Conflict management in family businesses

A bibliometric analysis and systematic literature review

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Abstract

Purpose – The purpose of this study is to map the intellectual structure of the field of conflict management and the field of family business to the investigation of conflicts in family firms, with the aim of contributing to the further integration of knowledge between the two fields.

Design/methodology/approach – Family conflicts and work–family balance issues also received a lot of attention, yet studies in conflict management still seem to overlook a thorough investigation of conflict in family businesses. Conflict is a major aspect of family businesses, which differs highly from non-family businesses, and offers an important research avenue for conflict management scholars to contribute to the investigation of major characteristics of organisations that constitute a large part of the value created in the world.

Findings – The results of a bibliometric analysis and systematic literature review show that studies concerning conflict in family business aggregate around three clusters: organisational conflicts; firm growth and conflicts; and family control, performance and conflicts. An interpretative framework is also developed to interpret how antecedents, conflicts and growth dynamics in family business influence performances. Findings show how family conflicts and work–family balance issues received a lot of attention, yet studies in conflict management still seem to miss a thorough investigation of conflict in family businesses.

Originality/value – This paper contributes to the field of conflict management and family business by providing a systematic analysis of knowledge and family firms. This paper can be a starting point for researchers interested in understanding how conflicts affect family businesses.

Keywords Conflict, Conflict management, Family business, Systematic literature review, Bibliometric

Paper type Research paper

1. Introduction

Conflicts in family businesses are viewed as detrimental to the life cycle of the firm. Indeed, family firms tend to suffer from issues relating to nepotism, co-opting family members with inadequate experience and skill into the management team; infighting, triggered by a wide variety of causes, including the personal relationship conflicts within the family; overriding ambition to stay in control by the family members; and conflicts arising between family and non-family managers/employees (Corbetta and Salvato, 2012). Despite the prevalence of
such problems, these issues seem to be widely under researched, with the exception of a few studies (Sorenson, 1999; Kellermanns and Eddleston, 2004, 2007). This is further confirmed by the most comprehensive bibliometric analysis on the whole field of family business which states that “although conflict is a core area of concern, we know surprisingly little about it and even less about conflict management in family businesses” (Xi et al., 2015, p. 123). Thus, the two fields seem not to reciprocally build on each other’s knowledge and advancements. Indeed, we know quite a lot about conflicts and conflict management in a number of environments; however, research from conflict management scholars, which specifically addresses conflict from a family firms’ context, is scarce. Similarly, family business research has widely acknowledged the existence and the importance of conflicts in family businesses; however, this is without a clear underpinning in the vast theoretical contributions from the conflict management field (Hermann et al., 2011).

Stemming from this gap, this paper intends to propose a bibliometric investigation and systematic literature review of the topic of conflict in family businesses, exposing the possible links and research avenues and proposing a collection and arrangement of the main existing literature on these topics. The paper also proposes a research agenda to identify issues and research gaps that should be explored by researchers to reach a more mature literature on conflict management in family businesses. Thus, we propose a bibliometric study that covers the years from 1985 to 2015.

In fact, bibliometric studies have shown their usefulness in a broad range of fields such as management (Podsakoff et al., 2008), entrepreneurship (Landström et al., 2012; Laudano et al., 2018), operations management (Chen and Hsu, 2009; Zhu et al., 2015) and innovation (Fagerberg et al., 2012; Appio et al., 2016; Marzi et al., 2017) by helping scholars to sort the streams of research from the “tangled forest” of scientific proliferation. Following Brown and Eisenhardt (1995) and Furrer et al. (2008), this paper aims to help scholars to better understand the direction in which the field is going and where the gaps are, thus providing a guideline for scholars in positioning their future research focussing on two questions. First, who has published the most influential literature about conflict in family firms and what was their contribution to the evolution of the field? Second, what is the content and the association between topics of conflict in family firms?

Consequently, this paper contributes to both fields by bridging them with a clear map of the body of knowledge at the intersection of conflict in family firms. The analysis covers 106 articles, retrieved through Web of Science Core Collection, and identifies that studies aggregate into three clusters. The first cluster, organisational conflicts, pertains to papers that directly consider organisational conflicts arising in family firms. Generational involvement and identity clashes among family members are considered a main antecedent of such conflicts. The second cluster, firm growth and conflict, aggregates studies that investigate growth dynamics of family firms, such as innovation and entrepreneurial orientation (EO) and, through this, which is the role of organisational conflicts. The third cluster, family control, performance and conflicts, contains studies that mostly investigate the financial performances of family firms. Central in this cluster is the role of family control and how this in terms of both ownership and management presence can impact performance. Conflicts are generally only implied in this cluster.

The paper is organised as follows: Section 2 will present the issue of conflicts in family business; Section 3 will describe the methodological approach used in this research; Section 4 will outline the results from the bibliometric analysis and the main clusters existing in the literature; Section 5 will then present a discussion based on the systematic literature review of each cluster, along with a final summary. Finally, conclusions are drawn and future research directions are identified.
2. Conflict in family businesses

Family businesses, by definition, are a unique type of business in which two different social roles, the business entrepreneur and the family member, coexist with one another (Carr and Hmieleski, 2015), whereas non-family businesses are characterised by a more distinct compartmentalisation of the roles of the business owner as a family member. The challenges and benefits of the interplay of the business role and the familiar role have influenced the development of a different approach to family business management compared to small business management (Kets de Vries, 1993). Indeed, the stream of research in family business has been growing considerably over recent decades (Benavides-Velasco et al., 2013).

Such growth of scientific attention has only recently begun to reflect the relevance that family businesses have always had in the economy. Family businesses play a fundamental role in the economic development of all of the countries in the world, and they have always represented one of the key elements of capitalist models.

