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Sefa CETIN
Yadigarjon GAYIPOV
Tahir AKGEMCI

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Problems and Solutions in Human Resources Management of Family Business: A Research in Konya City

Sefa CETIN¹
Yadigarjon GAYIPOV²
Tahir AKGEMCI³

Abstract

The constant progress of the socio-economic development in our time has triggered competition worldwide which makes industrial and commercial establishments divert to human resources in order to distinguish themselves and survive. Family businesses both in Turkey and other countries, therefore, apply to HRM so as to overcome such problems deriving from their structures. This study tackles the family business that faces the problems in HRM and finds the solution to these problems. Studies show that companies who efficiently benefit from the principles of human resources have made remarkable headway. Additionally the family businesses which benefit from HRM and functions can solve the structural problems and catch the successful and institutionalized line.

Keywords:

Family Business, Human Resources Management (HRM).

¹ Assoc. Prof. PhD, Department of Political Science and Public Management, Kastamonu University, Kastamonu, TURKEY, sefacetin@hotmail.com, Phone No: 0090 505 466 4332.

² PhD Student, Selçuk University The Institute of Social Sciences, Business Department, Konya, TURKEY, yarid_gara@hotmail.com, Phone No: 0090 535 892 7521.

³ Prof. PhD, Department of Economic and Administrative Sciences, Selçuk University, Konya, TURKEY, takgem@selcuk.edu.tr, Phone No: 0090 542 686 7435.

1. Therotical Framework

In this paper, within the theoretical framework we will mention “family companies, HRM and the problems that family companies experience in HRM”.

1.1. Family Companies

Family companies are the companies that have been established in order to earn the living of family or to prevent the fragmentation of legacy and are managed by the breadwinner of family, and most of the managerial positions are distributed among the family members (Sağlam, 2006: 502). In family companies, generally the welfare and needs of family are prioritized rather than prioritizing the company needs that will allow the company to improve itself in future (Brenes et al., 2006: 372-374). According to Donnoley, the family companies are the companies that identify with at least 2 generations of the family and have closed managerial structures, and have been established at the point, where this integration has reciprocal interaction with family's objectives and benefits and also the company policies. Lyman, however, defines the family company as a company, which belongs to the family and at least 1 members of family are in administrative and at least 1 family members participates into the management either in employer or well-ordered officer (Tikici and Uluyol, 2006: 460).

Many of the companies worldwide are the family companies, and most of them are operated in countries, where the legal protection of minority shareholders is weak. The agency problems between the shareholders increase in case of family companies, hence the protection of minority shareholders may not be ensured by the family itself, rather than the legal protection (Holan and Sanz, 2006: 356). In other words, to be a family company, a company should be operated by a family member or the founder of company or the founder family or founder family member should have the share of company or have a seat in board (Miller et al., 2007: 3).

It is seen that majority of the companies throughout the world are the family companies. The portion of this kind of companies is also very high in Turkey. Family companies may be ranked as one of the largest companies of our country and the world such as Ford in USA, and Koç and Sabancı holdings in Turkey (Çelik et al., 2006: 480). Besides their economic effects, the family companies have also positive effects

on employment, social and politic balance, and supporting the interregional development. For this reason, it is important to accurately examine the family companies, to question their efficiencies, and to make them more successful and more profitable (Öztürk, 2001: 2). Moreover, in order to better understand the factors affecting the objectives, strategical actions, and performances of family companies, it is important to better analyze their characteristics distinguishing them from other companies (Chrisman et al., 2007: 1005).

Considering the oldest companies worldwide, the results presented in Table 2 is achieved. On the contrary with our country, they are seen to keep their existence for generations worldwide. While there are family companies reaching 49th and 46th generations in Japan, there are family companies reaching 26th generation in Italy and 14th generation in USA.

The family companies constituting the majority of companies in Turkey and entire world have many characteristics that distinguish them from other companies. Some of them are their advantages, while others are disadvantages. In order for family companies to benefit from their strengths providing them with advantage and to minimize the damage potential of their risky features, it is necessary to reveal those characteristics and to ensure the continuity in company management (Kalkan, 2006: 72). In family companies, the differences between the founder families and individuals create new risks. But, in course of time, these risks also allow the formation of a durable organization. Different founder companies have different source groups that prove their importance during and after starting to work. This is one of the strength of family companies (Sirmon and Hitt, 2003: 339).

