalty, solidarity and communication within the family should be underlined.

Decisions taken about the successive generation members are significant not only for themselves but also for the business as well. Therefore, family's expectations from the successive generation should be clearly identified. General expectation is the employment of successive generation members in the family business regardless of their education. Taking into account the interests, desires, expectations and abilities of the successive generation members and giving them the right to choice is really crucial. An eager young family member with a high level of loyalty to both the family and the business may provide significant contributions to the sustainability of the family business.

Identifying the principles regarding the transfer of shares, income/profit sharing, engagement of shareholders in non-family business activities and employment of in-laws in the family business are other significant factors. Decisions taken regarding these matters should satisfy all members of the family. Otherwise, decisions not internalized would have a considerable cost and endanger the implementation of family constitution; as a consequence a constitution which is only on paper would not contribute to the sustainability of the family.

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