From this perspective, according to data provided in the Business Yearbook 2014, family businesses anywhere in the world represent the majority of all businesses. They also represent the category of companies that most of all contribute to the production of the GDP: in 2014, in Europe, 70 per cent of GDP was produced by family companies. Similarly, in the USA, more than 80 per cent of all established businesses and 77 per cent of new entrepreneurial ventures are family businesses (Cooper et al., 2013). Family companies thus control a huge percentage of GDP in most capitalist countries (Shepherd and Zacharakis, 2000; Sharma et al., 1996). Family businesses are also said to employ more than the 80 per cent of the workforce employed overall by all companies (Neuberg and Lank, 1998).

Employees within family businesses are split into three potential categories (Mandl, 2008; Lambrecht and Naudts, 2008):

1. the founder (or an heir of the founder) head of the company;
2. other family members employed by the company and/or participating in the property and/or the internal decision-making process; and
3. non-family members (if any) are aware of being influenced decisively in their actions by the family group.

A common element of all of these definitions that characterises the company as a “family business” is the role of the founder, whose presence in top positions of the managerial structure gives greater strength to the familiar element. For example, Anderson and Reeb (2003) considered, among discriminating elements, that the Chief Executive Officer should be the founder or one of his/her descendants for the business to be categorised as a family business. This centrality undoubtedly has a greater importance in the case of smaller family businesses, where the entire organisation, management and governance are shaped to fit the entrepreneur, from whom they receive a unique imprinting. Finally, another common aspect is the level of family involvement (Chrisman et al., 2010), as this can also define the behavioural aspects evident in family businesses (Chua et al., 1999). Family companies often have a high involvement of family members not only in key roles within the core managerial structure (Daily and Dollinger, 1992) and ownership of the business but also in the company’s operational management (Beehr et al., 1997).

The debate on the defining characteristics of a family business is quite lively. Most of the definitions incorporate the kinship of family members owning and running a venture together (Heck and Trent, 1999; Rogoff and Heck, 2003; Wortman, 1994), a characteristic that could ostensibly be applied to the majority of newly created ventures. Recent research
has, in fact, unveiled that, in many occasions, firms are launched as family businesses (Chua et al., 2004): the majority of new ventures are created by entrepreneurial teams (Kamm et al., 1990) and, in most of these instances, team members share a family affiliation (Carr and Hmieleski, 2014; Ruef et al., 2004). This phenomenon is not confined to a specific section, but it is increasingly present in hi-technology or knowledge-intensive sectors (Hellerstedt and Aldrich, 2008). To avoid confusion on what is and is not quantified as a family business, early research on this topic considered the feature of self-determination as a signifier, i.e. managers of the firm electing to define and brand their firm as a family business (Holland and Boulton, 1984). The difference between non-family and family businesses, although apparently complex to define, is rather obvious when considering that family businesses have a complex set of problems and conflicts which are not completely addressed by classical management theory (Davis and Harveston, 2001; Davis and Stern, 1980). More recently, De Massis et al. (2014) have proposed a new model that addresses these issues by identifying the necessary and sufficient conditions at the roots of the different behaviours evident in family businesses. Their model is based on:

[...] the general idea that while family involvement in ownership, management, and governance are defining features of family firms, they will not lead to family-oriented particularistic behaviour unless the involvement gives the involved family the ability in terms of discretion to act idiosyncratically, and unless the involved family has the willingness in terms of intention or commitment to pursue family-oriented particularistic ends. (De Massis et al., 2014, p. 345).

Following De Massis et al. (2014), for the purpose of this research, family businesses are considered to be organisations in which several family members not only hold a controlling ownership but are also actively engaged in the management of the firm and have the ability and willingness to pursue family oriented ends, for example, foreseeing a within-family succession for the future of the firm (Chua et al., 1999).

Indeed, scholars have stressed that it is the crossover between family members, the family and the business that is believed to create the unique characteristics that affect challenges and issues in family businesses, which could explain differences in processes and performances in family versus non-family businesses (Habbershon et al., 2003). Such a unique environment also represents a source of conflict within the family and within the business (Daily and Dollinger, 1993; Harvey and Evans, 1994; Kellermanns and Eddleston, 2004). Any family problems are, by default, brought into the firm, and firm problems into the family. Family businesses have thus been labelled fertile ground for conflict because of the fact that the members managing the company are bound together by not only co-ownership but also family ties, creating a nexus of economic and family centred goals to be simultaneously achieved (Kotlar and De Massis, 2013). The relational equilibria within family businesses is thus very delicate.

A specific field of research called conflict management exists and has established three categories for conflicts that affect organisations, teams and workplaces: task, process and relationship conflicts (Jehn, 1993, 1995). Specifically, the task conflict surrounds issues that may arise in the discussion of objectives and business strategies. The process conflict arises in disagreements on how to do the work, along with internal processes and task allocation. Finally, relationship conflict is characterised by an important affective component.

In particular, relationship conflict occurs when there is personal incompatibility between members of the company. This type of conflict may adversely affect the success of a company because it causes stress, hostile behaviour and the perception that other members have ulterior motives.