1.2. Human Resources Management

The rapidly increasing competitive global economy forces the organizations to explore their actual sources and to utilize these sources in order to obtain competitive advantage. This competition, nowadays, concentrates on especially the human resources. The companies that can efficiently utilize their human resources will become superior to their rivals (Ağdelen and Erkut, 2008: 37). Nowadays, within the environment of rapid change, the companies started to recognize that the competitive advantage, which can allow them to make difference with innovative and

creative ideas, is to hold the skilled workers and to make use of them at the best level in parallel with the company objectives.

The factors such as globalization and consistent advances in information and communication technologies have changed the perspective of the HRM towards the employees. The employees, who have been considered as a cost component in previous practices, have become the most valuable asset of the organizations, and every employee started to be considered as a talent creating value for the organization. The idea of using the employees as a source has been replaced by the management of talents (Doğan and Demirel, 2008: 146). HRM mainly focuses on two fundamental objectives. These are the employee productivity and satisfaction and the organizational productivity (Erkoç, 2000).

The culture, in which the organization and human resources are located, affects the structure and practices of the HRM. On the other hand, although there are structural differences, there are also any shared principles. Some of them can be listed as competence, career, equality, safety and objectivity (Drucker, 2000b: 38). Principle of safety means the trust of employee towards the organization. This principle ensures the employee to feel that his/her rights in cases of firing or promoting are under protection and he/she could remain his/her position (Muter, 2000). Furthermore, from the aspect of these objectives, the human resources department officers can easily recognize the reasons lying behind many activities. Besides that, the general objectives mentioned above constitute 4 universal objectives under 4 topics. These objectives are; (Özgen et al., 2002: 7): “social objective, organizational objective, functional objective, individual objective”.

In companies, where the functions of HRM that is an indicator representing the value assigned to both of the company and employee, it is generally not possible for the organization to operate regularly in coordination, and a disorganized structure will be observed. For this reason, the organizations recognizing this point put the functions of certain human management functions into practice for more active, well-ordered and more coordinated operation of both of the organization and employees. The functions such as business analysis, human resources planning, personnel selection, performance assessment, training, and salary system are among the functions covered by HRM (Karacan and Erdoğan, 2011: 102-116).

The unknown borders of jobs, the tasks and responsibilities and the conditions within an organization may lead employees to feel reluctant and under pressure, and they may run into contradiction in every task they will execute. But, the accurate practice of business analysis in an organization at right place in right time provides the information to the organization and individual about what to do with job (Oflluoğlu and Bircan, 2007: 75-118). Business analysis can be considered as the leading one among the tasks of HRM, because business analysis organizes the systems of HRM such as personnel selection, training and performance assessment in the best way, because it is required to know the actual business structure in order to be able to specify that there is a personnel selection, training and assessment in an organization (Çelikten, 2005: 127-135).

Planning in human resources means determining the number and qualifications of the personnel needed within an organization and the sources in order to satisfy these needs. In other words, the human resources planning can be defined as the preliminary works executed in order to selecting and employing the suitable and qualified personnel through appropriate sources (İliç and Keçecioglu, 2009: 1-23).

Nowadays, selecting and employing the person playing role in success and failure of the organization and directing it is obviously one of the most important issues to pay attention for. Through an appropriate business analysis, the recruitment of the most suitable and qualified personnel that will provide the organization with highest benefit is considered as one of the most important functions of human resources.

The most important thing that human resources department can do is to select and employ the suitable personnel for filling the gap within the organization. Personnel selection and recruitment function is important, because any failure in this domain would be very difficult to fix, and it would also bring many material and nonmaterial losses. As well as the selection of wrong personnel would affect the organization negatively, the selection of right personnel would have positive effects and increase the productivity (Kaya and Kesen, 2014: 97-122). For this reason, human resources managers should pay attention to selection and recruitment of right persons in right positions. So, they must tend to find and employ the person having proven talent and entrepreneur spirit and being able to overcome any problem by behaving in calmly way. On the

other hand, it is thought that they should have an attitude towards determining and not employing the individuals having the potential of creating problems and decreasing the productivity due to his/her ego (Akbaba and Günlü, 2009: 1-25).

In order to reveal the characteristics to be sought in personnel, human resources department should perform certain personnel selection operations. First one among them is the application forms that include the questions allowing the recruitment of personnel having the most appropriate qualifications for the position. The individuals, who had enough training about their job within the company, reach their career goals faster, increase their value and competitive level, improve their life conditions and self-esteem; these improve their motivation. At the same time, considering from the aspect of organization, the employees achieving higher level of knowledge, skill and abilities after the training would provide the organization many profits such as higher productivity and efficiency, sustainability, competitive advantage, and long-term profitability. For this reason, the training of personnel is of importance for the performance of organization, because it is believed that the personnel's training level and the performance of organization are in parallel with each other (Liu et al., 2007: 503-511).

