Non-family CEOs’ Perspectives on Their Involvement in Family Business Conflicts: An Exploratory Study

Abstract

This qualitative study was performed to obtain the non-family CEOs’ (NFCs) experiences and perspectives on their involvement in family business conflicts. By analyzing 63 unique and detailed incidents reported by 28 NFCs of 26 privately held family firms in Indonesia, this study has found that NFCs are often involved and played various roles that can be grouped into: avoiders, messengers, peacekeepers, settlement agents, and yes-men. It concludes that the effectiveness of their roles lies in the issues of the conflict and the trustworthiness of the NFCs. It seems that non-family CEOs can effectively help family members resolve their conflict if the conflict is task-related. The involvement of NFCs does not completely eliminate emotions resulting from a relationship conflict. It was found that the trustworthiness of a non-family CEO is closely linked to the CEO’s competency and integrity.

Introduction

Family business scholars and practitioners have acknowledged the important role of the third party in resolving family business conflicts. They greatly emphasize the role of official or formal third parties, and professionals are hired especially to help the conflict parties resolve their conflicts, such as a family business advisor, management consultant, and so forth (e.g., Haynes, Usdin, Lee Begler, Kaye, & Kaslow, 1997; Kaye, 1991; Prince, 1990). However, family businesses do not often utilize formal mediation to handle conflicts. Literature has revealed that family members, particularly in a collectivistic culture, tend to keep problems private, and therefore the involvement of an informal third party is more prevalent (Dialdin & Wall, 1999; Wall, Sohn, Cleeton, & Jian Jin, 1995; Yum, 1988).

The involvement of additional parties in a conflict can change the conflict situation and contribute to determining the intensity of the conflict. Several works have noted the existence and potential influence of informal third parties in a family business conflict. For example, Prince (1990) suggests that family businesses tend to resolve their conflicts traditionally which involve informal third parties, such as leaving the decisions up to family elders. Furthermore, several
studies have indicated the important role of NFCs or managers in family business conflicts. For example, Klein and Bell (2007) suggest that NFCs may be hired in order to avoid interpersonal conflicts in a family firm. They could become pawns in conflicts and generate conflict by taking sides with one family member against another (Astrachan & McMillan, 2006). Yet, extensive empirical studies on the role of NFCs in family business conflicts are limited (Benavides-Velasco, Quintana-García, & Guzmán-Parra, 2013). The ways in which informal third parties affect family business conflicts remain obscure.

In order to expand the current knowledge, this study has elected to focus on the involvement of NFCs - those who are the members of the top management team in the company - as outsiders/third parties in family business conflicts and aims to discover and describe the NFCs’ perspectives on their roles in the family business conflicts. To achieve the purpose of this study, the following questions will be answered: (1) How do NFCs become involved in conflict between family members? (2) What roles do NFCs perceive they play in a conflict? And (3) What factors potentially condition the effectiveness of NFCs’ roles in family business conflicts?

**Literature Review**

**Third Party Involvement and Its Effectiveness**

In the context of social conflict, third parties are broadly defined as “all individuals or groups who intervene in any way in an on-going conflict, including those who are overtly and unabashedly partisan from the outset” (Black & Baumgartner, 1998, p. 96). Included in this definition are lawyers, champions-at-arms, and witnesses. Similarly, Rubin (1989) defines third parties as “individuals who are in some way external to a dispute and who, through identification of issues and judicious intervention, attempt to make it more likely that a conflict can be moved to settlement”. In their study, Kozan and Ergin (1998) stated a third party is a “person or persons who, either voluntarily or by virtue of formal assignment, get involved in a conflict between two parties with the intention of helping with its resolutions”. These definitions have several characteristics in common. First, a third party could be a person or a group of people. Second, a third party can get involved in a conflict in several ways: by their own accord, by being invited by one or both conflict parties, or at the request of an external agency. Third, a third party can intervene in a conflict to help conflict parties reach an agreement or resolution of a conflict.
The majority of third party intervention models have focused on the settlement roles of the third party, in which third parties are directly involved in a conflict in order to help disputants resolve the conflict. This can be seen from one of the dominant streams of conflict resolution literature, which has focused on third-party conflict intervention strategies, such as mediation, facilitation, consultation, and arbitration. By implementing these strategies, third parties are to act actively to help the disputants resolve the conflict.

In the context of organizational conflicts, most studies have focused on the roles of managers in conflicts between subordinates (e.g., Karambayya & Brett, 1989; Kolb, 1986). Those studies show that managers, as informal third parties, have specific intervention strategies that enable them to resolve conflicts between their subordinates, such as restructurers and procedural marshals. As a third party intervener, managerial roles are different from the roles of formal, professional, or other institutional third parties (Pinkley, Brittain, Neale, & Northcraft, 1995). Compared to other third parties, managers (1) are more flexible to use different kinds of intervention strategies; (2) have pre-existing and ongoing relationships and future interactions with the disputants; (3) are more concerned on both the process and the outcome of the conflicts; and (4) are often a part of the conflict because a conflict may occur among subordinates, groups, or divisions under their supervision (Kolb & Sheppard, 1985; Pinkley, et al., 1995; Sheppard, 1983). Considering those differences, some typologies have been proposed to account for the varieties of managerial third party interventions (as summarized in Table 1).

Having surveyed some of the literature in this field, it is clear that researchers tend to analyze third party interventions based on two dimensions of control – control on the process and on the outcome of the conflict. For example, Sheppard (1983, 1984) proposes four managerial intervention strategies: inquisitorial, mediational, adjudicative, and providing impetus. Inquisitorial reflects the strategy in which a third party has control over both the process and the settlement. A mediational role gives third parties control over the process. In the adjudicative role, third parties have more control over the outcome. In the providing impetus strategy, third parties have a responsibility to ensure disputants end the conflict, but they do not have control over the process or outcome.

Other studies, which have used Sheppard’s typology, have reported divergent results. Lewicki and Sheppard (1985) conducted an experimental study involving 35 managers to identify
their intervention strategy preferences. The findings of the study indicated mediational was the most preferred strategy used by managers, which was followed by an adjudicative role.

Table 1: Typologies of Managerial Third Party Conflict Intervention Roles

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Basis of classification</th>
<th>Intervention typologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheppard (1983, 1984)</td>
<td>Control over the process and the outcome of the conflict</td>
<td>- Inquisitorial</td>
</tr>
<tr>
<td>Karambayya and Brett (1989)</td>
<td>Sheppard’s typology</td>
<td>- Mediational</td>
</tr>
<tr>
<td>Carnevale (1986)</td>
<td>Mediator’s perception of common ground and mediator’s concern for parties’ aspirations</td>
<td>- Adjudicative</td>
</tr>
<tr>
<td>Kolb (1986)</td>
<td>Corporate ombudsmen roles</td>
<td>- Providing impetus</td>
</tr>
<tr>
<td>Pinkley, et al. (1995)</td>
<td>Dimensions underlying the intervention</td>
<td>- Inquisitorial</td>
</tr>
<tr>
<td>Elangovan (1995)</td>
<td>Control over the process and the outcome of the conflict</td>
<td>- Mediational</td>
</tr>
<tr>
<td>Another experimental study (Karambayya &amp; Brett, 1989) partly supported Sheppard’s typology. In their study, the experimental group of students was asked to specify items (developed by Sheppard, 1983, 1984) that reflected the intervention behaviors presented by interveners.</td>
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</table>
(managers) in three scripted conflict situations. The maximum likelihood factor analytic technique carried out for this study identified four intervention strategies labeled: inquisitorial, mediational, motivational managerial, and procedural marshal. The first three of those strategies are consistent with those proposed by Sheppard (1983, 1984). The forth strategy, labeled as procedural marshal, is an additional strategy identified in the study of Karambayya and Brett (1989), in which managers provide procedures for handling conflicts to be followed, impose these procedures, and prevent the parties from interrupting each other.