According to Jehn (1993, 1995), these three kinds of conflicts are typical of any typologies in business. Indeed, Davis and Harveston (2001) – building on previous research from
conflict theorists such as Guetzkow and Gyr (1954) and Ross (1989) – described the conflicts occurring in family business as either substantive, which corresponds to conflicts arising from task or processes related disagreements, or affective, which consists of conflicts caused by straining interpersonal relations. Conflict occurs in both family and non-family business; however, the potential for conflict in family businesses seems to be higher (Lee and Rogoff, 1996). This is because family ties and business bonds among company members are intertwined, whereas in other types of businesses, family ties are kept outside the company (Trippe and Baumol, 2015). The potential for conflict in family companies is considered higher because company conflict and conflict stemming from the family are culminated (Harvey and Evans, 1994; Grossmann and Schlippe, 2015). Family businesses, in fact, are marked by a complex interplay of the four elements: stakeholder and shareholder, business dynamics, workforce and family (Cooper et al., 2013). Hence, as a result of the interaction of these subjects, three peculiar and specific kinds of conflict have been observed in family businesses. First, pertinent literature identifies role conflict as the form of conflict emerging from the multiple roles of the owner of the family business, which may affect the business overall. Role conflict occurs when an individual is faced with multiple role expectations and thus compliance with one expectation makes it difficult to comply with others (Katz and Kahn, 1978). In family businesses, role conflict is caused by the fact that family members are faced with the presence of family in both their work and personal lives, contributing to the blurring of work and family roles. Ultimately, this kind of conflict can gradually cause a strain on the physical and psychological health of business founders (e.g. generate work tension), adversely affecting their ability to participate both in business and family life (Carr and Hmieleski, 2015). The main example of such conflict is work–family conflict, i.e. the conflict that occurs when work demands interfere with family responsibilities and vice versa (Fron et al., 1992). Other conflicts may emerge in the form of conflicting relationships between family members during inter-generational succession and transition (Yoo et al., 2014). Among the various conflicts that can occur in family businesses, the transition of the company from the older to the newer generation, called “generational change”, can be considered one of the most crucial. Generational succession is a very delicate and very risky phase and, unfortunately, is often underestimated (Mazzola et al., 2008). If not planned in advance and managed well, this process can initiate failure as a result of conflict, even in prosperous and consolidate companies. Indeed, only 30 per cent of family businesses survive after the first generation, and a large number of them soon fail when a second generation acquires control (Davis and Harvester, 1998, p. 32; Handler, 1990, 1992; Ward, 1997). There are many reasons for this: an unclear and badly organised planning succession, incompetent or unprepared successors or even rivalry between members (Dyer, 1986; Handler, 1990, 1992, 1994; Morris et al., 1997; Cooper et al., 2013). Finally, the last main type of conflict that can emerge in family firms is distinctive agency conflict, arising from sources other than the classic principal–agent issue. In fact, conflict of agency in family businesses principally occurs between family members in different roles, between family and non-family members, between dominant (family) and minority (non-family) shareholders and, finally, between owners and lenders (Morck et al., 1988; Schulze et al., 2003). One of the most frequent provocations of agency conflict is that a member of the family has opportunist behaviours following their own personal agenda.

However, despite the fact that separate scholarly literature on family businesses and conflict management is, respectively, quite broad, research on conflict within family businesses is lacking. In other words, the two strands of literature are still not fully integrated. Consequently, there are no comprehensive studies with a general application of conflict management theories or conflict resolution in family businesses. This is in spite of
the considerable efforts that have been undertaken across a variety of disciplines (such as psychology, anthropology and political science) to understand, predict and control conflict. Unfortunately, these efforts have tended to remain rooted in their separate specialties, where conflict is often analysed out of its context (Davis and Harveston, 2001).

3. Methods

Bibliometric methods have been widely and increasingly used to provide a comprehensive map of the knowledge structure in a given field (Kraus, 2011; Kraus et al., 2012, 2014; López-Fernández et al., 2016; Xi et al., 2015) or in a given journal (Laudano et al., 2018; Marzi et al., 2017). A mixed methods bibliometric investigation of the World Review of Entrepreneurship, Management and Sustainable Development: From qualitative to quantitative data. World Review of Entrepreneurship, Management and Sustainable Development. However, as we are investigating two separate fields of research in our study, to perform an accurate analysis of the literature concerning conflicts in family business, both bibliometric analysis and systematic literature review techniques are used (Caputo, 2013; López-Fernández et al., 2016; Kosmützky and Putty, 2016; Voley and Mazarol, 2015). We first performed a bibliometric analysis, followed by a systematic literature review on the bibliometric results. Specifically, bibliometric analysis is based on the visualization of similarities (VOS) technique (Van Eck et al., 2006; Van Eck and Waltman, 2010). For the systematic literature review, we followed the procedure proposed by Tranfield et al. (2003). Accordingly, the entire process consisted of six steps.

The first step involved a comprehensive search through a wide research query on the Clarivate Analytics Web of Science Core Collection (formerly Thomson Reuters) database, which offers the most valuable and high-impact collection of data and is recognized as the most reliable database for bibliometric studies (Ding et al., 2016; Falagas et al., 2008; Gu, 2004). The Web of Science Core Collection ensures that all papers, books and other materials are manually scanned and selected to guarantee the inclusion only of the most high-end and high-impact research (Kullenberg and Kasperowski, 2016; Leydesdorff et al., 2013). The process related to the selection of the research query began with a literature review of the cornerstone papers related to conflicts in family firms (Levinston, 1971; Harvey and Evans, 1994; Danes et al., 1999; Shultze et al., 2003) and conflict management (Ayoko et al., 2002; Rahim, 2002; Tjosvold, 2006) to grasp all of the terms used to describe the phenomena that we wanted to analyse. After several iterations aiming to define a research query as broadly as possible to catch all possible manuscripts, the resulting query was:

\[ TS = ("family business\^\text{*}" OR "family firm\^\text{*}" or "family own\^\text{*}" or "family control\^\text{*}")) AND TS = (conflict\^\text{*}) \]

The \(TS\) operator performed a full search of the selected terms in titles, abstracts and keywords. Hence, the research was limited to “articles” in terms of document type to include only high-quality material that had undergone a double-blind peer-review process (Delgado-García et al., 2015; Grégoire et al., 2011).

