Family Ties and Tensions: Understanding Conflicts in Family-Owned Businesses

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ABSTRACT

This article investigates the conflicts of interest inherent in family-owned businesses, with a particular focus on their implications for governance and performance. Through semi-structured interviews conducted within 17 leaders of family businesses in Morocco, the study identifies three primary types of conflict: tensions between family and non-family members, differing generational objectives, and challenges associated with succession planning. These conflicts are often exacerbated by emotional bonds and the absence of formal governance structures, which complicates resolution efforts. The findings highlight the unique nature of conflicts within family businesses compared to non-family firms, emphasizing the necessity for tailored management strategies. This research enhances the understanding of family business dynamics and lays the groundwork for future inquiries into unresolved issues related to conflicts of interest within these enterprises.

Keyword: *Family Business, Conflicts of Interest, Ownership Structure, Governance, Performance*

1. INTRODUCTION

Family businesses play a pivotal role in the global economy, representing a substantial proportion of enterprises worldwide and significantly contributing to job creation and innovation (Mansouri & Belhaj, [1]). According to the Global Family Business Index [2], family-owned firms account for approximately 70-90% of all businesses in many countries, highlighting their importance as both economic engines and cultural institutions. Recent studies further reinforce this perspective, noting that family businesses are responsible for a significant share of global employment and GDP, making their sustainability essential for economic stability (Cruz et al., [3]; Sharma et al., [4]).
However, the unique ownership structure of family businesses often gives rise to complex dynamics that can lead to conflicts of interest. These conflicts stem from the interplay between familial relationships and business objectives, resulting in a distinct set of challenges. As Miller and Le Breton-Miller [5] observe, "the coexistence of family and business roles can blur the lines between personal and professional interests, often leading to tensions that affect decision-making and governance." Tensions are further complicated by varying motivations among family members, particularly concerning the strategic direction and succession planning of the business. Such conflicts can manifest in various forms, including disagreements over resource allocation and the prioritization of familial loyalty over business efficacy.
The literature has long recognized that the governance structures of family firms differ significantly from those of non-family enterprises. Chua, Chrisman, and Sharma [6] note that "family businesses are distinct in their ability to integrate family dynamics into their organizational framework," which can create competitive advantages while simultaneously fostering internal discord. This duality raises critical questions about the sustainability and performance of family businesses, especially in an increasingly competitive and globalized marketplace (Bammens et al., [7]; Astrachan & Shanker, [8]).
Despite the growing body of research on family business dynamics, there remains a need for a more nuanced understanding of the specific conflicts of interest that arise within these unique ownership structures. This study aims to fill this gap by examining the types of conflicts present in family businesses, their implications for governance and decision-making, and potential strategies for mitigation. By doing so, this article contributes to the broader discourse on family business management and offers practical insights for both practitioners and scholars.

To achieve these objectives, we will adopt a qualitative research design, utilizing in-depth interviews and case studies to gather rich, contextual data from a diverse range of family businesses. This approach will enable us to explore the intricacies of familial relationships and their influence on business practices in a nuanced manner. Through this exploration, we will address the following research questions: What are the prevalent conflicts of interest in family businesses, and how do they impact decision-making and overall business performance?
By investigating these critical areas, this study seeks to illuminate the intricate relationship between family dynamics and business operations, ultimately fostering a better understanding of the challenges and opportunities faced by family-owned enterprises.

2. LITERATURE REVIEW

The landscape of family business research has evolved significantly, addressing various dimensions of family involvement, governance structures, and the resulting conflicts of interest. This literature review synthesizes key empirical findings, focusing on the unique characteristics of family businesses, the conflicts inherent within them, and the specific context of family businesses in Morocco, including cultural influences.