In an organization, receiving a recompense for their work is an important function of human resources department for affecting both of employees' motivation and job satisfaction and company's performance (Liu et al., 2007: 503-511). In organizations having an apparent organizational schema, this system is already established, and the individuals are evaluated according to their hierarchical positions for the salary. The salary should be at the level not only satisfying the employees but also being capable of competing with the rivals in industry, because a higher salary paid by the rival company for the same job may lead to unproductivity among the employees and even loss of personnel (Kaya and Kesen, 2014: 97-122).

1.3. The Problems That Family Companies Experience In HRM

In family companies, the family members and/or relatives may be employed or assigned to the positions, for which their competence is not suitable. One of the main reasons for this situation is the satisfaction of family's expectations and the desire to protect the relations. Another

factor is to prefer working with relatives with the idea that they would protect the company and also they would be more reliable; in these cases, it is possible to overlook the qualifications such as knowledge, skill, harmony, and diligence (Tanta et al., 2004: 549). Hence, the results obtained from a study corroborate this preference.

According to the study, it has been found that the family companies in fact doesn't make enough effort to search for a qualified employees and doesn't feel necessary to apply to required institutions (Gümüştekin, 2005: 86). Besides many factors, the national culture also plays role in this issue. According to Ataay (2010: 17), in Turkey that has collectivist and high level of avoidance from the ambiguity, preferring to meet the personnel requirements via internal promotions and recruitment of family members rather than utilizing other sources out of the company, informal recruitment channels and methods and social-network-based methods are possible. On the other hand, the practice for family members is on the opposite.

The family members (son, son in law, daughter, grandchild, nephew, cousin, and etc.) that are thought to assign at management position are encouraged to have business administration education and also sent to a program (generally in other countries and the programs of certain universities in developed countries), where they can develop their administrative skills and talents (Bakan et al., 2004: 311). The most important reason for this is that the founders of Turkey's family companies, who haven't received enough education on business administration and had no time to compensate this, feel the deficiency originating from this point under the conditions of today's continuously changing world. The elderly people, who do not want their children to experience the similar problems, are seen to try to send their children to the best schools and to provide them with the chance of learning one or more languages at advanced level (Ateş, 2005: 33).

In collectivist cultures such as Turkey, on the contrary with individualist cultures, the individual performance assessment is not approached positively; it is thought that the detailed and formalized performance assessment system, such as objective-oriented management, do not provide the effective outputs in practice because, in societies having such cultural structure, there is a tradition of avoiding from the face-to-face criticizing and it is believed that it would deteriorate the harmony of group. From this perspective, in collectivist Turkey, where

the power range is wide and performance-orientation is low, the relation-related competences and process are utilized as performance assessment criterion rather than person-related competences and outputs.

The lack of execution of performance assessment systematically and the one-way top-down process of assessment are more possible (Ataay, 2010: 18). Another point is that the attention is paid to intra-familial balances in salary distribution in order to protect the relations between the family members. This may result in very small difference between the salaries of top and bottom level of employees (Ayca, 2007: 305-346).

2. Methodology and Results

2.1. Study Subject

The structures of companies, which are the main source of trading life, are classified according to different criteria. One of the classes is the family companies. The family companies' structure is based on the family trading and establishing the business. In this structure, where the family's union is at the center, the family members are in charge in management of company, either completely or to the extent that they have been authorized. Family companies have significant importance in global economy. Many of the private sector companies constituting our national economy are in "family company" status. Hence, these companies are in reciprocal interaction with the national economy. Institutionalization is an important concept in order to improve the efficiency of this interaction.

Examining the factors playing role in institutionalization of companies and the results are important for them to be able to a model for future. The family companies have both their specific structure and also a structure, where the general characteristics are interlaced. The subject of this study is the problems that the family companies experience during HRM practice. And then, the solution proposals regarding these problems will be presented.

2.2. Aim of the Study

The aim of this study is to examine the presence of HRM and its practices in family companies, and to measure its effects on institutionalization and company policies. For this purpose, the presence of HRM, family company status, efficiency of HRM, contribution of

HRM for vision of family companies, and if this condition is supported by the management and personnel of the company are discussed in this study. On the other hand, it was discussed which kind of problems the family companies experience in HRM.

2.3. Study Method and Sampling

Because the universe of this study has no boundaries and the time and financial sources are limited, the convenience sampling method was utilized, and the persons were contacted via this method. The questionnaire form prepared has been applied in companies operating in Konya region, and the results were then analyzed. Although the human resources department personnel constitute the main target group of this study, also the consultants, administrators and board members having knowledge about the company were contacted.