We obtained a preliminary data set of 271 entries. Additionally, to ensure the inclusion of all relevant data, a cross-validation was made with Scopus and EBSCO Business Premier. The result of the cross-validation through the three databases is reported in the following table (Table I).

The second step was devoted to defining the inclusion criteria for the documents for the present study and then to the manual analysis and selection of each document. We decided to base our inclusion selection on the most generally accepted definition of "family firms", as presented by Chua et al. (1999, p. 25):
[...] a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.

Regarding the conflict topic, we base our inclusion criteria on the widely accepted definition proposed by De Dreu and Weingart (2003) as “the process resulting from the tension between team members because of real or perceived differences”. Consequently, after the manual refinement of the initial dataset was completed independently by two authors, the final database resulted in 106 relevant documents suitable for the purpose of analysis.

The third step consisted of all four authors critically reading the selected manuscripts to obtain a working knowledge of conflict in family firms. Preliminary findings were then discussed and several vis-à-vis conversations were had to confront the authors’ findings following the independent critical reading.

Subsequently, the fourth step involved the initial part of the bibliometric analysis. In this part, we performed an analysis by activity indicators to provide data about the volume and impact of research, allowing us to observe the quantitative evolution of the literature (López-Fernández et al., 2016). In this case, we analysed the papers’ distribution over the years, the epistemological orientation and the research method adopted (Voley and Mazarol, 2015).

Specifically, with regard to epistemological orientation, we followed the approach of De Bakker et al. (2005), who classified papers as theoretical, prescriptive and descriptive. Inside the theoretical macro-section, they identify conceptual papers, which do not rely on empirical data; predictive papers, which make use of data to confirm or refute hypotheses; and exploratory papers, which develop expectations about relationships between constructs. Inside the prescriptive macro-section, the authors classify papers as instrumental when they have a major focus on providing practices useful to the achievement of a certain goal or normative when the papers prescribe practices to manage ethical, moral or religious issues. Finally, papers that aim to report data or opinion without any specific contribution to theory or practice are classified as descriptive.

The fifth step consisted of the core bibliometric analysis. We used VOSviewer 1.6.5 as the algorithm of aggregation of the papers, with bibliographic coupling as the aggregation mechanism (Van Eck et al., 2006; Van Eck and Waltman, 2010). Bibliographic coupling occurs when two works cite a common third work in their references; consequently, two documents are bibliographically coupled when they cite one or more documents in common (Boyack and Klavans, 2010). We decided to use bibliographic coupling as a result of its ability to answer the following questions: “What is the intellectual structure of recent literature? And how does the intellectual structure of the research stream reflect the richness of the theoretical approaches?” (Zupic and Čater, 2015, p. 62).

Hence, the output of VOSviewer is a map in which the items’ distance can be interpreted as an indication of the relatedness of the terms. The smaller the distance between the terms, the more strongly the terms are related to each other (Van Eck et al., 2010). In addition, the cluster analysis highlights the knowledge base diversity in an aggregate way. If the papers

<table>
<thead>
<tr>
<th>Papers</th>
<th>WOS</th>
<th>Scopus</th>
<th>EBSCO</th>
</tr>
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<tbody>
<tr>
<td>Initial query</td>
<td>271</td>
<td>282</td>
<td>305</td>
</tr>
<tr>
<td>Excluded (not on the topic of family firms)</td>
<td>54</td>
<td>104</td>
<td>163</td>
</tr>
<tr>
<td>Included (on the topic of family firms)</td>
<td>217</td>
<td>193</td>
<td>142</td>
</tr>
<tr>
<td>Final dataset</td>
<td>106</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table I. Database cross validation
belong to the same cluster, it means they are strongly linked together as a group based on their shared references, thereby indicating that a cluster represents a stream of research on a similarity basis. It is important to note that, on the map generated by VOSviewer, the papers are presented in a convenient way to optimise their visualization; thus, the axes of the map do not have any meaning (for a detailed mathematical explanation of the VOS technique and VOSviewer, please see Van Eck and Waltman, 2007, 2009, 2010).

Finally, the sixth and last step involved the systematic literature review process (Tranfield et al., 2003) based on the results of VOS aggregation. Using the results of clustering found by VOSviewer, we systematically analysed each paper inside the displayed clusters to highlight their main areas of interest, the connection between each paper and the connection between each cluster.

4. Results of the bibliometric analysis
In this section, we present the results of the aforementioned bibliometric analysis. The papers’ distribution over the years is presented in Table II and Figure 1.

Following the protocol proposed by De Bakker et al. (2005), the epistemological orientation (Table III and Figure 2) and research methods (Table IV and Figure 3) analysis are presented.

Thus, as it is possible to see, most of the papers are exploratory. This demonstrates that the field is theoretically developed and mature, and yet it still requires further analysis to better understand and test the proposed theory. Moreover, if we delve inside the papers which are using data, it is possible to see that the majority of these are aggregated around quantitative area. Most of them are surveys and papers using financial data. This supports our earlier assertions about how well developed the field is: case studies are limited, and ground theory approaches are never used.