1.1 The Unique Characteristics of Family Businesses

Family businesses are distinguished by the intertwining of family and business interests, which shapes their operations and strategic decisions. According to Gersick *et al.* [9], family firms prioritize long-term relationships and values, fostering a commitment to sustainability and generational continuity. This long-term orientation can lead to resilience and adaptability, as family members are more likely to invest in the future of the business rather than pursue immediate gains (Miller *et al.*, [10]). Recent studies, such as those by Dyer and Dyer [11], further emphasize that family involvement often enhances commitment to innovation, though it can also introduce complexities that give rise to specific conflicts of interest.
Conflicts can stem from differing priorities among family members, particularly between those actively involved in daily operations and those who are passive owners. Sharma [12] notes that “family dynamics can lead to disagreements about the direction of the business, resource allocation, and the roles of family members.” The emotional ties and personal relationships inherent in family businesses can cloud judgment and decision-making (Cruz & Nordqvist, [13]). This dual role of family members as both owners and employees can lead to situations where personal interests overshadow professional responsibilities. Miller and Le Breton-Miller [14] highlight that "when family loyalty trumps business rationale, it can lead to inefficiencies that negatively impact performance."

1.2 Conflicts of Interest in Family Businesses

Research has identified various forms of conflicts of interest prevalent in family firms. Succession planning is a particularly contentious issue, as it often involves multiple generations with differing visions for the future. Le Breton-Miller and Miller [15] emphasize that “the absence of a clear succession plan can lead to disputes that jeopardize the firm's stability and future success.” Similarly, Jaskiewicz *et al.* [16] assert that unresolved succession issues can result in power struggles and diminished business performance. Recent studies by Dyer [17] also underscore the importance of proactive succession planning in mitigating conflict.
Additionally, conflicts often arise from the intersection of family and non-family interests. Non-family executives may feel marginalized, especially if they perceive family members as having preferential treatment in decision-making processes. Jaskiewicz *et al.* [16] emphasize that “the presence of family members in key managerial roles can create an atmosphere of distrust among non-family employees, affecting morale and organizational cohesion.” Establishing clear governance structures and performance metrics can help mitigate these feelings of alienation and enhance organizational effectiveness (Hernandez *et al.*, [18]).
Resource allocation decisions can also become contentious, particularly when family members have competing interests. Disagreements about whether to reinvest profits or distribute dividends can lead to friction, especially if certain family members prioritize short-term financial gain over long-term growth (Eddleston & Kellermanns, [19]). Balancing these divergent interests while fostering a cohesive business strategy poses a significant challenge for family businesses.

1.3 The Moroccan Context and Cultural Influence

The unique characteristics of family businesses are influenced by cultural factors, particularly in the Moroccan context. Family businesses in Morocco often reflect broader social norms that emphasize familial loyalty and collective decision-making (Mansouri, [20]). According to Khamis *et al.* [21], “Moroccan family businesses are characterized by strong family ties and a reliance on informal governance structures, which can both enhance cohesion and introduce complexities related to decision-making.” Recent work by Moufdi & Mansouri [22] and M’henni and Hmedi [23] also highlights how cultural dynamics shape governance practices within Moroccan family businesses.

In this cultural milieu, conflicts of interest may manifest in distinct ways. The importance of preserving family honor and reputation can lead to a reluctance to address conflicts openly, fostering a culture of avoidance that may ultimately harm the business (Hassid & Benahmed, [24]). Moreover, the role of extended family members often complicates governance structures (Mansouri, Chafai & Moufdi, [25]), as decisions may involve not only immediate family but also broader kinship networks (Bourhis & Seltzer, [26]).

The economic context in Morocco can exacerbate conflicts related to resource allocation and investment priorities. Boukhobza *et al.* [27] note that "the pressure of economic instability may lead family members to prioritize short-term financial security over long-term strategic planning, heightening tensions and fostering disputes." This environment underscores the need for Moroccan family businesses to adopt structured governance practices that address conflicts while aligning with cultural values.

1.4 Gaps in the Literature

Despite the growing body of research, several gaps remain in understanding conflicts of interest within family businesses, especially in diverse cultural settings like Morocco. Much of the existing literature has focused primarily on Western contexts, often neglecting the influence of local cultural factors on family business dynamics. Furthermore, there is a lack of qualitative research exploring the lived experiences of family members in navigating conflicts and the strategies they employ to resolve them. Recent studies, such as those by Chrisman *et al.* [28], suggest that qualitative methodologies can provide rich insights into these dynamics.