Another typology of managerial third party intervention is Carnevale’s strategic choice model (Carnevale, 1986). This model proposes four intervention strategies that are mainly used in mediation intervention by considering two dimensions: (1) the mediator’s perception of the probability the parties will find a mutually satisfactory settlement (perceived common ground), and (2) the mediator’s perception of the importance of the parties’ achievements of their aspirations. Those four strategies are compensate, integrated, press, and inaction. Compensate is used when the mediator perceives a low probability that disputants can reach a mutually satisfactory solution but values their outcomes. If the mediator predicts much common ground and highly values the disputants’ outcomes, an integrative strategy is likely to be used. This strategy involves efforts to satisfy the goals or aspirations of the disputants. A press strategy, which involves efforts to encourage the disputants to lower their aspiration levels, tends to be used when the mediator perceives little common ground and is not really concerned about the parties’ aspirations. Finally, inaction is a strategy that allows disputants to resolve a conflict on their own. This strategy is chosen when the mediator perceives a considerable common ground but has little concern for the participants’ outcomes.

By discussing the role of managers as corporate ombudsmen, Kolb (1986) identified three third party intervention roles: (1) the advisor role, in which a third party mainly establishes communication between the disputants and tries to discover what she or he can do about the situation; (2) the investigator role, which involves identifying the facts and attempting to eliminate barriers from the situation; and (3) the restructurer role, in which third parties use their authority related to their position to restructure the organization to cope with the conflict. The last role shows a specific managerial intervention role that is not found in other settings, such as a legal conflict setting (Kozan, Ergin, & Varoglu, 2014).
Pinkley, et al. (1995) proposes a typology of managerial intervention strategies from a different point of view. By using multidimensional scaling, they determine and define the underlying dimensions that differentiate managerial intervention strategies used by third parties. Five dimensions are revealed: attention to the stated versus underlying problem, disputants’ commitment forced versus encouraged, manager versus disputant decision control, manager approaches conflict versus manager avoids conflict, and dispute handled publicly versus privately. Their further analysis showed that most of the previous strategy classifications developed by Sheppard (1983, 1984); Kolb (1986); Karambayya and Brett (1989); and Carnevale (1986) can be mapped into the proposed dimensions.

Elangovan (1995) has plotted managerial third party interventions identified from earlier studies based on their degree of control over the process and the outcome of conflict: mean control strategy, ends control strategy, full control strategy, low control strategy, and part control strategy. A mean control strategy is an intervening strategy, in which the manager controls only the process. An end control strategy is used when the manager takes full control until the final outcome. When using a low control strategy, the manager encourages disputants to settle the conflict by themselves. A strategy is a full control strategy when the manager exerts control over both the process and the outcome. Lastly, a part control strategy is used to classify intervention strategies, in which managers share their control over the process and outcome with the disputants.

Little attention has been given to the role of informal third parties in a conflict. Informal third parties may or may not be motivated to assist conflict parties resolve the conflict. Informal third parties often immediately become involved in conflicts because of their accessibility and availability (Kolb, 1992, p. 66). They may be just involved in informal discussions with disputants (Volkema, Bergmann, & Farquhar, 1997; Volkema, Farquhar, & Bergmann, 1996); give support, such as emotional support and validation, or criticism (Eaton & Sanders, 2012; Klein & Milardo, 2000); provide non-substantive assistance, such as relational, procedural, and emotional help (Giebels & Yang, 2009); or even become an active participant (Vuchinich, Emery, & Cassidy, 1988). One important issue regarding third party involvement is the roles that they play because they are crucial determinants of the direction of the conflict and relates to the outcome of the conflict. Third parties can negatively influence conflict. Several studies indicate that third parties may fuel conflicts by encouraging confrontation, reducing disputants’ cooperative behavior (Volkema, et al., 1997). Conversely, other studies show that third parties may help to resolve
conflicts by providing advice, encouraging the principal parties to communicate more effectively, or proposing a settlement (Phillips & Cooney, 2005).

Limited studies have examined factors that determine the effectiveness of third-party involvement. For example, Prein (1984) has examined the effectiveness of third-party intervention based on the content and the context of conflict. It found that mediation is more appropriate for substantive conflicts that have not escalated much, whereas consultation (using a procedure approach) can be effective for complicated and escalated conflicts. Another study by Jehn, Rupert, and Nauta (2006) found that the success of mediation, measured by absenteeism, motivation, and satisfaction with the mediation, is influenced by conflict parties’ asymmetrical perceptions of conflict. The mediation is less likely to succeed when conflict parties perceive that they have different levels of conflict. Given that the available research has focused on the role of formal third parties and managerial third parties, it is unclear what the factors are that determine the effectiveness of NFCs’ involvement in family business conflicts.

Third Party Involvement in Family Business Conflict

In the context of family business, interpersonal conflict may occur between family members (intra-familial conflict), family and non-family employees, or between non-family employees. This study focuses on conflicts that happen between family members actively involved in their business operations. They may be either from different generations (intergenerational conflict) or from the same generations (intra-generational conflict). The nature of conflict between family members working together in their family firm differs in several important aspects from any organizational conflict. A family business conflict occurs between parties that have long strong emotional ties and histories and may occur across multiple relationship levels (Harvey & Evan, 1994). Moreover, a family business conflict is often affected by an overlap of family, business, and ownership subsystems. Therefore, conflict in family businesses is complicated and easy to escalate and become a personal conflict (Haynes, et al., 1997; Hermann, Kessler, Nosé, & Suchy, 2011).

In addition, research on family business conflicts has discussed various concepts related to conflict – most commonly task and relationship conflicts (Davis & Harveson, 2001; Eddleston & Kellermanns, 2007; Hoelscher, 2014; Kellermanns & Eddleston, 2004). A substantive or task conflict refers to a disagreement concerning the content of the task, while a relationship conflict is
a perception of personal animosity and incompatibility, which includes tension, annoyance, and animosity (Jehn, 1997). Several studies show that both task and relationship conflicts could negatively affect business performance (Eddleston & Kellermanns, 2007; Kellermanns & Eddleston, 2007).

Third party involvement is an important issue in family business conflicts as conflicts often draw in other parties. Organization members, including employed family members and non-family employees, and/or organizational outsiders, such as business advisers, non-employed family members, and friends often become involved. There is a number of reports on the study and practice of third party intervention in family business conflicts. However, the focus of these works has been on the role of formal third parties (e.g., Haynes, et al., 1997; Kaye, 1991; Prince, 1990). Limited research has addressed the issue of third party involvement in family business conflict. Therefore, the ways in which informal third parties affect family business conflicts remains obscure.

The present study focuses on the role of non-family CEOs as third parties in interpersonal conflicts between family members. Their role is expected to be different from the role of CEOs in non-family firms. In the case of non-family businesses, an employee may be involved in an interpersonal conflict between those who may be her or his peers, managers, or subordinates. They may work in a team or in different units/divisions. In contrast, the position of non-family CEOs as informal third parties in family business conflicts differs significantly from those in other conflict settings. In a family business, the conflict parties have a familial relationship, while the non-family CEOs are outside of the family circle. Therefore, non-family CEOs/managers are typically powerless relative to the family members. This specific situation may put NFCs under pressure to choose one side (Van De Vliert, 1981) and influence the reactions non-family CEOs have to conflict (Botes, 2003).

