

ANALYSIS OF CONFLICT SEEN FROM CONFLICT RELATIONSHIPS IN FAMILY BUSINESS

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ABSTRACT

Family company has a considerable role in economic growth, but a lot of problems in the family company so as to make the family company was not able to survive until the third generation. Conflict is a problem that often occurs in the family company, and a lot of things that trigger conflict as a conflict between business and family, conflict between family relationships and conflicts between the family and employees. The purpose of this study is to describe the conflict that comes from family relationships are distinguished from sources such as generational conflict, succession, gender and communication. It also discussed how the solution in case of conflict. This study uses literature study approach, which means reviewing some previous research and analysis. Generational conflict arising from the relationship between the predecessor to the successor generation, where generations of predecessors like to always be in control and take decisions in the company and does not give space to the next generation. Succession is also an issue that made the company the family can not last long, for determining the successor companies have the ability as well as a challenge. It would also be a dilemma if gender issues arise as a result of having to choose between men and women in continuing the family business. Communication can be a critical point in the relationship between the family, because of a lack of communication can effectively triggering a conflict that resulted in the company broken homes.

Key words: conflict, family relationship, gender, succession, communication

INTRODUCTION

The role and contribution of the family company in Indonesia is very large to state revenues by 25 % according to a survey conducted by Price Waterhouse Cooper in 2014. It is very unfortunate that only 30% of family firms survive to the second generation, while only 10-15 % were able to pass the third generation (Beckhard and Dyer, 1983; Ward, 1987)

Based on the survey said that many things that could be the trigger of a family company could not survive , among other internal problems such as the reorganization of the company in order to get the Human Resources quality , the recruitment and selection process is carried out to a family member , who is worthy to be involved in the family company , how the competencies expected of family members involved in the management of the company , how the career path of a family member, if it can be directly occupying top management level or to start a career from the bottom. It would trigger a conflict (Grote, 2003; Hilburt - Davis and Dyer, 2003; Poza, 2009; Ward, 1987) and lead the family company ruined and falling apart.

According to Kets de Vries , 1993 when a family company last longer then the number of family members involved either as an employee or as an owner of the family company will also increase, thereby triggering the non-conformance opinion and trigger so that the amount of dysfunction, interpersonal conflicts will also increase.

Interpersonal conflicts that arise triggered by sharing things, such as competition between family members , among others, the sibling rivalry (Alderson , 2009) , how to treat family members who are not involved in the company , and how to treat family members who have been divorced , what if there family members who are incompetent and also the issue of succession .

Conflicts within the family is very different from other conflicts, this is because there is a tendency that the family will close the existing internal problems and not opened and became the general public consumption. This is because family members emotionally connected and have a long-term relationship (Alderson, 2015)

There is a difference between task conflict, conflict and relationship conflict process. Conflicts tasks related to the goals and strategy, while the process relating to the conflict responsible person in doing its job (Jehn, 1997). Relationship conflict are also called emotional conflict associated with negative emotions and destructive impact (Von Schlippe and Kellermanns, 2008)

The purpose of this study was to identify factors that trigger conflict due to family connections.

Issues conflict in Family Company

Conflict is an issue that is often discussed in the organization, because the conflict is the view interactionist (Robbins, 1974) means that conflict is inevitable and conflict can help or hinder the performance 'organizations, therefore, organizations must be able to maintain the balance of the conflict so that the organization has a good performance (Pelled et al., 1999; Simons et al. , 1999)

According to the results of research (Harvey and Evans, 1994; Levinson, 1971), obtaining the negative impact of the conflict, that in contrast to the results of Coser, 1956; Tjosvold, 1991, confirming the positive effect of the conflict because it can improve performance. While the research results (Amason and Schweiger, 1994; Jehn, 1995, 1997; Jehn and Mannix, 2001; Kellermanns and Eddleston, 2007) that a conflict of duties and conflict process can improve performance, and the conflict relations lead to dissatisfaction and frustration (Jehn, 1997; Jehn and Mannix, 2001)

In a family company majority conflict occurs because the relation, because the people involved in the family company has an emotional connection that close to one another, such as between parent and child if the company is managed by the first generation and second generation, or

between sibling, if the company is managed by a generation the second and also between the cousins when the management of the company in the third generation.

According to (Susanto, et al., 2007) conflict in the family company are the condition of disagreement between two or more members of the family. Conflict in the family company can be divided into three groups , namely : (1) the conflict between business interests and the interests of the family , (2) conflicts between family members , and (3) the conflict between family and employees

According Hilburt et al., 2003, there are three systems in the family company, namely: business system, family system and the system of ownership. Business system includes a vision, mission, strategy and organizational structure to achieve organizational goals. System possession of discusses the status of legal entity ownership and distribution business, while the family system related to the goals and aspirations of the family, family members between relationship, communication and cultural values .

Characteristics of the family company is the involvement of family members in the management of the company, this means that the company's policy and strategy formulation by the family and the involvement of families is very high. For that would cause many difficulties in the family company , among others, the lack of clarity of roles between tasks in the office and position in the family and the family dominance in the enterprise that focuses on the emotional relationship of the logic that lead to conflict (Ward , 2004)

In a family company causes of the conflict of family relationships are very many causes include the relationship between parents and children, the relationship between brothers and cousins relationship as it reaches its third generation.