Many studies adopt a quantitative approach, potentially overlooking the rich, contextual insights that qualitative methodologies can provide. This study seeks to address these gaps by employing a qualitative approach to explore the intricate dynamics of family businesses and the conflicts of interest that arise within them, particularly in the Moroccan context.

In summary, the literature on family businesses illustrates the complex interplay between family dynamics and business operations, highlighting both competitive advantages and significant conflicts of interest. This review establishes the foundation for a deeper investigation into these conflicts, paving the way for a nuanced understanding of their implications for family business sustainability and performance. By focusing on qualitative aspects, this study aims to contribute to a more holistic understanding of the challenges faced by family-owned enterprises, particularly in culturally rich and diverse environments like Morocco.

1.5 Hypothesis Development

Building on the insights from the literature review, this section presents the hypotheses guiding the qualitative exploration of conflicts of interest within family businesses, particularly in the Moroccan context. These hypotheses are derived from the interplay of unique family business characteristics, identified conflicts of interest, and cultural influences.

- Hypothesis 1: Succession Planning Conflicts

H1: Family businesses in Morocco experience significant conflicts related to succession planning, driven by differing generational perspectives on business direction and management.

Succession planning is a critical issue for family businesses, as highlighted in the literature. In the Moroccan context, these conflicts may be intensified by cultural factors such as respect for elders and the reluctance of younger generations to challenge established norms. Previous research has indicated that unresolved succession issues can jeopardize the stability and future success of family firms (Le Breton-Miller & Miller, [15]). Therefore, we hypothesize that Moroccan family businesses will encounter notable tensions during the succession process, impacting overall business performance.

- Hypothesis 2: Resource Allocation Disputes

H2: Conflicts of interest regarding resource allocation will be prevalent in Moroccan family businesses, particularly between family members prioritizing short-term financial gains and those advocating for long-term investment.

As indicated in the literature, disagreements about reinvesting profits versus distributing dividends can lead to significant friction among family members (Eddleston & Kellermanns, [19]). In Morocco, where economic instability can heighten pressures for short-term financial security, these conflicts may become even more pronounced. We hypothesize that family members' differing motivations regarding resource allocation will lead to conflicts that hinder effective decision-making and strategic planning.

- Hypothesis 3: Family vs. Non-Family Dynamics

H3: The presence of family members in key managerial roles will create conflicts of interest that negatively affect the morale and productivity of non-family employees in Moroccan family businesses.

As discussed in the literature, non-family employees may feel marginalized in organizations where family members hold significant power (Jaskiewicz *et al.*, [16]). In Morocco, where familial ties are culturally emphasized, non-family employees may experience heightened feelings of alienation and disengagement. We hypothesize that such dynamics will adversely impact the overall organizational climate, leading to decreased morale and productivity among non-family staff.

- Hypothesis 4: Cultural Influence on Conflict Resolution

H4: Cultural values in Morocco will influence conflict resolution strategies in family businesses, leading to a preference for informal communication and avoidance of direct confrontation.

The Moroccan context is characterized by strong family ties and a reliance on informal governance structures (Khamis *et al.*, [21]). These cultural norms may lead to a tendency to avoid open discussions about conflicts, opting instead for indirect methods of resolution. We hypothesize that this preference for informal conflict resolution will impact the effectiveness of governance mechanisms in family businesses, potentially exacerbating conflicts over time.

- Hypothesis 5: Governance Structures and Conflict Management

H5: The establishment of formal governance structures in Moroccan family businesses will mitigate conflicts of interest and enhance overall business performance.

Effective governance mechanisms have been shown to be crucial in managing conflicts within family firms (Klein *et al.*, [29]). In the Moroccan context, the implementation of structured governance practices may help balance family influence with professional management, leading to improved decision-making and reduced conflicts. We hypothesize that family businesses with established governance structures will demonstrate better conflict management and, consequently, enhanced performance.

These hypotheses provide a framework for exploring the intricate dynamics of conflicts of interest in family businesses, particularly within the Moroccan cultural context. By examining these relationships qualitatively, the study aims to contribute valuable insights into how family dynamics and cultural factors shape conflict emergence and resolution in family-owned enterprises. Ultimately, this research seeks to offer practical recommendations for family businesses striving to navigate these complexities while achieving long-term sustainability and success.