Method

Design

An in-depth exploration of non-family CEOs’ views on their involvement in family business conflicts requires a qualitative research design. A qualitative approach is used to explore the experience of the participants and presents common themes in participant’s experiences (Corbin & Strauss, 2015). The tradition of qualitative research utilized in this study is
phenomenology, which enable researchers to describe “the common meaning of several individuals of their lived experiences of a concept of a phenomenon” (Creswell, 2013, p. 76). This study focuses on describing the lived experiences of non-family CEOs in dealing with family business conflicts.

**Participants**

Non-probability network sampling was employed to select participants from a target population of key informants. The eligible participants were those who were members of the board of directors or the top management level of a family firm and did not have a familial relationship (either by blood, marriage, or adoption) with the owning family. In this study, participants were purposively chosen because they had been working in the company for at least two years and had been engaged in at least one conflict between family members to ensure that they had experience in dealing with a family business conflict. The number of participants interviewed continued until data saturation was achieved.

**Data Collection Procedures**

Initial contacts with potential participants proceeded through telephone to explain the purpose of the study and invite them to participate. Once potential participants agreed to participate, interviews were scheduled according to the participants’ convenience according to place and time. This study employed semi-structured interviews using a critical incident technique (CIT), which has been widely used in conflict research (Kamil Kozan, Ergin, & Varoglu, 2014). Moreover, as this study intended to explore the roles of NFCs in conflicts, it is important to anchor participants in a specific incident.

After obtaining informed consent, participants were asked to reflect back on the “family business dramas” that recently occurred or they remembered most and recall the roles they had played. Every participant was asked to provide two incidents, when they had failed and when they had succeeded in helping family members resolve their conflicts. However, the number of incidents reported by the participants varied between one and five incidents. It depended on the frequency of conflict in the family firms as well as the openness of the participants. Once the conflict was identified, participants were asked to describe the incident and their role in detail.

Interview sessions were conducted both face-to-face (n=22) and by telephone (n=6). Telephone interviews were used because of the geographic distances and participants’ busyness.
The researcher did all the interviews. The participants were informed that the interviews would be audio-recorded to assure the accuracy and the completeness of the data and would be deleted once transcribed. They were also informed that their anonymity would be guaranteed. In presenting the pseudonym names, P01 was used for participant 1, P02 was used for participant 2, and so forth.

The interview guide was originally written in English and translated into Bahasa Indonesia by a bilingual translator. Interviews lasted 60 – 90 minutes. After 28 interviews, the data collection was suspended because no new information emerged.

Data Analysis and Interpretation

In the present study, 63 incidents were elicited from the 28 participants. The unit of analysis was the incident itself. However, when analyzing the characteristics of NFCs that might contribute to the effectiveness of their roles, the unit of analysis was the participant. The data was analyzed through an inductive content analysis, involving constant comparisons of the 63 incidents reported to generate specific categories and themes.

A colleague (a lecturer and researcher in organizational behavior) was asked to read all the incidents and confirm the categories made by the researcher. Following this process, there were several disagreements that occurred because a participant might play several roles at the same time. For example, a participant might be asked to convey messages from one to the other party (categorized as a messenger). When she or he delivered the message, she or he might provide advice to cool down the conflict (categorized as a peacekeeper). Any disagreement was discussed and resolved by consensus.

Findings

This study sought to understand the conflict situations NFCs have faced and the roles played by NFCs during these conflict situations. A total of 28 NFCs participated in this study. After a brief presentation of some demographic information and overview of the incidents reported, the results of the data analysis were presented. The results were presented according to the research questions.

Demographic Information

This study included 28 NFCs from 26 privately held family businesses in Indonesia. The firms represented ranged from a single-line business (n=21, 80.8%) to multiple-business
corporation (n=5, 19.2%). The types of businesses represented were diverse, including manufacturing (42.3%), financial services (23.1%), multiple-business corporations (19.2%), and property (15.4%). Four out of the 26 firms were medium-scale firms (annual revenue ranging from about $192,300 to $3,846,000) and the remaining 22 firms were large-scale firms (annual revenue more than $3,846,000).

The demographic information of the participants (Appendix 1) indicated that the sample met the desired criteria, in which all of the participants were members of top management and had been working for at least two years. Half of the participants were top-level managers in a company, a quarter (25%) were managers in a holding company (multi-business corporation), and the remaining 25% of the participants were directors in a company. Their tenure ranged from five to 33 years (an average of 15.7 years). Four of the participants were female and 24 of the participants were male. Six of the participants indicated they had worked in another family business before joining the current company. None of the participants acknowledged that they had ever had a specific conflict management or resolution training. The average age of the participants was 49.5 years ranging from 36 to 62 years. Most of the participants 22 (79%) had a Bachelor’s Degree and six (21%) of the participants had a post-graduate degree.

Overview of the Conflicts

Table 2 shows the types and issues of incidents reported by participants. Twenty-eight (44.44%) out of 63 incidents were intergenerational conflicts. These were consisted father–son conflicts (n=22) and father–daughter conflicts (n=6). Twenty-nine of all the incidents (46%) were intra-generational conflicts. All of these incidents were sibling conflicts, but one was a cousin conflict. Six conflicts occurred between more than two family members within and between generations. The data also shows that most of the incidents involved emotions. It indicated that relationship conflicts were present in 48 (76.2%) of the 63 incidents, either a task conflict that spilled over into a relationship conflict (n=27), a relationship conflict that triggered a task conflict (n=10), or a ‘pure’ relationship conflict (n=10). Meanwhile, 15 (23.8%) of the incidents were ‘pure’ task conflicts.

<table>
<thead>
<tr>
<th>Type of conflict</th>
<th>Issue of conflict</th>
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Table 2: The Types and Issues of Conflict
Research Question 1: How do NFCs become involved in a conflict between family members?

The data shows that NFCs became directly involved in a family business conflict in some different ways that were grouped into three: invited by one or both parties, affected by a conflict, and took the initiative to intervene. Among the three categories, being invited by conflict parties was the most frequent (58.7%). NFCs might get involved because one or the other conflicting party turned to them by telling them about the problematic situation, asking them to deliver a message or provide advice to the other party, asking them for support and assistance in dealing with the conflict. Some NFCs (23.8%) became involved in a conflict because they were likely to be affected by the conflict. For example, an NFC might not able to accomplish one’s task because of a conflict between family members. Moreover, some other NFCs were involved in a family business conflict because they took the initiative to intervene (15.9%). The themes regarding how NFCs become involved in conflicts is presented below with representative quotes (Table 3).

Research Question 2: What are the roles of NFCs in family business conflicts?