In Figure 4, the results of the VOS analysis are presented. Please note that, because of the limited space in the figure, only the most influential papers have been shown. For the complete classification please refer to the Appendix. Please note that to optimise the visualisation, “et al.” is used when the paper has two or more authors.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of paper(s)</th>
<th>Variation in (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>1997</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>2001</td>
<td>1</td>
<td>0</td>
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<tr>
<td>2003</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2004</td>
<td>3</td>
<td>+200</td>
</tr>
<tr>
<td>2005</td>
<td>4</td>
<td>+33</td>
</tr>
<tr>
<td>2006</td>
<td>7</td>
<td>+75</td>
</tr>
<tr>
<td>2007</td>
<td>4</td>
<td>−43</td>
</tr>
<tr>
<td>2008</td>
<td>5</td>
<td>+25</td>
</tr>
<tr>
<td>2009</td>
<td>3</td>
<td>−40</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
<td>+33</td>
</tr>
<tr>
<td>2011</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>3</td>
<td>−25</td>
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<tr>
<td>2013</td>
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<tr>
<td>2014</td>
<td>10</td>
<td>−29</td>
</tr>
<tr>
<td>2015</td>
<td>18</td>
<td>+80</td>
</tr>
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<td>2016</td>
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<td>−44</td>
</tr>
<tr>
<td>2017</td>
<td>13</td>
<td>+30</td>
</tr>
</tbody>
</table>

**Table II.** Paper distribution among the years
As shown, the field of conflicts in family firms is divided into three macro-clusters. The first one (in red), generally speaking, contains papers on organisational conflicts. The second (in blue) is related to family firms' growth dynamics and conflicts. Finally, the third cluster (in green) is focussed on how conflicts arising from the control of family influences family firms' (financial) performance. It thus contains most of the papers using quantitative methodologies based primarily on secondary and financial data. Both visually and logically, it is possible to see patterns amongst our clusters. The red cluster, for instance, centrally addresses organisational conflicts which are the result of the adoption of behaviours that stimulate growth (blue cluster). Finally, such growth should translate to improved performance (green cluster), and thus the blue cluster can be considered a cluster linking the other two.

5. Results of the systematic literature review
In this section, following recent research integrating bibliometric with systematic literature review methods (López-Fernández et al., 2016; Kosmützky and Putty, 2016;
Voley and Mazarol, 2015), we present the results of the systematic literature review, based on the most cited articles belonging to each cluster and the classification given by the VOS analysis. Consistently with previous bibliometric analyses of the field of family business (Xi et al., 2015) and of conflict management (Ma et al., 2008), we have identified three clusters of studies: organisational conflicts; firm growth and conflicts; and family control, performance and conflicts.

5.1 Red cluster: organisational conflicts
This cluster aggregates papers that focus on the organisational conflicts that may arise in the management of family firms. The antecedents of conflicts are addressed, particularly those related to generational involvement (Kellermanns and Eddleston, 2004, 2006; Morris...
et al., 1997) and to clashing identities (Shepherd and Haynie, 2009; Sundaramurthy and Kreiner, 2008). In addition, different types of conflicts are also discussed in relation to benefits and/or costs that add to the decision-making process (Sharma and Sahrma, 2011; Zahra et al., 2007).

Specifically, generational involvement is the most widely studied. Morris et al. (1997) considered the relationships between family members, along with control of the process and the readiness of the heirs to assure a successful succession, to be vital. However, when relationships are not smooth, the whole process can be hindered. This early study opens up the debate about relational conflicts as one of the most crucial type of conflicts for family firms.

Davis and Harveston (2001) introduced the multi-generational element into the debate of conflicts. Their study shows that conflicts in family businesses can increase through the involvement of a larger part of the family, especially multiple generations, and through a stronger base of social interactions. Such conflicts are particularly detrimental for ownership and leadership continuity, decisions about power and money distribution and shared and coherent strategic vision for the firm.
Kellermanns and Eddleston, in a series of highly cited studies (e.g. 2004, 2006), dig even deeper into the generational involvement topic with regard to specific types of conflict, i.e. cognitive versus relational and their consequences. Their study starts with a theoretical paper (Kellermanns and Eddleston, 2004) stating, through several propositions, that multi-generational involvement increases task and process (cognitive) conflicts, so that all family members can express their opinions and mutually adjust, leading to “wiser” decisions. However, such benefits of the cognitive dimension are moderated by the level of relationship conflicts. Thus, relationship conflict becomes a more central aspect of family firms, as it can directly affect performance but can also indirectly hinder the process of reaping the benefits of other cognitive conflicts.

In the study of Eddleston et al. (2008), the authors seem to summarise their whole production over the past few years. They reported how a participative style of decision making generally increases conflicts, especially when the ownership of the firm is spread across multiple generations. However, exception are those family firms where the first and second generations are involved in the ownership. This condition is confirmed in Kellermanns and Eddleston’s (2007) study, which showed that cognitive conflict has a general negative outcome on the ability of decision-making for family firms. However, this study also confirms that in cases of concentrated generational ownership, the outcome of such relation is lessen showing some positive aspects. Both studies show that in encouraging environments where dissent is seen as a resource rather than a personal attack, usually pertinent to “young” family firms, cognitive conflicts are definitely beneficial.

Despite this, complications may occur in family firms where ownership and generations are quite dispersed, detracting from the essence of family (Habbershon et al., 2003) and the power and willingness of pursuing particularistic family behaviours at the firm level (De Massis et al., 2014). Thus, in established multi-generational firms, an increase in cognitive and beneficial conflict, related to tasks and processes, can be easily offset by an increase of personal conflicts that, because of such a dispersion, can quickly escalate to damaging proportions for the firm (Eddleston et al., 2008). Again, also in Kellermanns and Eddleston’s (2007) later stage of family firm evolution, cognitive conflicts are generally negative probably because of conflict that has escalated from a working level to a personal level, thus becoming a dysfunctional relationship conflict.

In Kellermanns and Eddleston’s (2006) study, multi-generational ownerships are still considered in relation to corporate entrepreneurship. An established process that pursues entrepreneurial opportunities, i.e. corporate entrepreneurship, increases its relevance in multi-generational family firms. Familiarity and the willingness to act as a family firm may become bland in later generations and having a formal strategic plan for the business avoids evoking conflict, especially at an inter-relational level.