3. METHODOLOGY

This section outlines the research design, sample selection criteria, and data collection and analysis methods employed in this qualitative study on conflicts of interest in family businesses within the Moroccan context.

3.1 Research Design

The study adopts a qualitative research design, utilizing semi-structured interviews as the primary method of data collection. This approach allows for in-depth exploration of the complex dynamics and conflicts present in family businesses. Semi-structured interviews provide flexibility, enabling participants to express their thoughts and experiences while allowing the researcher to guide the conversation with predetermined open-ended questions. This format facilitates a rich dialogue, encouraging participants to share personal anecdotes and insights related to family dynamics, succession planning, resource allocation, and conflict resolution strategies.

By employing a qualitative method, the study aims to capture the nuanced experiences of family members, thereby uncovering the underlying motivations and cultural factors that influence conflicts of interest. This approach aligns with the study's objective to gain a deeper understanding of the lived experiences of family members in navigating conflicts within their businesses.

3.2 Sample Selection

The selection of family businesses and participants follows specific criteria to ensure relevance and diversity in perspectives. The criteria for selecting family businesses include:

- Business Type: The study will focus on small to large-sized family-owned enterprises operating in various sectors, such as retail, agriculture, and manufacturing, to capture a broad range of experiences and practices.
- Location: The businesses must be based in Morocco, allowing for a culturally contextualized understanding of the conflicts of interest within family firms.
- Willingness to Participate: Family businesses must demonstrate a willingness to engage in open dialogue about their experiences, including challenges and conflicts, during the interview process.

Participants for the interviews will include family members involved in various roles within the business, such as owners, and successors. Aiming for diversity in perspectives, the sample will include both older and younger generations to illuminate differing viewpoints on conflicts of interest and succession planning.

Below is a table summarizing the sample characteristics for the qualitative study on conflicts of interest in family businesses in Morocco. This table outlines key aspects of the selected family businesses and participants.

Table -1: Sample Overview

Business ID	Sector	Size	City	Number of associates	Generation	Interviewee	Length of interview
B1	Digital marketing agency	Medium-sized company	Rabat	2	1st generation	Owner	58 min
B2	Leather shoe production	Medium-sized company	Casablanca	1	1st generation	Owner	40 min
B3	Transport	Medium-sized company	Casablanca	7	2nd generation	Sibling	1h 10
B4	Cosmetics	Small business	Casablanca	4	1st generation	Owner	55 min
B5	Fuel	Medium-sized company	Tanger	8	2nd generation	CEO	1h 15
B6	School group	Medium-sized company	Larache	3	2nd generation	Sibling	45 min
B7	School group	Small business	Meknès	2	1st generation	Owner	1h 15
B8	Restaurant	Small business	Fès	2	Cohabitation of two generations	Owner	1h 02
B9	Real estate	Large company	Meknès	7	1st generation	CEO	1h 30
B10	Furnishings	Petite entreprise	Fès	5	Cohabitation of two generations	Sibling	1h 09
B11	Transport	Small business	Meknès	3	1st generation	Owner	43 min
B12	Digital marketing agency	Small business	Tanger	2	1st generation	Owner	55 min
B13	Leather bag production	Medium-sized company	Rabat	2	1st generation	Owner	1h
B14	Retail	Small business	Meknès	2	1st generation	Owner	40 min
B15	Furnishings	Medium-sized	Meknès	2	1st	Owner	50 min

		company			generation		
B16	Agriculture	Small business	Meknès	4	1st generation	Owner	35 min
B17	Marble production	Large company	Tanger	3	1st generation	Owner	1h

Source: elaborated by us

3.3 Data Collection and Analysis

Data collection will primarily involve conducting semi-structured interviews with selected participants. The interviews will be conducted in a conversational manner, encouraging participants to elaborate on their experiences and insights regarding conflicts of interest within their family businesses. Key aspects of the data collection process include:

- Interview Guide: An interview guide will be developed with open-ended questions designed to elicit information on topics such as family dynamics, succession planning, resource allocation, and conflict resolution strategies.
- Recording and Transcription: With the consent of participants, interviews will be recorded and later transcribed for analysis. This ensures accuracy and allows the researcher to focus on the conversation during the interview.
- Data Analysis: Thematic analysis will be employed to analyze the transcribed interviews. This involves coding the data to identify recurring themes and patterns related to conflicts of interest.
- Theme Development: Organizing the codes into broader themes that reflect the key issues and insights related to conflicts of interest in family businesses.
- Interpretation: Drawing connections between the themes and the research questions, contextualizing the findings within the existing literature.