After transcribing, coding, and analyzing the responses, this study found that NFCs, particularly those who had a close personal relationship with family members, often became involved in family business conflicts and played various roles. A participant might perform different roles in different conflicts. They might also change roles during the conflict (e.g., from

Table 3: How NFCs Get Involved in a Conflict - Themes and Representative Quotes from Participants (n=63)

<table>
<thead>
<tr>
<th>Themes and categories</th>
<th>Examples of quotes from participants</th>
</tr>
</thead>
</table>
Invited by one or both parties to (n=37):

- deliver messages (n=5)  
  “The elder brother said to me: tell him [his younger brother] to change the distribution channel.” (P15)

- provide opinions (n=13)  
  “A conflict between the father and his son arouse out of different opinions over pricing policy. They asked my views.” (P16)

- advise another party (n=3)  
  “The father often asked me to talk to his son for him to make his son understand his point of view.” (P12)

- mediate (n=8)  
  “The son came to me and asked me to help him convince his father.” (P07)

- have an informal discussion (n=9)  
  “The son often talked with me and asked for my thoughts regarding his conflicts with his father.” (P12)

Affected by the conflict (n=15):

- related to their job (n=2)  
  “I should report the new shareholder composition [after the father/owner passed away] to the Indonesia Financial Service Authority. But the heirs (four siblings) still have a disagreement over how to divide their father’s inheritance.” (P04)

- in there when a conflict arose (n=9)  
  “The father [founder and owner] invited me to attend a family meeting to discuss an issue. The meeting grew heated and emotional.” (P09)

- involved in the decision making process (n=4)  
  “They usually involved us [two NFCs] in making a decision.” (P28)

Take an initiative to intervene (n=10)  
“"I came and talked to them one by one.” (P03)

a peacekeeper to an avoider). For the purpose of this analysis, NFCs’ roles were grouped by their observable immediate intentions. This makes it possible to group NFC’s roles as either avoiders, messengers, peacekeepers, settlement agents, or yes-men (presented in alphabetical order not by the frequency of the role). A description of the five main themes is provided in Table 4.

Table 4 shows that participants took an active role to help family members find a solution (settlement agent) in about 42.9% (n=27) of the incidents and to prevent conflict from escalating
(peacekeeper) in 19 (30.2%) of the incidents. In 11 (17.5%) of the incidents, participants avoided or refused to be involved in the conflict. In the remaining incidents, participants played a role as a messenger and a yes-man (3 incidents, each). This indicated that NFCs had an intention to maintain peaceful family relationships and/or to help settle a conflict between family members. All roles were present in all kinds of incidents (Table 5). In the following section, these roles will be analyzed independently. However, in practice, these roles may overlap. For example, a mediator often also does what a messenger or a peacekeeper does.

**Avoider**

An avoider refers to NFCs who refused to be drawn and engaged in family business conflicts. They took some steps to avoid getting involved because they perceived that the conflict was a family affair, in which they should not intervene. They also believed that they might get many troubles if they were involved in the conflict. A senior financial manager told his experience:

> Four siblings with an equal proportion of shares of a rural bank experienced a serious conflict over the ownership of the bank since the Indonesia Financial Services Authority released a new regulation that requires rural banks to increase their equity. Consequently, each shareholder should deposit at least $58,000 to maintain the proportion of his or her ownership. The problem was that only one shareholder could fulfill the requirement. Meanwhile, the three others would not let him become a controlling shareholder. They felt their brother was very arrogant and selfish. They wanted to sell the bank to outsiders instead of selling it to their sibling. I would not get involved in their conflict. When they asked for my opinion, I just said that the problem should be resolved within the family. (P05)
<table>
<thead>
<tr>
<th>Themes and categories</th>
<th>Key features</th>
<th>Examples of quotes from participants</th>
</tr>
</thead>
</table>
| Avoider (n=11, 17.5%) | Refuses to get involved in the conflict | “I was just an employee; I won’t get involved in family conflicts.” (P20)  
“I wouldn’t get involved in their conflict; it was their family matter.” (P08) |
| Messenger (n=3, 4.8%) | Conveys messages from one party to another. | “He asked me to convey messages to his father.” (P06)  
“Their [two siblings] communication was blocked. They communicated through us [non-family CEOs/employees].” (P15) |
| Peacekeeper (n=19, 30.2%) | Helps to maintain peaceful situations or prevent conflict from escalating, by providing advice, filtering or reframing information, or dragging the conflict parties off each other. | “I told the son to understand his father and to interpret his father’s anger was for him to become successful.” (P07)  
“I persuaded them to accommodate the interests of the other party for the good of the company.” (P04) |
| Settlement agent (n=27, 42.9%) | Efforts to help family members to solve a conflict to find solutions to their problems. They may act as a mediator, negotiator, or problem solver. | “I was involved in mediating their disagreement.” (P16)  
“I proposed the terms and conditions [in relation to an agreement the NFC’s proposed to the family members], and convinced other shareholders to approve them.” (P10) |
| Yes-man (n=3, 4.8%) | Always supports one’s views | “I followed what the father said to do since he was still the owner of this company and had the authority to make any decisions.” (P14) |
Table 5: Issues of Conflict and the Roles of NFCs

<table>
<thead>
<tr>
<th></th>
<th>Avoider</th>
<th>Messenger</th>
<th>Peacekeeper</th>
<th>Settlement</th>
<th>Yesman</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship conflict</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>10 (15.9%)</td>
</tr>
<tr>
<td>R/T conflict</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>11 (17.5%)</td>
</tr>
<tr>
<td>Task conflict</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>12</td>
<td>0</td>
<td>15 (23.8%)</td>
</tr>
<tr>
<td>T/R conflict</td>
<td>2</td>
<td>0</td>
<td>13</td>
<td>10</td>
<td>2</td>
<td>27 (42.9%)</td>
</tr>
<tr>
<td><strong>Total (%)</strong></td>
<td>11 (17.5%)</td>
<td>3 (4.8%)</td>
<td>19 (30.2%)</td>
<td>27 (42.9%)</td>
<td>3 (4.8%)</td>
<td>63 (100%)</td>
</tr>
</tbody>
</table>

Similarly, a 16-year assistant manager shared an incident, in which he refused to be involved. He stated:

The elder brother invited me to his office. He asked me about the progress of my business unit led by his younger brother. Then he gave me instructions to change the business strategies that he had disagreed on for a long time. I just said: “Please talk to your brother first and decide which strategies will be implemented. Then I will execute it. Obviously, I did not want to be involved in their disagreements.” (P20)

In both of these instances, NFCs tended to ignore the conflicts and let family members resolve their own conflicts. They resisted providing even a comment because they worried that their response might imply they were taking the side of one or the other conflicting party, draw them into a private matter, and shape the conflict situation.

**Messenger**

A messenger refers to NFCs’ role in conveying messages from one party to another. Many family members often asked NFCs to be messengers in an attempt to keep a distance from and avoid having a conflict with other family members. In these incidents, NFCs became the go-between who conveyed information, either verbal or written, between conflict parties. For example, during a father-son conflict, an accounting manager who had been working for more than 19 years often conveyed both parties’ concerns to each other. She said:

The communication between the father and his son was poor. I often delivered messages from the son to the father, and vice versa. For example, they often had different policies in determining the amount of foreign currencies to be purchased. The son would ask me to
inform his father the amount he would buy and I would communicate his father’s policies to him. (P25)

As a messenger, an NFC might accurately convey information between the two sides and/or filter or reframe the information in order to help conflict parties to understand the other’s side point of view, as told by a participant: “For sure, I would not deliver any harsh words. I tried to explain one’s ideas to another.” (P06)

Another important finding regarding the role of NCFs as a messenger is the potential of NCFs to alter information passed along to fit what they want. The finding found that this act could lead to a misunderstanding and escalate conflict. The following incident was told by a human resource manager, who handled a conflict between two brothers, who had broken communication, which was caused by misleading information given by another non-family CEO.