Generational Conflict

This conflict was triggered by the relationship between parents and children, whereas in eastern culture a child should be obedient to their parents, while one side is sometimes a child also has the desire and purpose to manage the family company. The position of a child to dissent and disagree with the decision of parents is often considered to be disloyal to their parents and be a trigger of conflict (McCann, 2007).

Conditions dominance of the previous generation in decision-making that does not want to engage the next generation is quite high at 34 % , and only 6 % of the previous generation who take voting in decision-making (Dyer, 1986, 1988; Feltham et al., 2005, Aronoff et al. 1996), this condition results in the next generation wants to get out of the family company (Stavraou, 1999)

In addition to the conflict because of the relationship between parents and children, the results of research (Alderson, 2009), the conflict between the brothers is also a source of conflict is the case.

Succession

Succession (Sharma et al., 2001), are all actions relating to the transfer of leadership from one family member to another. Succession is an issue that a lot of research in the family business by Dyer and Sa'nchez (1998) , in addition to the succession is also a theme that a lot of attention from top managers (Chua et al. , 2003) , and also the problem that many involve consultants (Upton et al., 1993) , this was due to the succession is a critical point for maintaining the family

company , because of the success of the process of succession would be an absolute requirement for the survival of the family company (Brockhaus , 2004)

The failure of the succession is due to less Effective in decision-making (Shepherd and Zacharaki, 2000; Ward, 1987), there is no good planning (Poza, 2009; Ward, 1987). The occurrence of problems in communication and interpersonal conflict.

Gender Conflict

In the family business differences in the position of men and women can also cause conflicts, many countries prefer the successor of men compared to women, such as the results of research conducted by the Vera and Dean (2005) that the successor to the woman as CEO only reach 2 % in 1994 and increased 9.5 % in 2005, it shows that the role of women increases with changes in ways of thinking and looking at society that women are less capable in the lead.

Communication

Avocation can make people unconscious and thought of the presence of others , and resulting in communication with each other is lost, so that often occurs in the family company . If the parents do not take advantage of good communication with their children this could lead to conflict

Communication is something that is a measure of the continuity of a family business, usually in the family company communication is done informally. According to Ward (2004) without good communication, the company's family will fall apart.

Communication has benefits to strengthen the relationship between the family so it can recognize and know the wishes of the parents and children, so that will make each one aware of his role.

Managing Family Business Conflict

Conflict is not inevitable, but it must be managed well because conflict had a positive impact of improving performance but it also can have negative consequences because it makes people feel uncomfortable. The longer age and the bigger the family business, will lead to more and more conflicts arise.

If the family wants a sustainable business, then there are various things that can be applied to manage conflicts in managing Family business

Family Meeting

Family meetings could be used as a means to reduce conflicts that occur in the family business. Family meeting is a meeting between family members who are involved in business.

Usually family meeting should not be held formally, but rather informal, such as during dinner with sambal discuss business and the existing problems, so should not be scheduled periodically. Family meetings can be done anytime and when it is felt there are things that must be discussed and a decision was made.

Family Constitution

Family constitution is a document that was created to organize the tasks and responsibilities of family members, and their nature should be fair and impartial to any particular group. Usually

family constitution also includes how decisions are made for family members who need to be followed by all, so that in case of conflict, it can be used as a guideline to resolve the conflict.

Family Values

Family company is unique because she has emotional ties between family members, when a conflict occurs then will make a family is not harmonious. Each family will have the family values that differ from each other.

Benefits of Family values are as adhesive relationship between members of the family , because it can stabilize the dynamics of the family company (Aronoff and Ward , 2008) , when a conflict occurs then the family members would be concerned about the aim of achieving a harmonious family so that family values can help the family company to achieve purpose.

Family Elders

By the time the family company in conflict particularly conflict relations then you should appoint someone who is more senior position to serve as a mediator in solving the problem at hand. This mediator should be believed and agreed upon by both parties who are having trouble. The function of the mediator is to provide input on both sides of the dispute and also to give advice to both sides, because both sides actually still has a family relationship with one another.

An Exit Plan

If the family members felt unable to join the family at a company for a variety of causes, such as wanting to work in another company or want to have your own business or do not want to disagree with the other family members then exit plan is one way that can be used.

Exit plan itself is a condition in which family members are allowed to sell some or all of the shares owned in the family company, so he will not be involved anymore in the decisions taken in the family company because it has no interest anymore, but family relations can still be maintained properly

Conclusion and Recommendation

A family company built using three systems, namely system family, business system and the system of ownership, of course, this has different consequences to the professional company. To ensure that a family company can develop a sustainable manner it is necessary to make a balance of the three systems. If there is an imbalance of this system can lead to conflict in the family company

Conflict in the family company can be triggered by a conflict between the family relationship, this happens because of the increasing age of the family company, it will cause conflicts, such as generational conflict, succession, gender conflict and communication

Conflicts are unavoidable but must be managed properly so as not to cause the destruction of the family company with a venue to hold family meetings, make a family constitution, if there is a conflict could involve family elders as mediators and provide exit plan for family members who wish leaving the family business

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