2.4. Data Collection Method

As the data collection method, the questionnaire method among the quantitative research methods was preferred in our study. The participants of the questionnaire were mainly chosen from the companies defined as family company in parallel with industrial scanning.

2.5. Technics Used

The data obtained as a result of the study were analyzed by using SPSS 21.0 for Windows (Statistical Package for Social Science). In analysis of the data obtained through questionnaire method, considering the character and aim of this study, the definitive statistics such as frequency and percentage distributions of all the questions and mean, standard deviation, minimum and maximum values were calculated. The ones answering the question of “One of more persons from family of the person(s) holding the main capital of company are working in company” with the answer “yes” were classified as family companies, while others were classified into non-family company, and chi-square test was utilized in order to investigate the difference between the answers given to questions. The answers of questions we asked to individuals within the scope of study are presented in tables. These tables are interpreted right below them.

2.6. Findings

The demographic characteristics of 44 persons, who answered the questionnaire, are presented in Table 1.

Table 1. Demographic characteristics

Gender		Frequency	Percentage
Female		27	61.4
Male		17	38.6
Age		Frequency	Percentage
20-30		5	11.4
31-40		34	77.3
41-50		5	11.4
Educational Status		Frequency	Percentage
University		31	70.5
Master's Degree		13	29.5
Marital Status		Frequency	Percentage
Married		28	63.6
Single		16	36.4
Job Information		Frequency	Percentage
Position	Mid-Level	26	59.1
	Specialist	11	25.0
	Top	5	11.4
	Assist. Specialist	1	2.3
	Others	1	2.3
Department	Human Resources	38	86.4
	Consultancy	3	6.8
	Administrative Affairs	2	4.5
	Board of Management	1	2.3
Tasks	Manager	15	34.1
	Executive	11	25.0
	Specialist	10	22.7
	Supervisor	4	9.1
	Coordinator	2	4.5
	Assistant	1	2.3
Income	1000-2000	1	2.3
	2001-3000	13	29.5
	3001-4000	22	50.0
	4001 and higher	6	13.6
	No Comment	2	4.5
TOTAL		44	100

According to the results of study, 61.4% of the participants were women, while 38.6% were men. Of the participants, 11.4% were between 20 year-old and 30 year-old, 77.3% were in 31-40 age range, 11.4% were in 41-50 age range. From the aspect of educational status, 70.5% of the participants had bachelor's degree, while 29.5% had master's degree. From the aspect of marital status, while 63.6% of the participants have stated that they are married, 36.4% have specified that they are single.

Of the participants of questionnaire, 71% have stated that they were working as mid- or top-level manager, 27% have stated that they were working as specialist or assistant specialist. With the portion of 86%, the personal of human resources departments have the highest portion among the participants. The portion of participants specifying their position as manager or executive was 59%. From the aspect of level of income, the portion of ones having income level within the range of 3001-4000 was found to be 50%.

The sectorial distribution of the companies, where the participants of our study were working at, is presented in Table 2.

Table 2. Sectoral Distribution of Companies

Companies	Frequency	Percentage	Valid Percentage
Automobile Supply Industry	6	13.64	14.29
Chemicals and Oil Products	5	11.36	11.90
Mining	4	9.09	9.52
Foods and Beverages	3	6.82	7.14
Furniture and Forest Products	3	6.82	7.14
Transportation	2	4.55	4.76
Textile	2	4.55	4.76
Leather and Shoe	2	4.55	4.76
Financial Services	1	2.27	2.38
Construction and Cement	1	2.27	2.38
Medicine and Health	1	2.27	2.38
Electronics and Computer	1	2.27	2.38
Paper Production	1	2.27	2.38
Production and Engineering	1	2.27	2.38
Metal Works	1	2.27	2.38
Machinery	1	2.27	2.38
Retail	1	2.27	2.38
Telecommunication	1	2.27	2.38
Jewelry	1	2.27	2.38
Retail	1	2.27	2.38

Packing	1	2.27	2.38
Consultancy	1	2.27	2.38
Agriculture	1	2.27	2.38
Sub-Total	42	95.45	100
No Comment	2	4.55	
TOTAL	44	100	

Within the scope of this study, the survey study was conducted with 44 companies from 23 different industries. Most part of participation has been achieved from automotive supply industry, chemicals and oil products industry, and mining industry.

The results of Chi-Square test performed in order to examine the relation between being family company and the business management are presented in the Table 3 below.