A younger brother bought a sports car with his own money. His elder brother wanted to buy a similar car under the company’s name. He went to a car dealer, made a decision to buy a car, and paid a certain amount of deposit. He then signed a check and asked the finance manager to pay it off. The finance manager could not proceed with the payment without approval from the younger brother. Nevertheless, she ordered her staff to send the check to the car dealer and said to the elder brother that the car would be available in two days. Unexpectedly, the younger brother did not provide his approval and got mad when he knew that the check was cashed. A conflict between the two brothers could not be avoided. (P15)

These results indicated that in many incidents, conflict parties did not talk to each other, particularly during a conflict, but through the go-between. The intention of NCFs was primarily to deliver messages from one to another party and vice versa. Although they might filter or reframe the messages to prevent a conflict from escalation, they might increase the chances of miscommunication and escalate the conflict.

**Peacekeeper**

NFCs acted as peacekeepers, who showed efforts to prevent conflicts between family members from escalating, in 19 incidents. This role might include delivering messages (similar to a messenger). It was different from the role of a messenger in that it focused on the effort to prevent
a conflict from escalation or to reduce the tensions between conflict parties. However, a peacekeeper did not indicate specific efforts or directions to resolve the conflict. Table 6 shows that NFCs might use three different techniques in acting as peacekeepers, including filtering or reframing information (n=5), providing advice (n=13), and dragging the conflict parties off each other (n=1). It can be seen that NFCs tended to provide advice to conflict parties regardless of the sources of the conflict.

Table 6: Peacekeeper Techniques and Sources of Conflict

<table>
<thead>
<tr>
<th>Sources of conflict</th>
<th>Total incidents</th>
<th>Techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Filter/reframe information</td>
</tr>
<tr>
<td>Relationship conflict</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>R/T conflict</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>T/R conflict</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>Task conflict</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>5</td>
</tr>
</tbody>
</table>

First, NFCs filtered or reframed information to prevent or de-escalate a conflict. The following example was shared by a participant showing how he sorted out the kinds of information he would provide to another party in order to prevent a more intense conflict.

A disagreement between the father and the son emerged when the son wanted to settle a legal issue on a plot of land bought by the father years ago. The father disagreed because he had tried it before and failed. According to the father, any effort would be time and money consuming while the results were uncertain. However, the son kept his idea. He hired a well-known lawyer, who was an expensive lawyer, to handle the case. The father often asked me about the progress of this issue. I only said: “We are trying to find a solution or the process is still ongoing.” I did not tell him about the lawyer, for example, because it would make him very angry. (P01)
Second, NFCs might attempt to cool down or end a conflict by giving advice to one or both conflicting parties, such as to advise conflict parties to keep calm and cool, understand another’s views, respect others, yield, and so forth.

A conflict between four siblings, now in their 60s, revolved around the issue of inheritance - a conglomerate family business of several business divisions. Three siblings chose to divide the company’s shares equally (25% for each of them) according to Indonesia law. However, the youngest brother had a different opinion. He wanted to divide their parent’s inheritance according to the Islamic laws, in which a male got a portion of that equal to two females. Hence, the breakdown of the distribution would be Son 1 (28.57%), Son 2 (28.57%), Daughter (14.85%), and Son 3 (28.57%). The conflict disrupted business operations. Business expansion, for example, was obstructed because one of the heirs refused to sign a consent document. I talked to each of them. I persuaded them to accommodate the interests of the other parties for the good of the company. (P04)

Third, when a conflict becomes very emotional NFCs might drag the conflicting parties off each other to avoid physical contact. A financial manager shared his experience: “When the conflict grew into a heated debate, they started yelling, swearing, throwing things, and so forth. I then pulled one of them out of the room before the conflict became a physical fight.” (P15).

Settlement agent

Some NFCs took active actions to resolve the conflict and/or reconcile the conflicting parties. As a settlement agent, an NFC might do what a go-between or a peacekeeper does (e.g., delivering messages or reframing the issues). He or she might also promote a possible solution, encourage dialogue, and compromise on both sides, in which the intention is to resolve a conflict.

The results show that the most common role in settling a family business conflict was as a mediator (n=19), followed by a negotiator (n=3), and a problem solver (n=1). There were some incidents (n=4) showing the contribution of NFCs in preventing potential disagreements between family members and/or resolving family business conflicts through their involvement in decision-making processes.

As a mediator, an NFC aimed to help conflict parties to work out a mutually acceptable resolution. For example, a non-family CEO who had been working with three family members (a father with his daughter and son) in a large multi-financial services company for more than 15
years opened a discussion with two siblings to resolve their disagreement. He revealed the following incident.

In running the business, the father acted as the commissionaire. His daughter was the financial director, and his son held the position as the marketing director. Sibling conflicts often occurred. For example, the sister felt that this brother was too aggressive in delivering credit to clients. Meanwhile, the brother was very confident in what he did. I suggested them to focus on their own responsibilities. The sister should not intervene with her brother and let him do his job. She could monitor her brother’s performance through the company’s cash flow. Meanwhile, I told the brother to prove that he was right, be responsible, and be willing to be evaluated. They agreed and the conflict was ended.

Meanwhile, an NFC might act as a negotiator. Their role might involve drafting and negotiating an agreement. They usually represented one party to negotiate to reach one solution using give and take. An incident presented below shows how an NFC negotiated on a father’s behalf an agreement with his son to close down a business unit under his responsibility.

This company had several business units. One business unit, which was fully managed by the son, reported a significant loss in the last four years. His father intended to shut down the business unit but he insisted to continue the business. I talked to the son about the current and future conditions of the business unit and encouraged him to think that liquidation might be the best option. I also talked to the father to secure a position for his son in the holding company. It took the son about six months to agree on the liquidation plan. (P03)

Furthermore, this study identified a role that NFCs might play, as a problem solver, who took actions to eliminate the causes of the conflict to make the situation better. For example, a non-family director who had been working for more than 25 years talked about his efforts to eliminate the source of conflict. He stated:

This company was managed by four siblings. Conflicts often occurred, particularly between the first and the second brothers, because their thoughts about work were different. The elder brother gave much attention to details, such as recalculating interest from the bank savings account, whereas the younger brother focused more on strategic issues. As a
result, a mountain of papers piled up on the older brother’s desk that needed to be done. This often triggered conflicts between the two brothers as many important decisions were hung up waiting for approval from the elder brother. I tried to fix this situation by appointing two administration staff workers to assist the elder brother in performing his duties. (P10)

The findings also found that the presence of NFCs might help family members to prevent the escalation of a task-related disagreement into a more severe conflict or even resolve it, if they were actively involved in the decision-making processes.

Intense conflicts often occurred between the father and his son. The father was very dominant. He often ignored others’ opinions and annulled his son’s decisions [e.g., remuneration system]. He only listened to those who were ‘apple polishers’. A serious conflict erupted. His son and several NFCs left the company. Then the company was struggling to avoid bankruptcy. The father asked two ex-CEOs to rejoin the company and help him to cope with bankruptcy. Then, they persuaded the son to come back. After that, the top management team, involving the family and NFCs, made decisions collectively. This mechanism has prevented the reoccurrence of father – son conflicts. (P09)

Yes-man

The data collected during the study indicated that NFCs might play a role in family members’ conflicts as being one’s yes-man. Although this theme represented only a small portion of overall incidents (n=3), it was decided that this role was significant and has to be categorized independently. NFCs might be the yes-men to their direct boss (whomever was closest) or to the most powerful person (e.g., founder or owner). They seemed indirectly involved in a conflict, but a yes-man might often foster dissent and make someone live in a fool’s paradise. They might constantly say that one’s idea was always going to be good. One participant revealed a conflict situation that occurred in his workplace below.