Even if less studied, clashes of identities too are considered as source and antecedent of organisational conflicts in this cluster. For example, Shepherd and Haynie (2009) propose that, while entrepreneurial opportunity may bring conflict because of a clash of identities and roles, these are frequent occurrences, and negotiation ability is subsequently developed, putting the family business at advantage.

In relation to roles and multiple identities co-existing in family firms, Sundaramurthy and Kreiner (2008) specifically apply to the family business research insights of identity theory and of work–family framework. This study shows that business and family identity can be managed and shows the advantages and disadvantages of integrated and separated models. Yet they suggest that cognitive “work boundaries” should be structured to allow for only partial permeability of family and business elements into the alternate domain.
Directly addressing types of organisational conflict, other influential papers of this cluster consider its impact on decision-making. Sharma and Sharma (2011) asserted that family involvement increases the power to influence intention to pursue strategies in family business, with a specific reference to pro-environmental strategies. Lower levels of relationship conflict boost the process through the implementation of such intentions.

Conflicts may also hamper the system that formally or informally manages the sharing of knowledge within a family business, and this may reduce the technological capabilities set of the firm (Zahra et al., 2007). In contrast to what has generally been found, in this study, family intergenerational involvement seems to increase both types of practices of sharing, i.e. formal and informal, while a strong family presence in the top management team affects only the informal ones.

5.2 Blue cluster: firm growth and conflicts

Broadly aggregated papers concerning the growth of family firms, either inquiring how innovations are adopted, or assessing impact on the EO of family firms, can be found in the blue cluster. Thus, a temporal dimension of conflicts in this cluster is quite evident. However, in comparison to the previous clusters, conflicts here are mostly variables that can influence outcomes, and thus we can say that conflicts for this cluster are indirectly tackled or are not the only concern of the paper. As premised, generally, growth can be assured with three organisational outcomes: EO/behaviours, innovation adoption and innovativeness and professionalisation.

The first outcome is the preservation of an EO. For Chirico et al. (2011), EO, especially in multi-generational family firms, can maintain good performance. However, without a participative strategy that involves employees in the process, relationship conflicts would block the possibility of divergence from path dependency.

Quite in line with the previous contribution, Sciascia et al. (2013a) still considered the relationship between EO and generational involvement, hypothesising and confirming a U-shaped relation between these two factors. Their results suggest that a moderate level of multi-generational involvement may functionally increase task conflict, and thus increase a firm’s ability to make informed decisions. However, the involvement of too many generations can easily move this conflict from a constructive sphere related to the task at hand to a dysfunctional circle, where conflicts escalate to a personal level. This is also in line with the studies of Kellermanns and Eddleston (2006, 2007).

In a more general sense, other papers tackle the problem of possibly conservative strategies that family firms tend to adopt. These, however, prohibit entrepreneurial behaviours and thus hinder growth. The initial experience of the founder is one of the elements that may hamper entrepreneurial behaviours when approaching problems in the future (Morris et al., 2010). The entrepreneurial experience of funding a firm can be analysed in relation to negative/positive psychological attributions and the intensity of such feelings (arousal), individuating differences between the founding experience of family and non-family ventures. Family firm founders tend to report a lower intensity of negative emotions, possibly because of the support that they may have received from their family, and thus their experience seems less stressful. The founding experience is crucial, as it also relates to how the firm engages with uncertainty and entrepreneurial behaviours and, in the long run, the approach to succession and generational passages.

Another element is the degree of pressure perceived by family members in pursuing non-economic goals and personalistic behaviours. Sciascia et al. (2014) considered the importance of family involvement in the business as beneficial only at a later stage, when generational shifts have already occurred. Indeed, a minor pressure perceived by next-generation family
managers preserves the socio-emotional wealth (SEW) of the family and reduces the risk of pursuing conservative strategies that can detract from financial and business goals. In turn, this condition increases performance and the firm’s ability to perform well in the long run.

Finally, Zattoni et al. (2015) approached the problem of strategy and sustainability in family firms slightly differently from the rest of the papers within this cluster – from a board of governance perspective. Involvement of family in business is positively associated with the use of knowledge and norms, but it also lowers the intensity of cognitive conflict that can lead to a group-thinking effect.

The second outcome analysed is innovation, and Konig et al. (2013) confirmed the potential of family firms in such matters. Although family firms may take longer to adopt technological innovations, their implementation is more fast-paced as a result of better cohesion in the decision-making process, i.e., less conflicts and more stamina.

Sciascia et al. (2013b) included communication as a crucial variable in the level of innovation in a family firm. The communication adopted by the family in their social processes may affect interactions occurring in the business domain as well. In this way, families that have stimulating debates and discuss topics openly (communication orientation) in general create a positive climate where a functional task conflict can increase the level of innovation. Conversely, an over-emphasis on conformity and stressing values such as homogeneity must be avoided, as this hinders innovation. While this may smooth conflicts, a group-thinking approach is not a fertile environment for ideas and innovation.

Finally, Chirico and Salvato (2016) approached the innovation problem in family firms through the analysis of product development processes. As in other instances (Konig et al., 2013), an advantage of family firms is noticed; however, relationship conflicts (conflicts impacting directly on the affective dimension that binds family members together) are particularly dangerous, impairing entrepreneurial behaviours and thus, in turn, product development processes. However, with the involvement of later generations, an internalised level of knowledge naturally instilled in these people moderates the negative effect of relationship conflicts.