Table 3. Family Company Status, Organization Schema, and Job Definitions

BEING A FAMILY COMPANY AND PRESENCE OF ORGANIZATION SCHEMA							
		Family Com.	Non-Family Comp.	Total	Chi-Square	SD	P value
Yes	Frequency	24	19	43	0.77	1	1
	Percentage	96.0%	100.0%	97.7%			
Partial	Frequency	1	-	1			
	Percentage	4.0%	0.0%	2.3%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			
Family Company and Status of Job Definitions							
Yes	Frequency	20	18	38	1.99	1	0.213
	Percentage	80.0%	94.7%	86.4%			
Partial	Frequency	5	1	6			
	Percentage	20.0%	5.3%	13.6%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

According to Table 3, there is no statistically significant relationship between being family company and having an organizational schema ($p>0.05$). All of the companies have an organization schema. There is no statistically significant relationship between being a family company and having determined job definitions ($p>0.05$). Job

definitions have been completely or partially made in all of the companies.

Table 4. Being a Family Company, Its Effects on Decision-Making Processes and Authority Distribution

BEING A FAMILY COMPANY & EFFECTS ON DECISION-MAKING PROCESSES							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
Company owner and family members are effective	Frequency	1	0	1	3.73	2	0.154
	Percentage	4.0%	0.0%	2.3%			
Company owner and top management are effective	Frequency	23	15	38			
	Percentage	92.0%	78.9%	86.4%			
The opinions of employees are taken into consideration	Frequency	1	4	5			
	Percentage	4.0%	21.1%	11.4%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			
BEING A FAMILY COMPANY & AUTHORITY DISTRIBUTION IN DECISION-MAKING PROCESSES							
All of the employees have assigned authority in parallel with their responsibilities.	Frequency	10	11	21	1.45	2	0.483
	Percentage	40.0%	57.9%	47.7%			
It is not proportional to the employees' responsibilities.	Frequency	3	2	5			
	Percentage	12.0%	10.5%	11.4%			
The authority is granted to top management.	Frequency	12	6	18			
	Percentage	48.0%	31.6%	40.9%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

According to Table 4, there is no statistically significant relationship between being a family company and being effective on

decision-making processes ($p>0.05$). In 68% of companies, company owner and top management make decision together. There is no significant relationship between being a family company and authority distribution in decision-making processes ($p>0.05$).

While 48% of the companies stated that the authority has been distributed in direct proportion to responsibilities of employees, 41% stated that the authority is granted to top management. The portion of authority in top management was 48% in non-family companies, while that in family companies is FC.

Table 5. Being Family Company, Human Resources Department, Procedure, and Hand Guide

BEING A FAMILY COMPANY & HUMAN RESOURCES DEPARTMENT										
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value			
There is	Frequency	19	16	35	0.73	2	0.691			
	Percentage	76.0%	84.2%	79.5%						
It is affiliated to another department.	Frequency	5	2	7						
	Percentage	20.0%	10.5%	15.9%						
There isn't	Frequency	1	1	2						
	Percentage	4.0%	5.3%	4.5%						
Total	Frequency	25	19	44						
	Percentage	100.0%	100.0%	100.0%						
BEING FAMILY COMPANY & PRESENCE OF DIRECTIVES, PROCEDURE AND HAND GUIDE										
There is	Frequency	21	15	36				2.90	2	0.234
	Percentage	84.0%	78.9%	81.8%						
It is being prepared	Frequency	4	2	6						
	Percentage	16.0%	10.5%	13.6%						
There isn't	Frequency	0	2	2						
	Percentage	0.0%	10.5%	4.5%						
Total	Frequency	25	19	44						
	Percentage	100.0%	100.0%	100.0%						

According to Table 5, there is no statistically significant relationship between being a family company and presence of human resourced department ($p>0.05$). In 80% of the companies, there is an independent human resources department. There is no statistically

significant relationship between being a family company and presence of hand booklets ($p > 0.05$). In 82% of the companies, these documents have already been prepared.

Table 6. Being Family Company, Recruitment, Assignment, Promotion and Firing Criteria

BEING A FAMILY COMPANY & EFFECTS OF CRITERIA ON RECRUITMENT, PROMOTION AND ASSIGNMENTS							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
Decision is made based on the criteria determined objectively before.	Frequency	7	13	20	7.98	3	0.046*
	Percentage	28.0%	68.4%	45.5%			
Although certain criteria are taken into consideration, the decisions of top management are more effective.	Frequency	15	6	21			
	Percentage	60.0%	31.6%	47.7%			
Company owner and/or top management make decision individually.	Frequency	2	0	2			
	Percentage	8.0%	0.0%	4.5%			
No Comment	Frequency	1	0	1			
	Percentage	4.0%	0.0%	2.3%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			
BEING A FAMILY COMPANY & FIRING CRITERIA							
Not doing his/her duty and the disobedience to company rules are effective.	Frequency	9	12	21	3.19	1	0.069
	Percentage	36.0%	63.2%	47.7%			
Besides the objective criteria, also the decisions of company owner and/or top management are also effective.	Frequency	16	7	23			
	Percentage	64.0%	36.8%	52.3%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

*Since the portion of cells with expected number of frequency lower than 5 is 67%, it cannot be considered to be significant.