In my opinion, the role of NFCs in family business is very significant. They may help the business grow, but they could potentially ruin the business. In a conflict between family members, there are professionals [NFCs] who become the yes-men to a family member. For example, when the company was having terrible financial problems (illiquid and
 insolvent), the father wanted to get a loan to buy additional machinery. He believed it was the only way to increase the company’s revenue. The son, who was responsible for the business unit did not agree as the market was already saturated and the additional loan/investment would make their financial problems even worse. I knew that some managers agreed with the son. Nevertheless, they refrained from expressing their opinions. They agreed with what the father said and ignored the facts. This fueled the father – son conflict and led the business unit to collapse. (P11)

The findings indicated that when yes-men surrounded each family member, a conflict might spread and affect NFCs. NFCs might become split into groups and this would worsen the conflict. Five participants from two companies shared similar stories about what happened in their companies. One participant said:

NFCs can worsen or improve a conflict situation. They might become a yes-man particularly to his/her closest boss. If family members were surrounded by yes-men, their conflict would escalate and generate friction among NFCs/employees. People could easily identify that this person was on one’s side and that person was on another’s side. It made our work environment become more stressful. (P15)

Research Question 3: What factors determine the effectiveness of NFCs’ roles in family business conflicts?

This section analyzes the effectiveness of NFCs’ involvement in family business conflicts. The analysis was focused on the roles of NFCs as a peacekeeper (19 incidents) and a settlement agent (27 incidents), in which NFCs demonstrated the intention to prevent a conflict from getting worse and/or to help conflict parties in resolving a conflict. The effectiveness was analyzed based on the outcomes of NFCs’ involvement, including conflict settlement and other changes after an NFC has entered the conflict. Table 7 presents the outcomes of NFCs’ involvement in family business conflicts. As can be seen, some efforts taken by NFCs, either as a peacekeeper or settlement agent, were succeeded and others failed. In order to answer this research question, the conflicts with a successful result were separated from those that were unsuccessful and compared to examine them for emerging themes.

Two interrelated factors that potentially determined the effectiveness of NFCs’ involvement emerged: (1) the issues of a conflict, whether the conflict is a relationship conflict,
task conflict, or a combination of both issues; and (2) the trustworthiness of NFCs, which refers to whether NFCs were believed to take part in a conflict. The trustworthiness of NFCs was reflected from their competency (refers to the capability of NFCs in performing their job) and integrity (consistently providing independent objective opinions or thoughts). The following subsections describe each of the factors in detail.

Table 7: The Role of NFCs in a Conflict and its Outcomes

<table>
<thead>
<tr>
<th>NFCs’ role and outcomes</th>
<th>Description</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peacekeeper</td>
<td><strong>Succeed</strong> NFCs were able to influence the behaviors of conflict parties (e.g., to calm, respect the others, and so forth) and, therefore, cool down the situation of a conflict and prevent the conflict from getting worse.</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td><strong>Failed</strong> NFCs might temporarily be able to cool down a situation but then the conflict erupted again and became much worse than before (e.g., conflict parties refused to talk to each other, left the business, and/or home).</td>
<td>8</td>
</tr>
<tr>
<td>Settlement agent</td>
<td><strong>Succeed</strong> A mutually acceptable solution to conflict was reached.</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Failed</strong> Conflict parties have failed to reach an agreement.</td>
<td>7</td>
</tr>
</tbody>
</table>

**Issues of a conflict**

The findings show that the effectiveness of NFCs’ involvement depended on the issues of the family business conflict they were in. Their roles were in purely relationship conflicts, task conflicts that changed into relationship conflicts or relationship conflicts that led to task conflicts, which were very much more difficult than in a task conflict (Table 8). In these conflict situations,
efforts made to help family members either as a peacekeeper or settlement agent in a conflict often caught NFCs in the middle of a conflict. As a result, the presence of NFCs failed to prevent the conflict from escalating.

Table 8 shows that in some incidents, NFCs were able to reduce the intensity of a conflict or to help resolve a conflict. However, it should be noted that although in some incidents NFCs might be able to assist family members to resolve their task-related issue, they might not be able to eliminate the personal issues that are present in the conflict. Almost all of the participants involved in relationship, T/R, and R/T conflicts reported that negative emotions often remained intact although the disagreement had been resolved. For example, one participant (P10) stated: “What I did has decreased tensions but did not completely resolve the problem. Their personal relationship could not be fully restored.” Similarly, a director that had been working for 18 years shared his experience:

Table 8: Outcomes of Incidents Related to NFCs’ Roles and Issues of a Conflict (n=46)

<table>
<thead>
<tr>
<th>Conflict Type</th>
<th>Peacekeeper</th>
<th>Settlement agent</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Succeeded</td>
<td>Failed</td>
<td>Succeeded</td>
</tr>
<tr>
<td>Relationship conflict</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>R/T conflict</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>T/R conflict</td>
<td>8</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Task conflict</td>
<td>1</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Total incidents</td>
<td>12</td>
<td>7</td>
<td>20</td>
</tr>
</tbody>
</table>

The father was very dominant and emotional. On the other side, the son felt that his father was unwilling to transfer leadership responsibilities. During a discussion regarding pricing strategies, the father got angry in responding to the son’s opinions. He raised his voice and used harsh words. The son left the meeting. On another day, I talked to each of them explaining both sides’ points of view. Their emotions might remain, but at least an agreement was achieved. (P16)

The roles of NFCs were more likely to be more effective when the conflict was purely a task-related conflict. The findings showed that NFCs could effectively take part in a conflict resolution when the conflict was about work-related issues. NFCs’ involvement either as
settlement agents (mediator, negotiator, or problem solver) or peacekeepers could help family members prevent their conflict from escalating and find solutions.

**Trustworthiness**

An analysis of the data found that the effectiveness of the involvement of NFCs also depended on the trustworthiness of the NFCs. The data indicated two factors, competency and integrity of NFCs, were related to the likelihood that their efforts in preventing or resolving conflicts would result in an agreement or resolution.

**Competency.** NFCs who succeeded in assisting family members in resolving their conflict were those who were the mainstay of the company – those who had provided valuable contributions to the company’s growth or survival (e.g., assisted the company to avoid bankruptcy, resolve liquidity issues, recover from adversity, or successfully grew the revenue of the company) and those on whom the company was dependent. Two stories below were told by a financial manager and a managing director (respectively) from three family businesses, which represented how they had demonstrated competence in handling difficult tasks.

I was hired to handle this company in 2000. This company was one of the 20 multi-finance companies that survived the monetary crisis in 1998. At that time, finance companies suffered from negative spread because the interest rate (cost of funds) increased dramatically, while debtors refused the increase in the loan rate. In three years, the financial problems were resolved and the revenue continuously grew significantly.

I joined this family business in 2007 and was assigned as a managing director. At that time, the founder and his two sons worried about the continuation of the company because the former managing director had resigned and ran his own factory, which produced similar products. The family members worried he would seize the company’s customers. He also left some serious problems, such as a large amount of old outstanding receivables and a significant loss in the last three years. Under my control, I was able to acquire new big enterprise customers, the revenue of the company steadily increased, the bad receivables decreased, and it gained profit in the following years.

**Integrity.** The findings show that NFCs were valued for their integrity in dealing with family members’ conflicts. The results show that most NFCs who succeeded in acting as a
settlement agent in a family business conflict were those who had maintained their integrity by consistently providing independent objective opinions or thoughts based on data and what they believed to be the best for the company. In describing their objectivity when they were involved in a conflict, two participants said:

As a CEO, I am neutral in the conflict between family members. It means that I have my own considerations in response to a conflict situation. In this case [a disagreement among siblings over an investment plan], I thought that the plan was too risky and potentially spoiled the company’s existing resources and its sustainability. Therefore, I might agree with the opinions of one party, but I developed my arguments based on actual data and presented it to all conflict parties.