Through this methodology, the study aims to provide a rich, contextualized understanding of conflicts of interest in family businesses in Morocco, contributing valuable insights to the existing body of literature.

4. FINDINGS

This section presents the key findings derived from the qualitative interviews conducted with family business members in Morocco. The findings are organized into two main subsections: types of conflicts of interest identified and the impact of these conflicts on business operations.

- Types of Conflicts of Interest Identified

The findings from the semi-structured interviews revealed that conflicts of interest in family businesses in Morocco align with the hypotheses developed from the literature. These conflicts fall into three primary categories: conflicts between family and non-family members, intergenerational conflicts, and succession planning challenges.

Conflicts Between Family and Non-Family Members (H3):

As hypothesized, the presence of family members in key leadership roles contributed to tension between family and non-family employees. Non-family staff often expressed feelings of exclusion from decision-making processes. This was highlighted by a participant from a textile manufacturing firm who stated, “non-family employees often feel marginalized when they see family members making important decisions without consulting them.”

Another participant, an owner of a family grocery store, highlighted how this conflict manifested in day-to-day operations: “We have a few non-family staff who are excellent at their jobs, but because they’re not part of the family, their ideas are sometimes ignored. This leads to frustration and affects their performance.”

The literature (Jaskiewicz *et al.*, [16]) supports this finding, suggesting that non-family employees may feel disenfranchised in family businesses, which can negatively impact organizational cohesion.

Intergenerational Conflicts and Differing Goals (H1):

The study confirmed that succession planning is a source of significant conflict, as hypothesized. Older and younger generations often have divergent goals regarding the business's strategic direction. For example, an agricultural firm owner explained, “My father wants to maintain traditional methods, but I believe we need to innovate.” Another family member from a construction company articulated the generational divide: “There’s a constant battle between wanting to preserve what has been built and the desire to expand and modernize. It's frustrating because we all want what's best for the business, but we see different paths to get there."

This tension aligns with the hypothesis that generational differences create conflict over the future direction of the business (Le Breton-Miller & Miller, [15]). Younger generations often push for innovation and growth, while older generations prioritize stability and legacy preservation.

Succession Planning Challenges (H1):

As predicted, succession planning emerged as a central conflict in family businesses, with many participants expressing concern about leadership transitions. Uncertainty regarding who should assume leadership roles often led to tension, as one family-owned hotel participant noted: "We don't have a formal succession plan, and this creates anxiety within the family about who will take over." Succession planning emerged as a critical area of conflict within the family businesses. Many participants expressed anxiety regarding the transfer of leadership to the next generation, often highlighting a lack of clarity and preparedness. A family member from a family-owned hotel noted, "The idea of passing the business to my children fills me with dread. I worry they might not be ready to handle the responsibilities." This uncertainty frequently led to conflicts about who should take on leadership roles.

Another participant from a craft shop emphasized the difficulties of succession planning: "We've had discussions about who will take over, but no one seems to agree. My siblings and I have different views on who should lead, and it creates tension during family gatherings."

These findings confirm the literature's emphasis on the importance of proactive succession planning (Dyer, [17]) to avoid power struggles and instability.

- Impact of Conflicts on Business Operations

The identified conflicts of interest had profound implications for business operations, affecting decision-making, governance structures, and overall performance.

Decision-Making (H2 and H3)

Conflicts over resource allocation were prevalent, particularly when family members disagreed on whether to reinvest profits or distribute them. Some family members prioritized short-term financial gains, while others advocated for long-term investments. A participant from a family restaurant stated, "When we make decisions without involving our key staff, it backfires. They feel undervalued, and their lack of buy-in leads to poor implementation of those decisions." This disconnect not only affected morale but also resulted in operational inefficiencies, as decisions lacked the insight and expertise of non-family employees.