According to Table 6, there is no statistically significant relationship between being a family company and assignment and promotion decisions ($p > 0.05$). While objective criteria are effective in 46% of companies, the criteria and top management decisions are effective in 52%. There is no statistically significant relationship between being a family company and firing criteria ($p > 0.05$).

While the objective criteria and the decisions of company owner and/or top management are effective in 52% of companies, it has been found that not doing his/her duty and disobedience to company rules are effective in 48%. The rate of shared decision-making is 64% in family companies, while it is 37% in non-family companies.

Table 7. Being Family Company, Organizational Culture, and Term of Employment

BEING A FAMILY COMPANY & COMPONENTS OF ORGANIZATIONAL CULTURE							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
Written rules, principles, values, beliefs, traditions, and folkways	Frequency	21	13	34	5.16	2	0.076
	Percentage	84.0%	68.4%	77.3%			
Written rules and principles	Frequency	2	6	8			
	Percentage	8.0%	31.6%	18.2%			
Values and beliefs	Frequency	2	0	2			
	Percentage	8.0%	0.0%	4.5%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			
BEING A FAMILY COMPANY & OPINION ABOUT TERM OF EMPLOYMENT IN COMPANY							
As long as my company exists	Frequency	16	16	32	5.05	3	0.168
	Percentage	64.0%	84.2%	72.7%			
Until being fired	Frequency	7	2	9			
	Percentage	28.0%	10.5%	20.5%			
Until finding a better job	Frequency	2	0	2			
	Percentage	8.0%	0.0%	4.5%			
No Comment	Frequency	0	1	1			
	Percentage	0.0%	5.3%	2.3%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

According to Table 7, there is no statistically significant relationship between being a family company and factors constituting the organizational culture ($p > 0.05$). 77% of the companies stated that the organizational culture consists of written rules, beliefs, principles, traditions, and folkways. There is no statistically significant relationship between being a family company and the idea about term of employment in actual company ($p > 0.05$). 73% of the participants have stated that they would work as long as their company exists.

Table 8. Family Members in Company

All or most of the persons in key positions are family members		
	Frequency	Percentage
Yes	1	4
No	24	96,0
	25	100
Some of the persons in key positions are family members		
Yes	16	64,0
No	9	36,0
	25	100

According to Table 8, the family companies do not have any attitude towards assigning family members to key positions. But, it can be seen that the family companies prefer assigning family members to some of key positions.

Table 9. Being a Family Company, Performance, Salary, and Promotion System

BEING A FAMILY COMPANY & USE OF PERFORMANCE ASSESSMENT SYSTEM							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
Always	Frequency	13	8	21	3.43	3	0.329
	Percentage	52.0%	42.1%	47.7%			
Generally	Frequency	10	10	20			
	Percentage	40.0%	52.6%	45.5%			
Never	Frequency	2	0	2			
	Percentage	8.0%	0.0%	4.5%			
No Comment	Frequency	0	1	1			
	Percentage	0.0%	5.3%	2.3%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

BEING A FAMILY COMPANY & EFFECTS OF PERFORMANCE ASSESSMENT RESULTS ON SALARY AND PROMOTION							
Always	Frequency	8	7	15	0.253	2	0.881
	Percentage	32.0%	36.8%	34.1%			
Generally	Frequency	15	10	25			
	Percentage	60.0%	52.6%	56.8%			
Never	Frequency	2	2	4			
	Percentage	8.0%	10.5%	9.1%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

According to Table 9, there is no statistically significant relationship between being a family company and implementation of a performance assessment system ($p > 0.05$). In most of the companies, a performance assessment system is implemented. There is no statistically significant relationship between being a family company and the effects of performance assessment results on salary and promoting ($p > 0.05$). While majority of companies have stated that the performance assessment results are effective, this portion in family companies and non-family companies is 60% and 53%, respectively.