I often have different opinions with the owner [father and founder of the business]. Once, I was opposed to his plans to expand the unprofitable business unit [in this case, the participant agreed with the son’s opinions]. He believed that business expansion would increase the company’s revenue. I had a different thought. The business unit was insolvent and incurring additional debt to finance business expansion could endanger the solvency of the company. I just said what I thought was right. I did not have any other motivation but for the good of the company. I finally resigned but then the owner hired me again two years ago to assist him save the company from collapse. He knew that I was right at that time.

The examples presented above show that NFCs might have opposing opinions or thoughts from one party and similar opinions with the other party. Although NFCs perceived themselves neutral and based their thoughts on purely objective considerations, there was a case in which an NFC was perceived as being biased in favor of one party after having similar opinions with the other party in several conflicts. In this situation, NFCs intensely became disliked by some family members and even encountered conflicts with one party. The data showed that three out of eight NFCs played the role of peacekeepers in the 19 incidents encountered in conflicts with one or more family members, and two of them became frustrated and left the company. Similarly, out of 14 NFCs who acted as a settlement agent, one participant was involved in a conflict with one party and decided to leave the company. A non-family CEO described his frustration of being accused of negatively influencing a family member. He stated:
The father was dominant. He made decisions based on his owned beliefs. His son, who was general manager of a business unit and my direct boss, often talked to me and asked for my suggestions. Fortunately, we had similar thoughts. However, his parents felt that I had influenced his son so badly and, therefore, his son’s opinions were actually my opinions. A family member accused me of controlling his son. Although I supported my opinions with data, they did not believe me. I finally resigned from the company. [Later, the father invited him to rejoin the company to help the company avoid bankruptcy.] (P11)

Another incident showed how an asset manager of a large property company, who had been working for 32 years, got in a conflict with the owner’s son. The son felt that the NFC always supported his father against him. The NFC told her experiences in a father-son conflict as follows:

Father–son conflicts often occurred since the son joined the company nine years ago. The son, who lacked experience, took over the operations of the company and managed the company in his own way. On the other side, the father doubted his son’s ability. He always asked my opinion before he made any decision. For example, when the son wanted to build a five-star hotel, I actually tried to be neutral. I gave my suggestions for the good of the company. However, in many cases, I did not agree with the son. As a result, the son felt that I inhibited him from achieving his goals. Now, I am not allowed to talk directly to the father. [At the time of the interview, the father had been sick for seven months and stayed at home.] (P07)

In addition, two participants who acted as settlement agents had resigned because the conflict escalated to a destructive level (e.g., the conflict turned into a legal dispute), and two other NFCs reported their intention to leave the company. Moreover, one participant stated that almost 80% of NFCs in his company had resigned due to a family business conflict (P20). This also happened in the other two companies.

**Discussion**

Conflict between family members working together is inherent in family firms and is caused by either task-related or relationship-related conflicts. The findings also show that a task conflict often leads to a relationship conflict and, conversely, a relationship conflict might also
trigger a task conflict. These findings indicate that relationship and task conflicts often co-occur. This is consistent with previous research shown that task and relationship conflicts are correlated (e.g., Wit, Greer, & Jehn, 2012). While most studies suggested that a task conflict often leads to a relationship conflict (Jehn, 1997; Simons & Peterson, 2000), later research indicated that a relationship conflict could lead to a task conflict (Choi & Cho, 2011). In the context of the family business, family members have long-term relationships before they work together in their family firms. Therefore, personal issues might be translated into business-related (task) issues. These may explain why a task conflict is harmful (De Dreu & Weingart, 2003).

From the preceding findings, it is apparent that NFCs were often involved in conflicts among and between family members. Their involvement has a chance to change the dynamics of the conflict, such as reducing a confrontational environment, resolving the conflict, or even worsening it. Most of them became involved in a family members’ conflict because they were invited by one or both conflict parties. Some of others were drawn into a conflict situation because the issues of the conflict were related to their job. The findings show that NFCs might also take a proactive role to intervene in a conflict. Nonetheless, there is also an indication of NFCs being empowered. The present findings show that some incidents were kept task-oriented and resolved through the involvement of NFCs in decision-making processes. Consistent with previous studies (Astrachan, Klein, & Smyrnios, 2002), this study suggests that the inclusion of NFCs in decision-making processes helps to reduce the chance of a disagreement evolving into a more severe conflict by promoting more balanced points of views and maintaining discussions focused on resolving a conflict. The present findings extend the previous results by showing that the roles of NFCs were highlighted in task-related conflicts, noting that they often helped family members to deal with their conflicts. Meanwhile, the presence of relationship-related issues in conflicts reduced the likelihood that conflicts could be resolved.

The important insight emerging from these findings is regarding the role of non-family members on the board of directors or the top management team. The findings indicate that although NFCs are a part of the board of directors or the top management team, their non-family status entails that they are not recognized as central participants in decision-making processes. NFCs are often excluded from decision-making processes and are invited to be involved when a disagreement has occurred and/or escalated. Consequently, a task conflict often escalates into a relationship conflict. Furthermore, if relationships between family members are dysfunctional,
competitive, and suspicious, any task disagreement is much more likely to erupt into an intense conflict.

The results show that NFCs have different perceptions regarding their role in family business conflicts. Not all of the participants agreed that they could play a crucial role in assisting family members in solving their conflict. Some NFCs choose to avoid conflict and let family members be involved in the conflict to find their own solution. Some others may just deliver messages to each other because they are asked to. Commonly, they perceive a family business conflict as a family conflict, and since they are just employees, they should not become involved. This is consistent with previous research indicating that NFCs can easily feel like outsiders (Poza, Alfred, & Maheshwari, 1997) and therefore they believe that they should not be involved in family members’ conflicts.

However, although they do not have power to impose a settlement to conflict parties, some NFCs take an active role in a conflict between family members. They attempt to maintain a peaceful situation and/or to resolve a conflict. NFCs, who are more concerned with the relationship between family members than solving their problem, play a role as a peacekeeper. They may filter or reframe information, advise parties to cool down and understand others’ views, and so forth. Those who play a settlement role are more concerned with how family members resolve their conflict through mediation, negotiation, or problem solving. However, in conflict among family members, NFCs, regardless of their position in the company, do not have control over the process or the outcome of the conflict, or the power to encourage constructive conflict as managers usually have in intervening with their subordinate conflicts (Karambayya & Brett, 1989; Sheppard, 1983, 1984).

The results from this study identify two key factors that determine the effectiveness of NFCs’ roles in resolving conflicts. One factor preventing settlement is when the conflict is a relationship conflict or when relationship-related issues are present in a task conflict. Depending on how severe the relationship conflict is, the finding indicates that NFCs might be able to help family members to resolve their task-related issues but not the relationship issues that are present in the conflict. Relationship conflicts among family members are an area that most NFCs struggle with and often try to avoid. In these conflicts, the basic issue of the conflict is often deeper than the surface issue compounded by low trust, high emotional reactions, poor communication, and so forth. In almost all relationship conflicts, discussions have reached a deadlock and the
communication between the parties often has ceased. The findings indicated that it might not be realistic to expect NFCs to be successful in resolving a relationship conflict between family members.