The last outcome that can affect family firms’ growth is the process of professionalisation. Professionalisation lies in the balance of relevance and roles between family and non-family employees/managers and can be put at stake by misinterpretation of these roles (a dysfunctional bifurcation bias) (Verbeke and Kano, 2012). This misinterpretation can lead to the assumption that family members are always perceived as stewards of the firm, acting only in favour of it (stewardship theory). Non-family managers and employees are generally treated as agents upon which family exerts control and activate mechanisms of accountability for their actions (agency theory). This situation, in the long run, reduces the likelihood of the family firm developing its human capital base as a result of difficulties in replacing family members and the high entry barriers imposed for external managers.

Marti et al. (2013) approached the problem of professionalisation of family firms through the involvement of institutional investors and, in particular, venture capitalists. Conflicts between a more managerial approach brought in by venture capitalists may clash with conservative styles of family management. These conflicts may reduce overall performance but, if the institutional investor has the power to direct strategies, with a major stake in the family firm, then performances are even higher than in non-family firms.

5.3 Green cluster: family control, performance and conflicts
The green cluster in general aggregates papers that use financial data to measure the performance of family firms. Specifically, these papers are concerned with understanding how control of the family, either in the ownership or in the top management team, can affect performance. From a summary of results, the strong influence that families have on the
business tends to reduce the value of family firms, as markets and investors feel threatened. However, when counterbalancing mechanisms of different natures are effective, family firms are winners. Thus, conflicts in this cluster are often not expressly cited, but they are implied as per their contribution in the raising of agency costs. Yet, in this cluster, it is quite evident that the conflicts shown are not those occurring at organisational levels, as demonstrated in the other clusters. Rather, close attention is paid to the ownership structure and clashes of different shareholders’ interests, in particular the contraposition between the family dominant coalition, minority shareholders and public investors.

With regard to ownership conflict, Villalonga and Amit (2006) analysed an extremely large sample of firms from the Fortune-500 index, broken down into fine-grained levels of sector diversification. The authors demonstrate that family firms of a first generation, or those in which the first generation still has top-level responsibilities, can outperform non-family firms. However, in successive generation-led family firms, conflicts both internal and external to the family offset such an advantage.

Sciascia and Mazzola (2008) instead specifically studied private family firms and their performance. Family ownership, in this case, seems to have no influence on performance. This could be related to contrasts arising in private family firms that are not compensated via legal system mechanisms in place for public-held companies. In this case, advantages deriving from the nature of a family, such as a long-term vision, are not completely reaped. Family involvement in management instead negatively impacts performance. Thus, it seems that the positive effects of a stewardship approach are overshadowed by conflicts arising by a non-financial orientation or limitations to expand intellectual and social capitals imposed by a family management.

Comparing results from these two studies, family control requires a counterbalance. However, if this equilibrium can be found, family firms may outperform other types of firms. This is the central topic of many studies in this cluster.

Anderson and Reeb (2004), still using a sample of the 500-S&P database, explored conflicts between family shareholders and minority groups in relation to performance. The counterbalance of excessive family power, for large family firms turned public, is the presence of external directors. This condition moderates potential exploitation by majority shareholders and, in line with the expectations of agency theory, also relieves tension among different groups of shareholders. Interestingly, the absence of external directors deeply and negatively impacts performance.

Jara-Bertin et al. (2008) assessed the value of family control in family firms, confirming that such control is detrimental when there is no contestability of pervasive power too often exerted to reap private benefits. In this case, counterbalances are found in the presence of defensive mechanisms, such as the prominent presence of an institutional investor or legal regimes in favour of minority shareholders’ interests, which can increase the value of a family firm over the non-family firms.

Setia-Atmaja et al. (2009) and Maury (2006) showed that the intensity of family control, when individually considered does not directly impact performance. In the first study, signalling elements surrounding the ways in which control is exerted by the family are much more effective variables in predicting performance (Setia-Atmaja et al., 2009). Dividend distributions and debt leveraging are interchangeable strategies which compensate minority shareholders for a lower level of board independence, usually occurring in family firms. However, they tend to stress that this situation occurs in relation to a structured and highly protective investor market, and thus possible expropriations from the family control group are less likely and less of a concern for investors. For this reason, giving more benefits to all
shareholders through the distribution of dividends is a more effective strategy rather than appointing external directors who may be replaced or disposed at the will of the family.

In the second study, the style of control is instead paramount (Maury, 2006). An active and involved family shareholder group is able to boost performance because of a decreased level of conflicts between shareholders and managers, spheres that tend to strongly overlap. However, this conversely leads to an increase in conflicts between groups of shareholders (minority vs family). Without a proper legal system to protect property rights, such conflicts decrease the value of stocks and their premium price for control. Passive, or remissive, control of family groups does not affect performance.

The other papers within this cluster also interrogate the role of family control on performance, recognising that family control needs to be balanced to boost performance. However, agency problems and conflicts that the excessive discretionary power of the family can cause in these papers is balanced at an organisational and managerial level, and so the conflicts considered are similar to those of previous clusters.

Examples of counterbalancing mechanisms for family control can be found in the presence of an independent and non-family CFO (Caselli and Digiuli, 2010), or an organisational climate that is prone to the open debate and to the discussion of the CEO’s vision (Ensley, 2006). This managerial independency allows family firms to consider the full range of possibilities at hand, and concerns surrounding potential abuses of power are subdued. Thus, this managerial independency also protects all stakeholders and consequentially a family firm’s performance can improve significantly.

However, for family firms to reap the benefits of having counterbalancing mechanisms, these practices should be institutionalised rather than viewed as simply a cosmetic adoption of practices (Songini and Gnan, 2015). Performance of family firms increases not as a result of a mere adoption of governance control mechanisms, strategic planning or managerial control systems, but rather its perceived importance.