Table 10. Being a Family Company, Conveyance of Decision to Top Management, and Feedback

BEING A FAMILY COMPANY & CONVEYANCE OF DECISION TO TOP MANAGEMENT							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
Always	Frequency	8	6	14	0.74	2	0.691
	Percentage	32.0%	31.6%	31.8%			
Generally	Frequency	16	11	27			
	Percentage	64.0%	57.9%	61.4%			
Never	Frequency	1	2	3			
	Percentage	4.0%	10.5%	6.8%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			
BEING A FAMILY COMPANY & FEEDBACK OF TOP MANAGEMENT							
Always	Frequency	6	3	9	0.447	1	0.710
	Percentage	24.0%	15.8%	20.5%			
Generally	Frequency	19	16	35			
	Percentage	76.0%	84.2%	79.5%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

According to Table 10, there is no statistically significant relationship between being a family company and conveyance of decisions to top management ($p > 0.05$). It has been specified that the decisions can be conveyed to top management always in 32% and generally in 61%. There is no statistically significant relationship between being a family company and feedback of top management ($p > 0.05$). It has been reported that these feedbacks are given generally in 80% of the companies.

Table 11. Being a Family Company, Getting Employees' Opinion, Absence of Department Supervisor, and Positioning the Employees

BEING A FAMILY COMPANY & TOP MANAGEMENT'S GETTING EMPLOYEES' OPINIONS							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
Always	Frequency	1	2	3	1.612	3	0.657
	Percentage	4.0%	10.5%	6.8%			
Generally	Frequency	21	14	35			
	Percentage	84.0%	73.7%	79.5%			
Never	Frequency	1	2	3			
	Percentage	4.0%	10.5%	6.8%			
Total	Frequency	2	1	3			
	Percentage	8.0%	5.3%	6.8%			
BEING A FAMILY COMPANY & CONTINUANCE OF OPERATION IN ABSENCE OF DEPARTMENT SUPERVISOR							
Always	Frequency	12	9	21	0.826	3	0.843
	Percentage	48.0%	47.4%	47.7%			
Generally	Frequency	11	9	20			
	Percentage	44.0%	47.4%	45.5%			
Never	Frequency	1	1	2			
	Percentage	4.0%	5.3%	4.5%			
Total	Frequency	1	0	1			
	Percentage	4.0%	0.0%	2.3%			
BEING A FAMILY COMPANY & POSITIONING THE EMPLOYEES AS HUMAN RESOURCES MANAGER AND PUBLIC RELATIONS SPECIALIST							
Always	Frequency	0	5	5	9.129	2	0.010*
	Percentage	0.0%	26.3%	11.4%			
Generally	Frequency	22	14	36			
	Percentage	88.0%	73.7%	81.8%			
Never	Frequency	3	0	3			

	Percentage	12.0%	0.0%	6.8%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			

* Since the portion of cells with expected number of frequency lower than 5 is 67%, it cannot be considered to be significant. According to Table 11, there is no statistically significant relationship between being a family company and top management’s getting their subordinates’ opinions ($p>0.05$). In majority of the companies, top management generally gets their subordinates’ opinion. There is no statistically significant relationship between being a family company and absenteeism of department supervisor ($p>0.05$). In majority of the companies, the operations continue even in absence of the supervisor. There is no statistically significant relationship between being a family company and positioning the employees as human resources manager and public relations specialist ($p>0.05$). Majority of companies have positions their employees in this way.

Table 12. Being a Family Company, Organizational Mission and Human Resources Policy

BEING A FAMILY COMPANY & CONTRIBUTION OF ORGANIZATIONAL MISSION TO HUMAN RESOURCES POLICY							
		Family Company	Non-Family Company	Total	Chi-Square	SD	p value
There are organizational objectives and they have positive and supportive contributions the implementations.	Frequency	23	19	42	1.592	1	0.498
	Percentage	92.0%	100.0%	95.5%			
There is no organizational objective or contribution to the implementation.	Frequency	2	0	2			
	Percentage	8.0%	0.0%	4.5%			
Total	Frequency	25	19	44			
	Percentage	100.0%	100.0%	100.0%			
BEING A FAMILY COMPANY & APPROACHES OF TOP MANAGEMENT TO HUMAN RESOURCES POLICY PRACTICES							
They support the human resources	Frequency	20	16	36			

policies and contribute to the practice.	Percentage	80.0%	84.2%	81.8%	0.129	1	1
	Frequency	5	3	8			
They don't contribute to the human resources policy practice.	Percentage	20.0%	15.8%	18.2%			
	Frequency	25	19	44			
Total	Percentage	100.0%	100.0%	100.0%			
	Frequency	25	19	44			
BEING A FAMILY COMPANY & APPROACHES OF EMPLOYEES TO HUMAN RESOURCES POLICY PRACTICES							
They actively participate by supporting the human resources policies.	Frequency	15	11	26	2.850	1	0.240
	Percentage	60.0%	57.9%	59.1%			
They have no contribution to human resources policies.	Frequency	10	6	16			
	Percentage	40.0%	31.6%	36.4%			
No Comment	Frequency	0	2	2			
	Percentage	0.0%	10.5%	4.5%			
Total	Frequency	0	2	2			
	Percentage	0.0%	10.5%	4.5%			