This confirms the hypothesis that resource allocation disputes hinder decision-making (Eddleston & Kellermanns, [19]). Additionally, non-family employees' exclusion from decision-making processes led to operational inefficiencies, as predicted in Hypothesis 3.

Governance (H5)

The absence of formal governance structures exacerbated conflicts, supporting Hypothesis 5. Participants frequently mentioned the lack of clear roles and responsibilities as a key issue. A participant from a construction firm noted, "Without formal governance, family members often overstep boundaries, creating chaos." The findings align with the hypothesis that implementing formal governance structures would mitigate conflicts and improve decision-making (Klein *et al.*, [29]).

Overall Performance (H5)

The cumulative effect of these conflicts hindered overall business performance, supporting the hypothesis that unresolved conflicts negatively impact organizational effectiveness. Participants from various sectors noted that persistent tensions reduced productivity and undermined their ability to respond to market challenges. A manager from an import/export business succinctly summarized the impact: "When we're constantly fighting over these issues, we lose focus on our core operations. It affects our ability to serve customers and compete in the market."

Furthermore, a family member from a bakery highlighted the long-term consequences of these conflicts: "If we can't resolve our issues, I fear for the future of the business. We're losing touch with what made us successful in the first place."

Cultural Influence on Conflict Resolution (H4)

As hypothesized, cultural values in Morocco influenced conflict resolution strategies. The reliance on informal governance structures, rooted in cultural norms, often led to avoidance of direct confrontation, which exacerbated conflicts over time. A participant from a retail business explained, "We don't like to address conflicts head-on, so issues often fester until they become major problems." This finding confirms the literature's assertion that Moroccan family businesses tend to avoid open discussions about conflicts, leading to unresolved tensions (Khamis *et al.*, [21]).

The findings illustrate that conflicts of interest within family businesses in Morocco are complex and multifaceted, arising from both interpersonal dynamics and structural deficiencies. These conflicts not only disrupt decision-making processes and governance structures but also significantly impair overall business performance. Addressing these issues through enhanced communication, formal governance, and strategic succession planning is essential for fostering resilience and sustainability in family-owned enterprises.

5. DISCUSSION

The qualitative insights gathered from the study reveal that conflicts of interest in family businesses are deeply intertwined with familial relationships, cultural expectations, and operational challenges. The findings highlight three primary areas of conflict: tensions between family and non-family members, differing generational goals, and succession planning issues.

Conflicts often arise from the unique emotional stakes involved in family businesses. Research by Chrisman et al. [30] emphasizes that family dynamics can exacerbate conflicts, as emotional ties make resolution more challenging. Participants noted the personal nature of these conflicts, with one business owner stating, “When conflicts arise, they feel personal, which complicates everything.” This sentiment aligns with Lansberg’s [31] findings, which suggest that personal relationships can obstruct effective governance and decision-making.

A significant theme emerging from the data was the absence of formal governance structures. This mirrors conclusions drawn by Miller *et al.* [32], who argue that family businesses often lack clear guidelines, leading to ambiguity and misunderstandings among family members. Establishing structured governance frameworks can provide clarity and facilitate conflict resolution. Zahra *et al.* [33] support this view, emphasizing that formal governance can enhance organizational effectiveness.

Comparatively, the nature of conflicts in family businesses differs markedly from those in non-family firms. Conflicts in non-family organizations often stem from competitive dynamics and performance-related issues, occurring within a more impersonal context. Eisenhardt and Schoonhoven [34] highlight that these conflicts are frequently rooted in structural issues rather than interpersonal relationships. Conversely, the conflicts identified in this study arise from emotional attachments and loyalty, complicating decision-making processes. One participant articulated this difference: “In non-family firms, the conflicts are about work; in ours, they touch on personal relationships. It makes everything more complicated.” This distinction underscores the need for tailored management strategies that account for the unique emotional and relational dimensions present in family businesses.

Given these insights, several strategies are recommended for managing and reducing conflicts of interest. First, family businesses should implement formal governance structures to clarify roles and responsibilities. Research by Dyer [35] emphasizes that structured governance enhances operational efficiency and fosters trust among stakeholders. Regular governance meetings can create platforms for transparent discussions, reducing ambiguity and misunderstandings.