In a very broad sense, Ensley and Pearson (2005) seemed to summarise all of these contributions in asserting that the unique social system of family firms and its characteristics of “familiness” is able to subdue dysfunctional conflicts and thus boost performance. This study argues that the more “familiness” the better, as cohesion and strategic vision are higher and thus managerial actions run more smoothly.

5.4 Discussion of cluster analysis and possible research gaps
In reviewing the most cited papers in each cluster, we have aimed to summarise the main implications to better systematise existing knowledge on conflicts in the family business research. This is one of the main contributions of this study (Reay and Whetten, 2011), however, we are also able to briefly suggest forward-thinking avenues for future research and possible gaps (Campopiano et al., 2017), adding an integrative contribution. From our findings, a possible interpretative scheme seems to emerge, following a logical sequence: antecedents of conflicts, type/nature of conflicts and consequences of conflicts that can be interpreted, first, as growth dynamics and, second, as the general performance of a family firm. The red cluster focussed on several antecedents, among which the most studied in highly cited papers are: generational involvement, more frequently, multi-generational involvement (Davis and Harveston, 2001) and clashing identities (Sundaramurthy and Kreiner, 2008). Yet, another antecedent of organisational conflicts is also family control, as presented in the green cluster. This is related to an excess of power in the hands of the family that, if not wisely used, will only serve to increase the level of conflict. Indeed, looking closely at the specific conflicts emerging from the analysis, we can see that the red cluster focussed on organisational conflicts, both in their cognitive (task and process) and relational dimensions (Kellermanns and Eddleston, 2004,
As discussed, still in the red cluster, these two types of conflicts are differently affected by generational involvement and identity clashes but, generally, relational conflicts easily offset any benefits of the cognitive dimension (Eddleston et al., 2008). Even family control may create organisational conflicts, but the green cluster discusses such conflicts in relation to the management base, especially relations between family and non-family members (Caselli and Digiuli, 2010; Ensley, 2006). Still, from the contributions of the green cluster, however, organisational conflicts are not the only conflicts studied in family business. Indeed, another huge portion of studies is interested in the study of conflicts within the ownership structure (Anderson and Reeb, 2004; Maury, 2006; Setia-Atmaja et al., 2009). Such conflicts are mostly created by the family control and mainly concern divergent shareholders’ interests (Villalonga and Amit, 2006). Considering the first level of outcomes on which conflicts exert their influence, this can be summarised as growth dynamics and, in particular, as already indicated in the blue cluster, we can outline four categories:

1. EO or behaviours (Chirico et al., 2011; Sciascia et al., 2013a) and, in general, the limitation of conservative strategies (Zattoni et al., 2015);
2. innovation adoption and innovativeness (Konig et al., 2013; Sciascia et al., 2013b);
3. professionalisation (Marti et al., 2013); and
4. decision-making in a broad sense (Sharma and Sharma, 2011), even if this final dimension is highlighted in the red cluster.

Finally, conflict seems to also directly impact performance, as most of the contributions in the green cluster indicate.

This scheme is visually presented in Figure 5, where each element mentioned in this section is highlighted with the colour of the cluster from which it has been inferred (red, blue and green).

In line with the scheme that we used to interpret the results, we can offer suggestions for future research.

With regard to the antecedents of conflicts, there is a strong need to include new perspectives that are already well established in the family business research but seem to be less related to conflict. One of these perspectives could be SEW which clearly emerged in only one contribution to our review (Sciascia et al., 2014). SEW has received a lot of attention lately and its preservation surely leads to conflicts (Vardaman and Gondo, 2014). In relation to conflicts, we can see the necessity of a more procedural approach to the topic. For example, little is known about conflict and conflict resolution in the family business domain. Models
from the traditional literature of conflict management, such as the zone of possible agreement (Pinkley, 1990), may be particularly relevant in family firms because of the possibility of having a multiplicity of subjects involved in the decision-making process (Holt et al., 2017). The first level of outcomes, that we interpreted as growth dynamics, is probably one of the theoretical elements best defined. However, especially in terms of professionalisation, the problem of how to structure an integrative system of human resource management is still understudied (Chrisman et al., 2013). Finally, we can see that conflicts have a direct impact on performance, as seen in the green cluster, but this relation could be more complex than that. Indeed, as contributions from the blue cluster show, conflict also impacts growth dynamics which, in turn, affect performance. Thus, we may hypothesise that there is a double effect on performance, one direct and one indirect, via growth dynamics (Sciascia et al., 2013a). This consideration surely justifies more empirical studies on the topic.

6. Conclusion

This paper has performed an investigation of the existing literature investigating conflicts in family businesses. To provide a thorough and systematic analysis, two streams of literature were considered in the investigation:

1. studies pertaining to family business literature; and
2. studies pertaining to conflict management literature.

The analysis has been carried out on 106 articles, retrieved through the Web of Science Core Collection. A bibliometric analysis was performed on the dataset, which resulted in the finding of three distinct clusters. Subsequently, a systematic literature review was performed on the most cited papers from each cluster.

Results have shown that conflicts are extremely important in family firms. In particular, this confirms that conflicts are crucial in maintaining entrepreneurial and innovative orientation, balancing multi-generation involvement and counterbalancing the excessive power of family coalitions. All of this can be implemented through formal or informal processes designed to smooth conflicts.

As a consequence of our analysis, we can assert that the two streams of literature are currently not communicating. This results in studies on family businesses neglecting to acknowledge existing and established theories evident in studies on conflict management. Similarly, studies on conflict management pay scarce attention to those on family businesses. We call for future studies to integrate the two streams of research to help to further investigate conflict and conflict resolution strategies in family businesses. Our article has exemplified the great incentive of collaborating of researchers from different disciplines.

References


Further reading


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