According to Table 12, there is no statistically significant relationship between being a family company and the contributions of organizational mission to human resources policies ($p>0.05$). The companies have specified that their missions have contributions to their human resources policies. There is no statistically significant relationship between being a family company and the approaches of top management to human resources policy implementations ($p>0.05$). The top management of companies supports the human resources policies, and contributes to their implementations. There is no statistically significant relationship between being a family company and employees' approaches to the human resources policies ($p>0.05$). 36% of employees have specified that they do not support the human resources policies.

3. Conclusion

It can be concluded that the HRM is not executed systematically and within the scope of well-defined policies in family companies, and many of the problems experienced originate from the lack of efficient human resources policies and implementations. Nepotism is seen to lay

behind the problems arising in implementations that can be considered within the scope of human resources functions. Thus, it can be said that preventing the nepotism is among the first actions that should be taken within the scope of human resources practice. So, if the nepotism can be prevented in an organization, the trust, job satisfaction and sense of fairness of employees having decreased trust, job satisfaction and sense of fairness would increase and it would improve their performances by allowing them to work more efficiently. Moreover, non-familial employees would adopt the company as a family member. And it would provide the family companies with a competitive advantage.

Another problem of family companies is to ensure the sustainability of company and to convey it to next generation. For this reason, family companies may overcome this problem by actively implementing HRM and practices. In literature section, it was found that many of the problems related with the family companies can be eliminated by selecting the right human resources policies and efficiently and continuously implementing them. Besides that, the business administration and the active participation and support of employees provide faster and more efficient results. Considering the profiles of the responders, it is seen that all of them have either bachelor's degree or master's degree and also have professional experiences. Moreover, the salary levels, which are higher than the average, indicate the importance given by the companies to this point.

Employing professional and experienced persons would contribute to better and more efficient outputs. Because of the nature of family companies, the family members in management don't want to lose this power. Due to this structure sustained with the philosophy of trying to protect what they have, many of the family companies cannot grow and then becomes unsustainable. Another reason is that there is no second generation in family for continuing the business. For this and similar reasons, many of family companies in SME class disappear from the commercial life. But, on the other hand, the institutionalized companies that utilize the human resources functions efficiently grow and develop. These companies, which have completed institutionalization and been managed via a professional approach, can become a larger-scaled company and survive.

As a result, this study indicates that the companies expecting high performance from human capital or adapting the organizational

objectives with personal objectives of individuals should primarily offer training opportunities to employees, provide a career potential, and pay a salary that satisfies the expectations of employees. Thus, both the organizational performance and the quality of lives of employees would increase. And this would allow the family companies to pass beyond the critical threshold in accomplishing and/or increase the institutionalization. Within the context of this study, it is possible to recommend the family company leaders to consider the points listed below: “-The company leaders should act in harmony with the rationalism that business administration requires in inter-organizational activities, rather than acting in emotional way; -The balance should be established between the business and family; he/she should adopt the “business first” approach. Within this context, the modern business administration principles and practices should be made dominant throughout the organization; -The owners and managers of family companies should avoid from nepotism; they should exhibit a clean and transparent administrative method. Moreover, all of the family members should be aware of the disadvantages of nepotism.

The measures for preventing the nepotism underlying the unfairness forcing the employees, who have worked in company for many years and who know the business and internal dynamics, to leave the organization such as unfairness in salaries, unfair promotions and assignments, and etc.; The company leaders should never forget that the most important source in ensuring the competitive superiority in today’s competitive world is the qualified human capital that the companies have; they should pay attention to other employees at least as they do to family members, and they should offer opportunities and change for their development. Human resources departments should be established within the organizations. It should never be forgot that implementation of good practices of HRM is, for non-familial employees, as important as they are for family members”.

In conclusion, it should be emphasized that the studies on family companies are still in insufficient. Especially the number of studies on human resources practice, which are considered as one of the very sensitive domains in family companies, is very limited. In this study, by starting from existing researches and reviews, it is aimed to draw attention to this domain again and to make positive contributions to institutionalization process.

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