Moreover, to be effective, NFCs need to be trusted. Conceptually, trustworthiness consists of three main dimensions: ability, integrity, and benevolence (Mayer et al., 1995). However, the findings indicated that the family members’ trustworthiness depended more on two interrelated factors: the competency (ability) and the integrity of the NFCs. The trusted NFCs are those whom the family business can rely. A trustworthy NFC is viewed as a valuable member of the company, gains respect from family members, and has opinions that are given considerable weight. In other words, NFCs who are competent and have integrity are able to influence family members to change their thoughts and accept suggestions. These results basically support previous research that suggests that trust and competency are required factors which enable NFCs to be accepted in family business management (Eddleston et al., 2010; Gubitta & Glanecchini, 2002) and factors that make for successful NFCs (Blumentritt et al., 2007). They found that successful NFCs were those that were competent (contribute to the business performance) and able to manage their relationships with all family members. The findings of this study also provide useful additional insights into how NFCs are perceived as being trustworthy; that is if they are competent and have integrity.

The results also indicated the negative effects of NFCs in family business conflicts. For example, a go-between might deliver misleading information about one’s intentions. A yes-man may tend to tell the parties what they want to hear and might make them overconfident with their ideas or unable to challenge their own ideas. These could make the conflict situations worse. This study suggests that as the involvement of NFCs in a family member conflict is often inevitable, involving them in decision-making processes is better than involving them in informal talks or discussions.

**Conclusion**
The existence of a third party in a conflict has been widely acknowledged as an essential element of conflict management. Their involvement has a chance to change the dynamics of the conflict, such as reduce the confrontational environment, resolve the conflict or even worsen it. In the context of family business conflicts, literature has mainly focused on the role of formal third parties. This study has attempted to uncover the role of NFCs, who are often caught in the middle of a conflict among or between family members working together in their family firm.

The findings of this study offer much insight into the perceptions of NFCs about their roles when confronted with family members’ conflicts. Some NFCs may choose to avoid getting involved in or withdraw from a conflict situation and some others behave as yes-men. However, although generally not professionally trained, many of them are often involved as intermediaries helping to convey messages (as messengers), cool down the conflict (as peacekeepers), or even resolve a conflict (as settlement agents). This study suggests two key factors that, in combination with each other, enable NFCs to play a constructive role in conflict resolution: (1) the absence of a relationship conflict and (2) the trustworthiness of NFCs gained from competence-based trust and integrity-based trust.

The findings from this study confirm three major propositions: (a) relationship-related conflicts are often present in family business conflicts and reduce the likelihood that the conflicts can be resolved; (b) the involvement of NFCs in decision-making processes will reduce the likelihood that task-related conflicts will escalate; and (c) NFCs who are perceived as trustworthy are more likely to be able to effectively assist family members in resolving their conflicts, which depends on two interrelated dimensions: competence and integrity.

**Theoretical Contributions and Practical Implications**

This study’s theoretical contributions are towards both organizational conflict and family business literature. This study contributes to the organizational conflict literature, which has focused on the role of managers on conflicts between subordinates (e.g., Pinkley, et al., 1995) and on the role of formal third parties, in two ways. *First*, this study examined the role of NFCs as informal unofficial third parties in the context of family businesses. The findings show the important role of informal third parties in the dynamics of organizational conflicts. *Second*, it provides insight into the role played by third parties who are outsiders to the conflict parties, powerless, and unskilled in conflict management and resolution, in conflicts between those whom
they worked for and have familial relationships. Third, by conducting this research in Indonesia, which is a collectivist culture country, this study is expected to enrich the knowledge of conflict management/resolution. Particularly, the findings of this study can provide a better understanding of third party roles in conflict resolutions within a collectivistic culture, which is overlooked in conflict literature (Kozan & Ergin, 1999).

In contributing to family business literature, this study provides a more detailed understanding of the role of NFCs in family businesses, which is understudied (Chua et al., 2003), by focusing on their roles in family business conflicts. The results reveal the effectiveness and consequences of NFCs’ involvement in family business conflicts. Moreover, the findings show that the trustworthiness of NFCs has an important and distinct impact on the effectiveness of NFCs’ roles. Furthermore, the study also indicates that competence (rather than benevolence) and integrity are keys to being trusted and perceived as trustworthy.

The results presented in this study can have important implications for family business practitioners. First, this research may help owners and family CEOs to be aware of the possible impacts of the involvement of NFCs in their conflict. The results of this study promote the advantages of having NFCs in the decision-making process. The presence of NFCs in the decision-making process can potentially reduce the likelihood of disagreement between family members turning into personal debates. Otherwise, there is a risk that NFCs may pit family members against one another and try to benefit from the conflict. Second, the findings help NFCs to understand how they can constructively contribute to help family members resolve their conflict. Being perceived as trustworthy is important in intervening in family business conflicts. Moreover, NFCs may avoid conduct that may be perceived as biased because it can draw them into a conflict with some family members. Third, because NFCs are often involved in family business conflicts, this study suggests that NFCs may need specific training in conflict management and resolution in order to improve their knowledge and skills. Thus, NFCs are not only able to find effective solutions to immediate conflicts but also take a more proactive approach to identify, prevent, and help family members to better deal with future conflicts by, for example, developing a family constitution.

Limitations of the Study and Future Research Directions
This study has limitations with the research design that must be taken into account. Such limitations are the use of non-random sampling and the small sample size; therefore, generalizations cannot be made solely based on this study. Given the sensitive nature of the research topic, it is possible that participants did not feel comfortable to share their experiences even though confidentiality was assured. In addition, the length of time between the incident and the interviews may have been a barrier to the memories of the participants and therefore hindered the collection of accurate information by the researcher. The lack of data from other company members, such as family CEOs, other non-family employees, and other stakeholders may be of concern, since a family business conflict often involves many more parties, including the main conflicting parties and other third parties (family and non-family third parties). These limitations provide opportunities for future improvement. For example, a longitudinal study would better capture the effect of NFCs’ involvement and other informal third parties on the dynamics of family business conflicts.

More research must be conducted to continue to explore the roles of non-family CEOs in family business conflicts. Future studies can further look into the perceptions of family members on the role of NFCs in their conflict. Further studies would also need to further explore the differences in dimensions of trustworthiness between senior generation family members and NFCs and between junior generation family members and NFCs. Finally, as family firms vary in their governance structures, ownership, and number of generations involved, there is clearly a need for more specific studies on the roles of NFCs that take into account the differences in governance structures and generational relationships of the family firms.

References


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### Appendix 1

Participant characteristics (*n* = 28)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>25</td>
<td>89%</td>
</tr>
<tr>
<td>Category</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Age in years (min 36, max 62, mean 49.5)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 40</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td>40 to 50</td>
<td>14</td>
<td>50%</td>
</tr>
<tr>
<td>51 to 60</td>
<td>10</td>
<td>36%</td>
</tr>
<tr>
<td>&gt;= 61</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Tenure in years (min 5, max 33, mean 15.7)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;= 10</td>
<td>9</td>
<td>32%</td>
</tr>
<tr>
<td>11 to 20</td>
<td>13</td>
<td>46%</td>
</tr>
<tr>
<td>&gt;= 21</td>
<td>6</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>22</td>
<td>79%</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>6</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Family member in the business (mean 3.6)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 to 3</td>
<td>16</td>
<td>57%</td>
</tr>
<tr>
<td>4 to 5</td>
<td>7</td>
<td>25%</td>
</tr>
<tr>
<td>&gt;= 6</td>
<td>5</td>
<td>18%</td>
</tr>
</tbody>
</table>