Second, promoting a culture of open communication is essential. Family businesses should encourage dialogues where all employees, regardless of familial ties, feel empowered to share their views. Wang *et al.* [36] indicate that effective communication practices are linked to better organizational performance in family firms. Regular meetings that include both family and non-family staff can bridge gaps and foster collaboration.

Additionally, proactive succession planning discussions are crucial for minimizing conflicts related to leadership transitions. Creating formal succession plans that involve training and mentoring for the next generation can alleviate anxiety. Miller and Le Breton-Miller [15] suggest that clear succession strategies help preserve business continuity by reducing uncertainty during transitions.

Providing conflict resolution training for family members and key employees can also equip them with essential skills to manage disputes effectively. Ingram *et al.* [37] highlight that training in negotiation and conflict management leads to better outcomes in family businesses. By developing these skills, family firms can navigate interpersonal conflicts and maintain productive relationships.

Finally, in situations where conflicts escalate beyond manageable levels, engaging external mediators or advisors can provide an objective perspective and facilitate constructive dialogue. This approach can help resolve sensitive issues related to succession and role disputes (Lansberg, [31]), preventing damage to familial relationships and promoting a collaborative atmosphere.

In conclusion, conflicts of interest in family businesses are complex and multifaceted, arising from both interpersonal dynamics and structural deficiencies. Tailored strategies for mitigation—rooted in established research—offer pathways for family businesses to enhance governance, improve communication, and foster a harmonious working environment. Implementing these recommendations is essential for the sustainability and success of family-owned enterprises in an increasingly competitive landscape.

6. CONCLUSION

The exploration of conflicts of interest in family businesses has provided valuable insights into the unique dynamics that characterize these organizations. The findings from the qualitative interviews reveal that conflicts primarily stem from tensions between family and non-family members, differing generational goals, and challenges related to succession planning. These conflicts are often intensified by emotional ties, complicating decision-making and governance. Notably, the absence of formal governance structures emerged as a significant issue, indicating the need for clarity in roles and responsibilities. This complexity highlights that conflicts in family businesses differ markedly from those in non-family firms, primarily due to the personal relationships involved, which can amplify disputes and hinder effective management.

In light of these insights, several practical recommendations arise for family business leaders and policymakers. First and foremost, it is essential for family businesses to implement formal governance frameworks that clearly delineate roles and decision-making processes. This clarity can mitigate ambiguity and facilitate more effective conflict resolution. Additionally, fostering a culture of open communication is crucial. Regular meetings that involve both family and non-family members can create an inclusive environment where diverse perspectives are valued, ultimately promoting collaboration.

Another key recommendation is for leaders to engage in proactive succession planning. By initiating transparent discussions about succession well in advance, family businesses can develop formal plans that incorporate mentorship and training for the next generation. This approach not only alleviates anxieties but also ensures smoother transitions, preserving the business's continuity. Furthermore, investing in conflict resolution and negotiation training for family members and key employees can equip them with essential skills to manage disputes constructively, thereby enhancing organizational harmony. In situations where conflicts escalate, seeking the assistance of external mediators or advisors can provide objective perspectives and facilitate dialogue, helping to resolve sensitive issues without damaging familial relationships.

Looking ahead, there are several avenues for future research that could further illuminate the dynamics of conflicts in family businesses. Longitudinal studies could be particularly valuable in examining how conflicts evolve over time, especially through different stages of business development and generational transitions. Additionally, exploring how cultural contexts influence the nature and resolution of conflicts in family businesses across various regions could yield deeper insights into best practices. Comparative analyses that investigate the conflict management strategies of family versus non-family businesses may also uncover effective practices that could be adapted for broader application. Finally, research focused on the direct impact of unresolved conflicts on organizational performance metrics—such as productivity, employee satisfaction, and long-term sustainability—would provide a more comprehensive understanding of the consequences of these conflicts.

In summary, this study highlights the intricate dynamics of conflicts of interest in family businesses, emphasizing the need for tailored strategies that enhance governance and communication. By addressing these conflicts effectively, family business leaders can strengthen their organizations' resilience and sustainability in an increasingly competitive landscape.

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